Journal of Business Ethics (2010) 92:15–32
DOI 10.1007/s10551-009-0136-7

Bribery in International Business Transactions

Christopher Baughn
Nancy L. Bodie
Mark A Buchanan
Michael B. Bixby

ABSTRACT. Globalization leads to cross-border business transactions between societies with very different norms and regulations regarding bribery. Bribery in international business transactions can be seen as a function of not only the demand for such bribes in different countries, but the supply, or willingness to provide bribes by multinational firms and their representatives. This study addresses the propensity of firms from 30 different countries to engage in international bribery. The study incorporates both domestic (economic development, culture, and domestic corruption in the supplying country) and international factors (those countries' patterns of trade and involvement in international accords) in explaining the willingness to bribe abroad. The propensity to provide bribes was the lowest when corruption was not tolerated in the multinational firms' home countries, when the firms' countries were signatories of the Organization for Economic Cooperation and Development (OECD) anti-bribery convention, and when those countries traded heavily with wealthier nations. Further, these findings are maintained when controlling for levels of economic development and cultural values in the supplying country. In terms of culture, firms from high power distance countries showed a somewhat greater propensity for providing bribes in transactions with less-developed nations.

KEY WORDS: Bribe Payer's Index, bribery, corruption, institutional theory, international trade, OECD convention

Introduction

Although the issue of corruption has been a political and societal issue for centuries, globalization has brought increased attention to the issue and renewed it as a subject of widespread concern. Over the last 50 years, bribery, a key facet of corruption, has accompanied the large growth in international trade and investment (Lambsdorff, 2007; Moss, 1997). The increasing number of cross-border business transactions has connected societies with very different customs and practices regarding bribery. Multinational firms have often traded payoffs for favorable consideration by decision makers to win contracts, reduce import duties, or receive favorable interpretations of laws affecting the firm. While bribery by foreign firms and their representatives appears to be most flagrant in the public works construction and defense sectors, it is also quite common in oil/gas, real estate, telecommunications, and power generation/transmission. Subsidiary companies of multinationals, and particularly the purchasing, export, marketing and sales departments are the most likely to be involved in bribery and corruption (Transparency International, 2002, 2006a).

Transnational bribery delays and distorts political and economic development. Illicit payments constitute a heavy "tax" on foreign direct investment, thus damaging investment in countries where corruption is high and the predictability of rewards is low. The quality of those investments may also be undermined, as bribes for government contracts by incompetent bidders often reward inefficiency, discouraging efficient firms from entering a particular country's marketplace (Campos et al., 1999; Conde, 2004; Hamra, 2000).

Government policy is also negatively affected in many ways, including low quality and slow implementation of environmental policy (Esty and Porter, 2002), funds shifted from health and education efforts to major construction projects where sizeable bribes are more likely (Mauro, 1998; Rauch, 1995; Ruzindana, 1997), and ineffective tax collection and administration (Mauro, 1998).

Bribery: demand and supply

The level of bribery can be seen as a function of both demand and supply. The demand side represents the recipient of the bribe, with the payer of the bribe representing the supply side (Beets, 2005; Hamra, 2000; Sung, 2005; Vogl, 1998). In international transactions, those seeking to justify paying bribes often attribute their actions to local foreign cultures and conditions, thereby emphasizing demand (Getz and Volkema, 2001). From a demand-side perspective, the critical economic conditions, institutional characteristics, and cultural values that influence transnational bribery would be seen as those in the country in which the bribe is taken, rather than those of the supplier of the bribe. A substantial body of research has uncovered key contextual factors associated with those countries wherein demands for corrupt payments are prevalent (Beets, 2005). Such studies have often used cross-national data linked to country level indexes of corruption such as Transparency International's Corruption Perception Index, or measures from Political Risk Services and Freedom House (Martin et al., 2007).

Country factors and bribery

Much research has addressed the extent to which bribery is an accepted part of doing business in different countries, and the economic, political, and cultural factors associated with such corruption.[1] For domestic transactions, these factors would shape the norms, motives, values, and options available to both the supplier and the recipient of the bribe. Where transactions cross national boundaries, the national contexts of the potential supplier and recipient may be quite distinct.

Economic and political factors

Many studies, for example, have documented the relationship between the prevalence of corruption in a nation and that nation's level of economic development (Husted, 1999; Sanyal and Samanta, 2002, 2004a; Theobald, 2002). Economic development apparently leads to lower levels of corruption, and corruption appears to inhibit economic growth (Bardhan, 1997; Mauro, 1995, 1998; Treisman, 2000). Advanced economies are likely to have more robust institutions, including well-established laws and policies to address corporate behavior, while developing economies suffer from poorer investigative and enforcement mechanisms (Nwabuzor, 2005; Olaya, 2006). In poorer countries, officials may see bribery as a necessary means of supplementing low income. Wealthier countries are characterized by higher levels of education, literacy, and growth of mass media, which have been found to be associated with less corruption. These characteristics of wealthy countries allow for countervailing actions by the person faced with bribery demands (Beets, 2005; Chen et al., 2008; Husted, 1999).

Political rights and civil liberties are more problematic in countries with high levels of corruption (Beets, 2005). Property rights, economic freedom, as well as checks and balances in political institutions, have been related to less corruption (Chen et al., 2008; Martin et al., 2007; Sanyal and Samanta, 2004a).

Cultural factors

Several studies using Hofstede's measures of cultural values have linked cultural dimensions to perceived corruption in different countries. Husted (1999) and Hofstede (2001) both found that even after controlling for the substantial relationship between corruption and poverty, three cultural variables – power distance, uncertainty avoidance, and masculinity – contributed to the prediction of domestic corruption. Another study also found power distance and uncertainty avoidance to be positively associated with corruption (Getz and Volkema, 2001). Sanyal (2005) found that high power distance and high masculinity predicted Transparency International's Corruption Perception Index scores when controlling for per capita income and other economic measures. More recently, Chen et al. (2008) used a number of micro- and macro-level variables to predict bribery payouts by domestic firms, as assessed using the World Business Environment Survey. Of the cultural variables listed above, masculinity contributed unique variance in prediction.

As noted by Hofstede (2001), larger power distances in a society mean fewer checks and balances on the use of power, leading to a stronger temptation for power holders to enrich themselves illegally. Extortion for bribes may be perceived to be a perquisite of position in such societies (Getz and Volkema, 2001). Further, high power distance

societies are characterized by paternalistic relationships, in which loyalty and favors may trump merit in the allocation of resources (Husted, 1999). In societies characterized by high uncertainty avoidance, corruption may be seen as an uncertainty-reduction mechanism, providing a more secure result in business transactions (Husted, 1999). Once bribery-facilitated relationships have been established in such societies, the stability provided in such relationships would help reinforce bribery (Getz and Volkema, 2001). The emphasis on material success in masculine societies has been argued to lead to a greater willingness to engage in corrupt transactions (Husted, 1999).

Studies also have found the cultural dimension of individualism/collectivism as measured by Hofstede to be highly correlated with corruption. Collectivist societies are concerned with group interests, and in-group well-being may be more salient than written codes based on political democracy or market capitalism (Hofstede, 2001). In these studies, however, this cultural dimension was not a significant predictor in equations where country wealth or related economic measures were included as controls, due to the high correlation between individualism and country wealth (Hofstede, 2001; Husted, 1999).

Assessing the supply side of bribes in international transactions

As noted by Getz and Volkema (2001), most analyses of corruption do not explicitly distinguish between the demand and supply side of corruption. However, for international transactions, the characteristics of the country whose firms are supplying bribes can be distinguished from those receiving them. A ''supply side'' approach to international bribery addresses the characteristics of the supplying firm or the country whose multinationals supply the bribe. Studies assessing the characteristics of bribe-giving countries constitute a ''supply push'' approach, which can supplement the ''demand-pull'' characteristics of countries in which bribes are received (Sung, 2005, p. 111).

Institutional theory may serve as a useful framework in examining country differences related to multinational firms' propensity to offer bribes in cross-border transactions. Institutional theory focuses on the role of social, political, and economic systems that surround firms and grant them legitimacy (North, 1990; Scott, 1995; Wright et al., 2005). Pressures and expectations exerted by the state, interest groups, or even international bodies may constrain or empower certain types of behavior (Krasner, 1988; Peng and Heath, 1996). Institutions may be seen as being supported by regulatory, normative, and cognitive ''pillars.'' These pillars provide the rules of the game, defining modes of action available to the firm by constraining or empowering certain types of behavior (Krasner, 1988; Peng and Heath, 1996; Scott, 1995). Applied to bribery, the regulatory dimension consists of laws and government policies, while the normative pillar reflects societal attitudes regarding bribery. Cognitive institutions would reflect the extent to which skills and knowledge enable individuals to deal effectively with situations in which bribes are sought or offered.

The economic, cultural, and political factors shaping the level of corruption in a given country give rise to different normative and regulatory contexts. Firms from different countries are embedded in the country context, and a firm's actors are likely to internalize the normative system and act out of conformity with the value standard (Scott, 1995). The propensity of firms and their agents from a particular country to provide bribes in international business transactions, therefore, is likely to reflect the firm's practices regarding bribery at home.

Sung (2005) noted that high tolerance for corruption in a society leads to the supply of foreign bribery from that society's multinational firms to recipients in other countries. Similarly, Sanyal and Samanta (2004b) argued that country determinants of bribe taking would also be associated with bribe giving in international transactions. Using data from Transparency International's Corruption Perception Index and its first (1999) Bribe Payer's Index, both studies found support for this proposition using a sample of 19 countries. Due to the small sample size, the ability to include controls in those analyses was limited, however. No controls for the level of economic development or culture in the ''supplying'' countries were provided. This study will expand the testing of this proposition with a larger and more recent sample of countries, and provide statistical

controls to address alternative explanations for the relationship between domestic corruption and bribe offering abroad. Formally,

Hypothesis 1: Firms from countries having high levels of domestic corruption are more likely to provide bribes in international transactions.

While the firm's domestic regulatory and normative environment is likely to have shaped its orientation regarding bribery, this context may itself be shaped by international accords regarding international bribe paying. Such international accords represent an attempt to supplement the normative and regulatory mechanisms within a single country.

Conventions regarding corruption

Over the years, several steps have been taken to address bribery in an extraterritorial manner. The first was the U.S. Foreign Corrupt Practices Act of 1977 (FCPA). The FCPA criminalized the bribery of foreign public officials (including political parties) by U.S. firms whether directly or through intermediaries as long as the parent company authorized, directed, or participated in an illegal activity. Liability of parent corporations, combined with later provisions of the Federal Sentencing Guidelines, has led to the widespread adoption of company codes of conduct designed to inform, train, and enforce anti-bribery standards (Kaikati et al., 2000). Even at the initiation of the FCPA, it was feared that U.S. companies would be placed at a competitive disadvantage (Hamra, 2000; Pacini et al., 2002). Further, the willingness of other countries to restrict foreign bribery was undermined to the extent that competing countries did not do so at the same time (Apke, 2001). Two decades of work in a forum that included most of the major U.S. trading partners resulted in the 1997 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of the Organization for Economic Cooperation and Development (OECD Anti-Bribery Convention), signed in November 1997 and which came into force in February 1999. The treaty is not self-executing but requires, within a spectrum of options, domestic legislation to enforce its provisions. Roughly patterned after the FCPA, it additionally includes the bribery of officials of international organizations though not of political parties (Apke, 2001; Hamra, 2000; Pacini et al., 2002). All the Organization for Economic Cooperation and Development (OECD) member countries plus several other ratifying non-member countries, including Argentina, Brazil, and Chile, have implemented domestic legislation in accordance with the convention (OECD: www.OECD.org).

A more recent international action is the United Nations Convention Against Corruption (UNCAC) signed in December 2003 and entered into force in December 2005. Eighty countries had ratified this convention as of December 2006, and a total of 122 countries had ratified this convention as of September 1, 2008 (United Nations Office on Drugs and Crime: www.unodc.org). The treaty is binding (with mechanisms of enforcement among signatories to be determined) but not self-executing; thus, similar to the OECD Convention, it requires domestic implementing legislation to be effective in a nation. The UNCAC is much broader than either the FCPA or the OECD Convention in that it addresses corruption in many forms. In addition to bribery, the "offer" side of the transaction, it includes extortion, the "ask" side of the transaction. Domestic corruption as well as actions abroad is covered and its reach extends to national, foreign, and international organization officials, though not to officials of political parties. It provides for measures of prevention as well as criminalization and enforcement, including an innovative mechanism for international cooperation on asset recovery. Similar to the FCPA and OECD Conventions, it extends to legal entities, but unlike the earlier conventions, it also includes optional measures for private sector corruption. It also leaves as optional the provisions for accounting and record keeping as well as measures on the tax deductibility of payments. Finally, whistleblower protections are provided (Argandoña, 2007; Hamra, 2000).

Numerous regional anti-bribery agreements have also been developed. These include the Organization of American States' Inter-American Convention against Corruption (approved in March 1996), the African Union's Convention on Preventing and Combating Corruption and Related Offences (approved in July 2003), and additional conventions drawn up by the European Union and Council of Europe (Argandoña, 2007).

While the OECD and United Nations conventions are primarily directed at the responsibilities of member countries rather than private companies, the conventions may further the establishment of regulations, guidelines, and enforcement processes within the ratifying countries. A country's willingness to ratify such conventions also may signal that the country has accepted the convention's principles as desired business practice. Therefore,

Hypothesis 2: Firms from countries which have ratified the OECD anti-bribery convention are less likely to provide bribes in international transactions.

The United Nations convention, as noted earlier, is a more recent agreement, with many countries still in the process of ratification, and with implementation processes still being developed. Article 63 requires the Conference of the States Parties, established under the convention, to review the implementation of the convention. Conferences were held in Vienna in August 2007 and Indonesia in January 2008 to work on establishing a mechanism to assist in reviewing the implementation of the convention (United Nations Office on Drugs and Crime: www.unodc.org). While it is too early to gauge the extent of implementation or impact of the convention, ratification itself may be predictive of business practices. Therefore,

Hypothesis 3: Firms from countries which have ratified the United Nations convention are less likely to provide bribes in international transactions.

Bribery, trade, and economic development

In an international business transaction, there may be more than one salient normative and regulatory context. Firms from countries that have extensive trade ties with countries where bribery is expected may be more likely to engage in such practices (Sung, 2005). Examining the level of corruption in the key trading partners (using a trade-weighted average of the top four trading partners of countries) for countries in TI's 1999 Bribe-Payer's Index, Sung (2005) found little support for this proposition. Use of only a country's top four trading partners, however, may limit the ability to test this hypothesis. For many countries around the world, the top trading partners are the major industrial economies, which generally evidence relatively low levels of domestic corruption. A broader assessment of the trade patterns may be required.

As noted earlier, numerous studies have documented the relationship between the prevalence of corruption in a nation and that nation's level of economic development (Husted, 1999; Mauro, 1995; Sanyal and Samanta, 2002, 2004a). One might expect, therefore, that the willingness to offer bribes will also reflect patterns of trade involving industrialized or developing economies. Specifically,

Hypothesis 4: Firms from countries conducting a large proportion of trade with industrialized (OECD) countries are less likely to provide bribes in international transactions.

As noted earlier, country level of economic development is intertwined with issues of corruption. Further, it is to be expected that OECD convention ratification will also be related to economic development. In assessing the hypothesized relationships in this study, it will be necessary to assess whether these relationships are merely a function of economic development, or whether they still predict international bribe paying when controlling for this factor.

Methodology

Obtaining unbiased, hard data regarding corruption and bribe paying in different countries is quite problematic. Comparison of prosecutions, for example, may be more likely to reflect differences in the enforcement process than in actual levels of corruption (Lambsdorff, 2006). Arguably, the most comprehensive attempt to assess corruption around the world has been conducted by Transparency International (TI) and its allied organizations. TI was founded in 1993 to raise awareness about corruption and to work toward systemic change and prevention at the national and international level. Based in Berlin, TI has national chapters in approximately 100 countries (Olaya, 2006).

Dependent variables: 2006 Bribe Payer's Index

Data regarding the willingness to pay bribes in international business transactions were obtained from TI's *Bribe Payer's Index* (Transparency International, 2006a). In 2006, TI's Bribe Payer's Index (BPI) was derived using surveys of 11,232 business executives in 125 countries. These respondents provided an assessment regarding the propensity of foreign firms that do the most business in their country to pay bribes or make undocumented extra payments (Transparency International, 2006a). This issue was one of the many assessed through the World Economic Forum's *Executive Opinion Survey 2006*. In developing the sampling frame for the survey, the distribution of economic sectors and firm size represented in each country's sample was designed to be proportional to the distribution in that country (Lopez-Claros et al., 2006).

In providing information to be used in the BPI, respondents are first asked to identify the country of origin of foreign-owned companies doing the most business in their country. Then, respondents are asked: "In your experience, to what extent do firms from the countries you have selected make undocumented extra payments or bribes?" (Transparency International, 2006a, p. 3).

The response scale ranged from 1 (bribes are common) to 7 (bribes never occur). Those answers were then converted to a score of between 0 and 10. The ranking reflects the average score – a score of 10 on the index would indicate no corruption, while a score of 0 would mean that corruption is seen as rampant. The BPI index provides ratings for the propensity of companies from 30 leading exporting countries (Hong Kong is treated separately from the rest of China) to bribe abroad. TI's *Bribe Payers Index (2006) Analysis Report* also provides data broken out by respondent groupings (Transparency International, 2006a). For the purpose of this study, data were taken regarding respondents in OECD countries (2,358 respondents from the 30 OECD countries) and respondents in low-income countries (2,405 respondents from 27 low-income countries), as well as the overall BPI scores based on the much larger sample of respondents from 125 countries. The 27 low-income countries all had per capita gross-domestic products in 2005 (adjusted for purchasing power parity) of less than $3,500.[2]

While this study focuses on the 2006 BPI, two earlier versions of the BPI were administered in 1999 and 2002 (Sanyal and Samanta, 2004b; Transparency International, 2002). The Pearson correlation between 2006 BPI and the 1999 ratings for the 19 countries common to both administrations is 0.94 ($p < 0.001$). The Pearson correlation between the 2006 BPI and the 2002 ratings for the 21 countries common to both administrations of the BPI is 0.92 ($p < 0.001$). Similarly, the corresponding non-parametric correlations (Spearman's rho) are 0.95 ($p < 0.001$) for both the 2006–1999 and 2006–2002 relationships. This indicates a high degree of consistency in the ratings over this period of time.[3]

Predictors

Levels of corruption in each of the 30 leading exporting countries were assessed through Transparency International's Corruption Perceptions Index (CPI) (Transparency International, 2006c). The 2006 index draws from data collected in 2005 and 2006 from 12 sources, originating from nine independent institutions. The surveys included in the CPI apply a basic conception of corruption as misuse of public power for private benefit. This would include such actions as bribing of public officials and kickbacks in public procurement. The surveys tapped the responses of residents within each country evaluating their home country's practices, as well as the perceptions of experienced non-residents (including expatriate business people and other experts). The responses of these two groups correlate well with each other (Lambsdorff, 2006). As with the BPI measures, a high score indicates "clean" practices – a lack of corruption.

Information regarding ratification of the OECD anti-bribery convention was drawn from the OECD website (www.oecd.org). Thirty-seven countries have formally deposited an instrument of ratification/acceptance of this convention. Of the 30 major exporting countries in this study, 19 had ratified the OECD anti-bribery convention as of December 31, 2006. Information regarding ratification of the United Nations (UNCAC) Convention was reported by the United Nations Office on Drugs and Crime (www.unodc.org). A country was counted as having ratified the UNCAC if its legislature had ratified the

convention by December 31, 2006. The two variables dealing with ratification were coded as "1" if the country had ratified the particular convention, "0" otherwise. The status of both OECD and U.N. convention ratifications for the 30 countries as of 2008 is provided in Table I.

Data regarding patterns of trade were taken from the *Direction of Trade Statistics* (2007) published by the International Monetary Fund. That source provides overall import and export data, as well as volume of trade for specific countries for the year 2006. This study examines each country's proportion of total trade volume that is conducted with industrialized (OECD member) countries. Specifically, variables measuring (1) exports to OECD countries as a proportion of total exports, (2) imports from OECD countries as a proportion of total imports, and (3) overall trade with OECD countries as a proportion of total trade were calculated. Trade data were available from the *Direction of Trade Statistics* for 29 of the 30 countries. Trade data for Taiwan were acquired from Taiwan's Bureau of Foreign Trade Statistics (Bureau of Foreign Trade Statistics: http://eweb.trade.gov.tw).

TABLE I

Ratification status for OECD and UN conventions: 30 leading exporting countries

Country	OECD ratification	UN ratification
Australia	October 18, 1999	December 7, 2005
Austria	May 20, 1999	January 11, 2006
Belgium	July 27, 1999	December 10, 2003 (signature only)
Brazil	August 24, 2000	June 15, 2005
Canada	December 17, 1998	October 2, 2007
China	Non-signatory	Non-signatory
France	July 31, 2000	July 11, 2005
Germany	November 10, 1998	December 9, 2003 (signature only)
Hong Kong	Non-signatory	Non-signatory
India	Non-signatory	December 9, 2005 (signature only)
Israel	Non-signatory	December 9, 2005 (signature only)
Italy	December 15, 2000	December 9, 2003 (signature only)
Japan	October 13, 1998	December 9, 2003 (signature only)
Korea (S)	January 4, 1999	Non-signatory
Malaysia	Non-signatory	December 9, 2003 (signature only)
Mexico	May 27, 1999	July 20, 2004
Netherlands	January 12, 2001	October 31, 2006 (acceptance)
Portugal	November 23, 2000	September 28, 2007
Russian Fed.	Non-signatory	May 9, 2006
Saudi Arabia	Non-signatory	January 9, 2004 (signature only)
Singapore	Non-signatory	November 11, 2005 (signature only)
South Africa	June 19, 2007	November 22, 2004
Spain	January 4, 2000	June 19, 2006
Sweden	June 8, 1999	September 25, 2007
Switzerland	May 31, 2000	December 10, 2003 (signature only)
Taiwan	Non-signatory	Non-signatory
Turkey	July 26, 2000	November 9, 2006
United Arab Emrt.	Non-signatory	February 22, 2006
United Kingdom	December 14, 1998	February 9, 2006
United States	December 8, 1998	October 30, 2006

For countries designated "signature only," the United Nations convention has been signed, but not yet ratified by their legislatures. Otherwise, dates refer to dates of ratification. The analyses in this study score a country as having ratified a convention if the ratification took place by December 31, 2006.

Hofstede's measures of cultural values are also included in the analysis. While many studies have linked these measures to levels of domestic corruption, the relationship between culture and the propensity of firms to bribe abroad has not been formally tested. The impact of the supplying firm's national culture on the BPI may be a function of culture's impact on the level of domestic corruption in the supplying firms' countries (as measured by the CPI). It is also worth examining whether cultural variables contribute variance in the prediction of BPI scores over and above the variance predicted by the CPI. The inclusion of cultural measures also serves to assess the extent to which the prediction provided by the other hypothesized predictors of the BPI is still seen when controlling for culture. The cultural dimensions of power distance, uncertainty avoidance, individualism/collectivism, and masculinity/femininity were taken from Hofstede's (2001) measures. For two of the 30 countries (Saudi Arabia and United Arab Emirates), regional data for Arab countries were used in the absence of specific country data. This study also examined the level of country development as measured by per capita gross domestic product measured at purchasing power parity. The data were for 2005 (Lopez-Claros et al., 2006).

Analysis

The first step in the analysis of the data involved provision of descriptive information relating to bribery and corruption. That is, which countries show high and low propensities to offer bribes in international business transactions, and how does this relate to the level of corruption in those countries? The next analysis consisted of examining bivariate relations among the variables in the study, including an analysis controlling for country wealth of the 30 major exporting nations. Finally, a series of regression analyses assessed the extent to which the hypothesized predictors of bribe paying in international transactions contributed unique predictive variance when controlling for the other predictors. Hypothesis testing is based on the prediction of the overall BPI measure, utilizing responses by all countries in surveys gathered through TI. We supplement these analyses by also examining two subgroups of respondents, assessing the prediction of international bribes in OECD countries as well as low-income nations.

Results

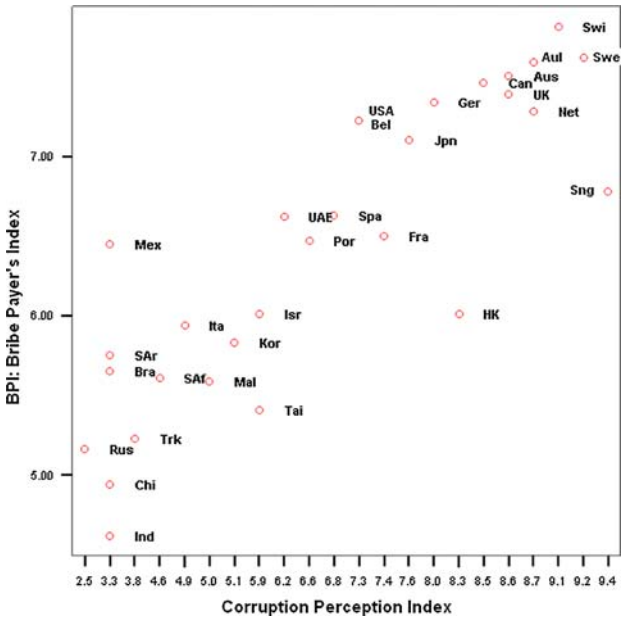
Figure 1 maps the relationship between the propensity of firms from a given country to provide bribes (as measured by the 2006 Bribe Payer's Index), and the level of corruption in that country (as measured by the 2006 Corruption Perception Index). This map includes all the 30 countries assessed on the BPI.

Examination of the scatter diagram presented in Figure 1 provides a helpful context for this study. On the right side of the map, one can see that Singapore and Sweden are among the ''cleanest'' countries in terms of the absence of domestic corruption. At the top of the map, Switzerland, Australia, and Sweden are presented as among the countries whose firms are least likely to offer bribes in international business transactions. While these three countries are presented at the very top of this figure, it should be noted that Switzerland's BPI score of 8.51 is more than a full standard deviation below the highest potential score of 10.

It is evident that there is a strong relationship between these two measures, as countries plagued by corruption are also likely to be those whose firms offer bribes in conducting business outside their borders. The correlation between these two measures is 0.86 ($p < 0.01$) as noted in Table II.

Figure 2 provides a more nuanced view of international bribery, by depicting the BPI scores provided both by respondents in OECD countries and by respondents in low-income countries.

Two lines run through this figure. The line to the upper left simply connects the equal values on the two measures. If the level of bribe offering by the country's firms were perceived equally by both OECD and low-income country respondents, then the country would fall on this line. It can be seen that all but two of the countries fall below this line. Respondents from low-income countries perceive more bribery than do OECD respondents, suggesting that firms are more likely to offer bribes in less-developed countries. The second line running through this figure is the regression (best fit) line.



Code	Country	Code	Country	Code	Country
1. Aul	Australia	11. Isr	Israel	21. Sng	Singapore
2. Aus	Austria	12. Ita	Italy	22. SAf	South Africa
3. Bel	Belgium	13. Jpn	Japan	23. Spa	Spain
4. Bra	Brazil	14. Kor	Korea (S)	24. Swe	Sweden
5. Can	Canada	15. Mal	Malaysia	25. Swi	Switzerland
6. Chi	China	16. Mex	Mexico	26. Tai	Taiwan
7. Fra	France	17. Net	Netherlands	27. Trk	Turkey
8. Ger	Germany	18. Por	Portugal	28. UAE	United Arab Emrt.
9. HK	Hong Kong	19. Rus	Russian Fed.	29. UK	United Kingdom
10. Ind	India	20. SAr	Saudi Arabia	30. USA	United States

Figure 1. Country ratings on the Corruption Perception Index and Bribe Payer's Index.

Countries can be compared relative to each other on their positioning in this figure. Though deviations from the regression line can be seen, overall there is a high correspondence between the perceptions of the two respondent groups. This is reflected in a correlation of 0.79 ($p < 0.01$) between these two BPI scores, as presented in Table II.

Table II presents the means, standard deviations, and correlations among the variables examined in this study. As can be seen in this table, there is a substantial relationship between corruption within a country and propensity for bribe paying in an international context. As noted earlier, the correlation between the 2006 Corruption Index and the 2006 Bribe Payer's Index was 0.86 ($p < 0.01$), and the correlation between the perception of OECD and low-income country respondents was 0.79. The substantially higher mean of 7.16 presented for the BPI (OECD) versus the mean of 5.87 for the BPI (low income country) measure is also consistent with the pattern in Figure 2. This difference is statistically significant ($t = 10.41$, $p < 0.001$).

Moving down the first column of correlation coefficients, one can see that international bribe paying was also associated with OECD Convention ratification ($r = 0.63$, $p < 0.01$), but was not significantly related to UNCAC ratification.[4]

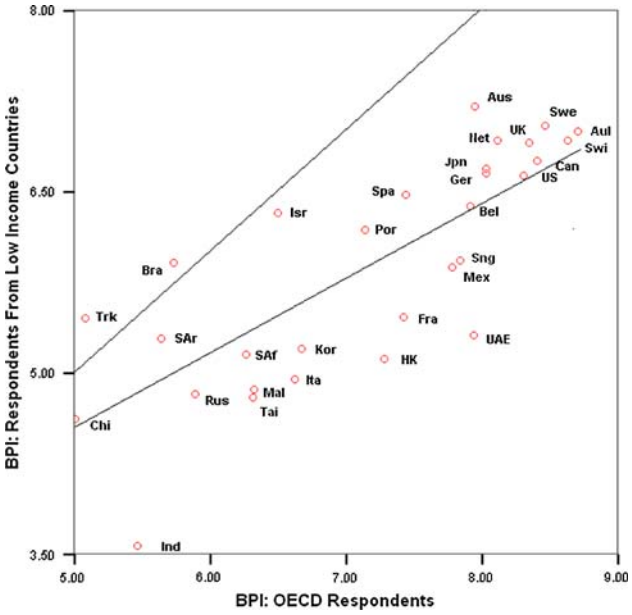
The BPI was also significantly predicted by patterns of trade. The proportion of a country's exports that went to industrialized (OECD) countries, the proportion of imports received from OECD countries, as well as overall trade with OECD countries as a proportion of overall trade, were all significantly associated with "cleaner" transactions in conducting

TABLE II

Relationships among variables

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13
1. BPI	6.42	0.91	–												
2. BPI (OECD)	7.16	1.11	0.95**	–											
3. BPI (low income)	5.87	0.93	0.91**	0.79**	–										
4. CPI	6.35	2.19	0.86**	0.86**	0.74**	–									
5. OECD Conv. Rat.	0.63	0.49	0.63**	0.53**	0.68**	0.39*	–								
6. UNCAC Rat.	0.50	0.51	−0.04	−0.02	0.04	−0.12	0.07	–							
7. % Export to OECD	0.67	0.18	0.50**	0.40*	0.55**	0.23	0.57**	0.07	–						
8. % Import from OECD	0.63	0.16	0.53**	0.41*	0.55**	0.25	0.54**	−0.01	0.89**	–					
9. % Trade with OECD	0.64	0.17	0.53**	0.42*	0.57**	0.25	0.57**	0.03	0.97**	0.97**	–				
10. GDP per capita	12,919	12,464	0.81**	0.83**	0.67**	0.87**	0.41*	−0.08	0.24	0.27	0.27	–			
11. Power distance	56.93	22.51	−0.64**	−0.53**	−0.72**	−0.62**	−0.47**	0.05	−0.45*	−0.42*	−0.44*	−0.62**	–		
12. Uncertainty avoidance	63.10	24.29	−0.09	−0.14	0.05	−0.32	0.35	−0.02	0.28	0.34	0.32	−0.11	0.04	–	
13. Individualism	51.67	23.76	0.64**	0.57**	0.58**	0.48**	0.53**	0.13	0.60**	0.48**	0.55**	0.55**	−0.63**	−0.08	–
14. Masculinity	52.87	17.89	0.08	0.07	0.01	−0.03	0.03	0.05	−0.08	−0.13	−0.11	0.09	−0.09	0.02	0.07

*$p < 0.05$, **$p < 0.01$.



Code	Country	Code	Country	Code	Country
1. Aul	Australia	11. Isr	Israel	21. Sng	Singapore
2. Aus	Austria	12. Ita	Italy	22. SAf	South Africa
3. Bel	Belgium	13. Jpn	Japan	23. Spa	Spain
4. Bra	Brazil	14. Kor	Korea (S)	24. Swe	Sweden
5. Can	Canada	15. Mal	Malaysia	25. Swi	Switzerland
6. Chi	China	16. Mex	Mexico	26. Tai	Taiwan
7. Fra	France	17. Net	Netherlands	27. Trk	Turkey
8. Ger	Germany	18. Por	Portugal	28. UAE	United Arab Emrt.
9. HK	Hong Kong	19. Rus	Russian Fed.	29. UK	United Kingdom
10. Ind	India	20. SAr	Saudi Arabia	30. USA	United States

Figure 2. Bribe Payer's Index: OECD and low-income country respondents.

international business (correlations ranging from 0.50 to 0.53). It should be noted that these patterns of trade were not significantly related to levels of domestic corruption (correlations ranging from 0.23 to 0.25). "Cleaner" international transactions were also related to individualism and to low levels of power distance. Lastly, the substantial relationship between country level of economic development (as measured by per capita GDP), domestic corruption, and international bribe paying can be seen in moving across row 10. Wealthier countries show substantially less propensity for international bribe-paying ($r = 0.81$, $p < 0.01$), though this relationship appears somewhat less pronounced in dealings with low-income countries ($r = 0.67$, $p < 0.01$). Wealthier countries also show less domestic corruption ($r = 0.87$, $p < 0.01$), and were more likely to have ratified the OECD convention on international bribe paying ($r = 0.41$, $p < 0.05$), an understandable finding since the OECD generally comprises wealthier nations. Country wealth is also related to individualism and (negatively) to power distance.[5]

In order to control for the rather pervasive association between economic development and the measures of domestic and international corruption, the next analysis consisted of assessing the partial correlations among this study's measures when controlling for per capita GDP. The results are presented in Table III.

Examination of Table III reveals that the key relationships hypothesized in this study are not simply a function of the exporting country's level of economic development. Though domestic levels of corruption and international bribe paying are both strongly related to economic development, the

TABLE III

Partial correlations controlling for per capita GDP

	1	2	3	4	5	6	7	8	9	10	11	12
1. BPI	–											
2. BPI (OECD)	0.85**	–										
3. BPI (low income)	0.85**	0.57**	–									
4. CPI	0.54**	0.50**	0.43*	–								
5. OECD Conv. Rat.	0.56**	0.37*	0.60**	0.08	–							
6. UNCAC Rat.	0.04	0.08	0.13	−0.10	0.11	–						
7. Export to OECD %	0.53**	0.36^{+}	0.54**	0.03	0.53**	0.10	–					
8. Import from OECD %	0.54**	0.34^{+}	0.51**	0.02	0.48**	0.01	0.88**	–				
9. Trade with OECD %	0.56**	0.37*	0.54**	0.03	0.52**	0.06	0.97**	0.97**	–			
10. Power distance	−0.29	−0.02	−0.53**	−0.20	−0.30	0.00	−0.39*	−0.33^{+}	−0.37*	–		
11. Uncertainty avoidance	0.01	−0.08	0.17	−0.46*	0.44**	−0.02	0.32^{+}	0.38*	0.36^{+}	−0.04	–	
12. Individualism	0.39*	0.24	0.33	0.01	0.40*	0.20	0.57**	0.41*	0.50**	−0.43*	−0.02	–
13. Masculinity	0.01	0.00	−0.07	−0.22	−0.01	0.05	−0.10	−0.16	−0.14	−0.04	0.03	0.02

$^{+}p < 0.10$, $*p < 0.05$, $**p < 0.01$.

partial correlation (controlling for per capita GDP) between the CPI and BPI for 2006 is 0.54 ($p < 0.01$). Similarly, the relationships between BPI and OECD convention ratification, as well as between BPI and patterns of trade, cannot simply be attributed to their relationship with country wealth (partial correlations range from 0.53 to 0.56, $p < 0.01$). Of the culture variables, individualism showed a significant correlation with the overall BPI measure when controlling for country wealth. Power distance was significantly correlated with BPI ratings by respondents from low-income countries. Neither uncertainty avoidance nor masculinity was related to the BPI measures.

Testing of the hypotheses also involves assessment of the unique contribution of the predictor variables in accounting for variance in BPI scores. In order to do so, the measures of domestic corruption (CPI), OECD convention ratification, overall percentage of trade with OECD countries, and cultural variables were entered into regression equations predicting BPI scores. The variable assessing ratification of the United Nations convention was not entered, to provide the most parsimony in the prediction equation, given that there was no evidence that this was associated with BPI scores. For each analysis, two separate models are presented: the first includes the hypothesized predictors as well as individualism and power distance (the two cultural variables that were found to show the relationships with BPI scores). The second model provides for a higher sample size to predictor ratio by entering only the hypothesized predictors. Analyses were performed predicting the overall BPI scores, as well as BPI perceptions from OECD respondents and low-income respondents. The results of these analyses are presented in Table IV.

As seen in Table IV, a country's CPI score, its ratification of the OECD convention, and proportion of trade with industrialized countries are each unique predictors, accounting for 88% of the variance in the overall BPI score, regardless of whether the two cultural variables are in the equation. Neither power distance nor individualism contributed significant variance in predicting the overall BPI measure. In the prediction of propensity to offer bribes as perceived by OECD respondents, only the CPI score contributed unique variance in the equations. All the three hypothesized measures were significant in the prediction of BPI scores based on low-income country respondents when the cultural variables are not included (Model 6). In the equation including power distance and individualism, both power distance and the trade variable attained significance only at the 0.10 level. The variance inflation factor (VIF), a measure of the extent to which multicollinearity harms estimation, for the predictor variables in these equations ranged from 1.18 to 1.64

TABLE IV

Multiple regression analyses: prediction of Bribe Payer's Index

	BPI		BPI (OECD respondents)		BPI (low-income country respondents)	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Independent variables[a]						
CPI	0.72★★★	0.72★★★	0.83★★★	0.77★★★	0.45★★★	0.55★★★
OECD Conv. Rat.	0.21★	0.22★	0.14	0.14	0.30★	0.32★
Trd. Ind. Count./trade	0.20★	0.23★	0.15	0.15	0.21^{+}	0.25★
Power distance	0.06		0.20		−0.26^{+}	
Individualism	0.11		0.14		−0.08	
F	36.65★★★	62.69★★★	21.82★★★	34.29★★★	18.96★★★	28.52★★★
R^2	0.88	0.88	0.82	0.80	0.80	0.77
Adj. R^2	0.86	0.86	0.78	0.78	0.76	0.74

[a]Standardized regression coefficients are tabled for each independent variable.
$^{+}p < 0.10$, ★$p < 0.05$, ★★$p < 0.01$, ★★★$p < 0.001$.

for the equations not including the cultural variables. In the equations with the cultural variables, the highest VIF score was 2.18. VIF indices of this magnitude are seen as acceptable (see Fox, 1991).[6]

The final analysis provides a stepwise treatment of the predictors of the BPI. In this analysis, CPI, OECD convention ratification, the trade measure, power distance, individualism, and per capita GDP were used as the pool of potential predictors. In this treatment, only variables adding unique variance in the prediction of BPI are allowed to enter the equation, providing a parsimonious model. This treatment will also provide assessment of the incremental variance accounted for through the addition of each variable.

In none of the equations presented in Table V did the per capita GDP measure enter the prediction of the BPI measures, reflecting greater prediction provided by the CPI measure and the substantial correlation between CPI and GDP. This is consistent with the findings presented in note 6. The resulting model predicting the overall BPI is the same as the model presented in Model 2 in Table IV, with CPI, OECD convention ratification, and trade as significant predictors. It should be noted that the major proportion of variance accounted for in the final model is provided by the CPI score. The addition of OECD convention ratification provides a change of 0.11 in R^2, with an additional 0.03 (0.02 for adjusted R^2) provided by the trade measure. The most parsimonious model predicting the BPI ratings by OECD respondents incorporated the CPI and OECD ratification measures, while the prediction of BPI ratings by low-income country respondents also included power distance as a significant predictor. In this final model, the OECD convention ratification variable increased the R^2 from 0.55 to 0.73 with its addition at step 2.

Discussion

These analyses suggest that in countries where corruption is tolerated, bribery tends to carry over when firms from that country engage in transactions abroad. Efforts addressing domestic regulatory, institutional, and normative conditions surrounding corruption would be expected to have an impact not only on the demand for bribes within a country, but also on the propensity of its multinationals and their agents to supply bribes when conducting business with other countries. In addition to the levels of domestic corruption, two conditions reflecting a country's international context also appear to shape the supply of bribes. OECD anti-bribery convention ratification and trade patterns were found to predict transnational bribery.

One might argue that because of domestic corruption, OECD anti-bribery convention ratification, and trade with wealthier nations would all be expected

TABLE V

Stepwise multiple regression analyses: prediction of Bribe Payer's Index

	BPI			BPI (OECD respondents)		BPI (low-income country respondents)		
	Step 1	Step 2	Step 3	Step 1	Step 2	Step 1	Step 2	Step 3
Independent variables[a]								
CPI	0.86★★★	0.78★★★	0.72★★★	0.86★★★	0.81★★★	0.74★★★	0.56★★★	0.41★★
OECD Conv. Rat.		0.34★★★	0.22★		0.22★		0.46★★★	0.38★★
Trd. Ind. Count./trade			0.23★					
Power distance								−0.29★
F	81.05★	76.28★★★	62.69★★★	80.05★★★	49.49★★★	33.99★★★	35.70★★★	29.37★★★
R^2	0.74	0.85	0.88	0.74	0.79	0.55	0.73	0.77
Adj. R^2	0.73	0.84	0.86	0.73	0.77	0.53	0.71	0.75

[a]Standardized regression coefficients are tabled for each independent variable.
★$p < 0.05$, ★★$p < 0.01$, ★★★$p < 0.001$.

to reflect the level of economic development in the bribe-paying country, that our findings merely reflect the relationship between economic development and lower levels of corruption. This study provides controls for the per capita income of the countries being assessed. Domestic corruption, OECD convention ratification, and trade patterns predict transnational bribe paying over and above country wealth.

This study also incorporates cultural measures as predictors of bribery abroad. The three previously mentioned predictors of transnational bribe paying are also significant when controlling for culture. Culture did not contribute unique variance in the prediction of transnational bribery across all countries. It is possible that the effect of culture on bribe paying is largely captured in the measure of the bribe-supplying country's level of domestic corruption. There was some indication, however, that firms from high power distance countries might be particularly prone to provide bribes in dealing with less-developed nations. This finding may reflect the fact that less-developed nations also tend to be high power distance countries, as evidenced by the substantial correlation between per capita income and power distance ($r = -0.62$, see Table II). The finding that firms from high power distance countries may be particularly prone to provide bribes in less-developed countries may be a function of the greater tolerance for corruption in high power distance countries (see Getz and Volkema, 2001; Hofstede, 2001; Husted, 1999; Sanyal, 2005). In this case, the culture of the bribe payer and the culture of the receiver would both be more tolerant of bribery.

It should also be noted that firms from almost all the major exporting countries appear to be more prone to provide bribes when conducting business in low-income countries, as evidenced by the significantly lower score on the BPI measure generated from low-income country respondents, compared with the perceptions of OECD country respondents ($t = 10.41$, $p < 0.001$, as noted previously).

The analyses presented in this study help to provide more insight into the information about bribe paying depicted in Figures 1 and 2. Taking another look at Figure 1, one sees the substantial relationship between a country's own tolerance of corruption at home and the willingness of its multinational firms to provide bribes in conducting business abroad. The emerging export powers of China and India receive poor ratings in terms of transnational bribery. This is quite consistent with the problematic levels of perceived domestic corruption in those nations. Sweden and Switzerland, which evidence relatively "clean" governance at home, are also perceived to be less prone to provide bribes in the conduct of international transactions.

Of particular interest on Figure 1 are the countries whose perceived propensity to bribe abroad differs from what would be predicted by the level of domestic

corruption. Singapore, Hong Kong, and to a lesser extent Taiwan, show less "cleanliness" in cross-border transactions than would be expected, given their Corruption Perception Index scores. These countries have been more dependent on trade with developing countries for their economic growth. Mexico, on the other hand, shows levels of domestic corruption of about the same magnitude as China and India, but evidences less transnational bribery than would be expected. Mexico's trade is substantially more intertwined with that of industrialized nations.[7] It should also be noted that the BPI scores for these countries are also consistent with OECD anti-bribery convention ratification. Mexico, for example, has ratified the OECD convention, while Singapore has not. While Singapore is not an OECD member, non-members, including Brazil, have signed and ratified the convention.

Ratification of the UN convention, however, was not found to be significantly related to levels of transnational bribery. Many countries which had ratified the OECD convention (including Belgium, Switzerland, Sweden, and Canada) had not, by 2006, ratified the UN convention. As can be seen in Table I, Canada and Sweden, for example, did ratify the convention in 2007 (United Nations Office on Drugs and Crime, 2007). At the same time, two non-OECD countries with problematic levels of domestic and transnational corruption (Russia and China) have ratified the UNCAC. The signal sent by Russia and China, agreeing to collaborate with other countries in reducing foreign bribery, is a positive step. The commitment of resources to addressing bribery in these countries will be telling. In addition to ratification of the UNCAC, the voluntary adoption of the OECD Anti-Bribery Convention would amplify the message that foreign bribery is not an accepted business practice. China has taken some steps in this regard by inviting OECD guidance regarding the promotion of a code of responsible business conduct (OECD: www.oecd.org).

While this study uses a country level of analysis in accounting for substantial variance in the prediction of bribe paying, industry and firm-level differences are expected to play key roles as well. As noted earlier in this article, bribery exists even in the so-called "clean" countries, and examination of firm and industry-level differences may uncover findings not captured by this macro-level treatment.

Future research

Future study on transnational bribery could more specifically examine the interaction of bribe-supplying country characteristics with those of the host countries in determining cross-national bribery. We noted, for example, the possibility that high power distance in both the supplying and receiving countries may promote transnational bribe paying. Particular combinations of supply and host countries merit further study. Respondents from low-income countries in Africa, for example, perceived French and Italian companies to be among the worst purveyors of international bribery (Transparency International, 2006b). According to Nagarajan (2006), U.S. respondents rated the level of bribery by India's firms as 6.35 (which, as seen in Table I, represents the average BPI score across the 30 countries). This is clearly higher than the ratings that India received from many other countries. Future studies could also address the impact of prior colonial relationships between bribe-supplying and bribe-receiving countries.

One aspect of this study addressed the relationship between trade patterns and bribe offering. Other forms of international business engagement, including patterns of foreign direct investment, could also be examined.

Future study could also incorporate the role of various members of civil society and other voluntary mechanisms, often discussed as responses to broad calls for corporate social responsibility, corporate citizenship, and sustainability. In an era of globalization, salient normative and regulatory institutions extend beyond national borders. Fortunately, globalization has worked to expand the intelligence and power of civil society in the form of a variety of non-governmental organizations and other activist stakeholder groups that can have an impact.

Notes

[1] Corruption is a broader term than bribery, and may include, in addition to bribery, other illegal and/or unethical practices such as embezzlement of public funds, abuse of insider information, and conflicts of interest (Getz and Volkema, 2001; Lambsdorff, 2006). While our focus is on bribery, we discuss the larger context of corruption when drawing from research and literature using this term.

[2] The low-income countries included in the survey were the following: Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Chad, Ethiopia, Gambia, India, Kenya, Kyrgyz Republic, Madagascar, Malawi, Mali, Mauritania, Mongolia, Mozambique, Nepal, Nigeria, Pakistan, Tajikistan, Tanzania, Timor-Leste, Uganda, Vietnam, Zambia, and Zimbabwe.

[3] While the relative positioning of countries' BPI scores can be predicted on the basis of earlier scores, the average scores have improved over time. There is a significant increase in BPI scores for the 19 countries rated in both 1999 and 2006. This increase is seen both for countries that have ratified the OECD anti-bribery convention and those that have not.

[4] The mean BPI score associated with countries that had ratified the OECD convention was 6.85. The corresponding mean for non-ratifying countries was 5.68 ($t = -4.44$, $p < 0.001$). The BPI mean for countries that had ratified the UN Convention was 6.38, while the mean for non-ratifying countries was 6.46 (n.s.).

[5] While correlation analyses involving small sample sizes may be vulnerable to violations of distributional assumptions, this did not seem to be the case in this study. Nonparametric correlations (Spearman's rho) yielded almost identical results as those presented in Table I. The relationship between BPI and CPI yielded a Pearson correlation of 0.862, while the corresponding Spearman's rho was 0.877. The Spearman's correlations between BPI06 and OECD ratification, overall proportion of trade with OECD countries, and per capita GDP were 0.61, 0.53, and 0.83, respectively. These are quite close to the 0.63, 0.53, and 0.81 correlations presented in Table I. The Pearson correlations between the BPI and power distance, uncertainty avoidance, individualism, and masculinity also are similar to their nonparametric counterparts (−0.64, −0.09, 0.64, 0.08 compared with −0.70, −0.15, 0.64, and 0.19). In order to assess potential heteroscedasticity, we also regressed the squared residuals on the interval-level independent variables predicting the BPI. This determines whether the estimated variances of the residuals from the regressions are dependent on the values of the independent variables. In neither case was the resulting F statistic significant, indicating that heteroscedasticity is not a significant problem in these analyses.

[6] Ancillary analyses were also conducted with per capita GDP included as one of the predictors of the BPI measure. The GDP variable was not significant in the equations. While addition of GDP did not alter the significance of the other variables in the equation, the high correlation between per capita GDP and CPI scores led to VIF scores of 4.15 for these two variables when the two culture variables are not included as predictors, and 4.34 (BPI) and 4.6 (GDP per capita) when the cultural variables are included as predictors. VIFs above 4 are seen as problematic, according to Fox (1991). Therefore, the analyses including per capital GDP are not tabled.

[7] Across the countries included in this study, the average proportion of trade with OECD countries was 64%, as depicted in Table I. For Singapore and Hong Kong, the figures were 34% and 37%, respectively. Mexico, on the other hand, conducted 86% of its trade with OECD countries.

References

Apke, T. M.: 2001, 'Impact of OECD Convention Anti-Bribery Provisions on International Companies', *Managerial Auditing Journal* **16**(2), 58–62.

Argandoña, A.: 2007, 'The United Nations Convention Against Corruption and Its Impact on International Companies', *Journal of Business Ethics* **74**(4), 481–496.

Bardhan, P.: 1997, 'Corruption and Development: A Review of Issues', *Journal of Economic Literature* **35**(3), 1320–1346.

Beets, S. D.: 2005, 'Understanding the Demand-Side Issues of International Corruption', *Journal of Business Ethics* **57**(1), 65–81.

Bureau of Foreign Trade Statistics, http://eweb.trade.gov.tw. Accessed 5 Nov 2007.

Campos, J., D. Lien and S. Pradhan: 1999, 'The Impact of Corruption on Investment: Predictability Matters', *World Development* **27**(6), 1059–1067.

Chen, Y., M. Yaşar and R. M. Rejesus: 2008, 'Factors Influencing the Incidence of Bribery Payouts by Firms: A Cross-Country Analysis', *Journal of Business Ethics* **77**(2), 231–244.

Conde, C.: 2004, 'Philippine Maoists Make Firms Pay: A "Tax" to Fund Rebels', *International Herald Tribune News*, October 20, 2004, http://www.iht.com/articles/2004/10/20/1firstR_54.php. Accessed 25 Oct 2007.

Direction of Trade Statistics: 2007, June, International Monetary Fund.

Esty, D. and M. Porter: 2002, 'National Environmental Performance Measurements and Determinants', in D. Esty and P. Cornelius (eds.), *Environmental Performance Measurement: The Global Report 2001–2002* (Oxford University Press, New York & Oxford).

Fox, J.: 1991, *Regression Diagnostics* (Sage Publications, Newberry Park, CA).

Getz, K. and R. Volkema: 2001, 'Culture, Perceived Corruption, and Economics', *Business and Society* **40**(1), 7–30.

Hamra, W.: 2000, 'Bribery in International Business Transactions and the OECD Convention: Benefits and Limitations', *Business Economics* **35**(4), 33–46.

Hofstede, G.: 2001, *Culture's Consequences*, 2nd Edition (Sage Publications, Thousand Oaks, CA).

Husted, B.: 1999, 'Wealth, Culture, and Corruption', *Journal of International Business Studies* **30**(2), 339–359.

Kaikati, J. G., G. M. Sullivan, J. M. Virgo, T. R. Carr and K. S. Virgo: 2000, 'The Price of International Business Morality: Twenty Years Under the Foreign Corrupt Practices Act', *Journal of Business Ethics* **26**(3), 213–222.

Krasner, S. D.: 1988, 'Sovereignty: An Institutional Perspective', *Comparative Political Studies* **21**(1), 66–84.

Lambsdorff, J. G.: 2006, 'The Methodology of the Corruption Perceptions Index 2006', Internet Center for Corruption Research, http://www.icgg.org/corruption.cpi_2006.html. Accessed 12 Oct 2007.

Lambsdorff, J. G.: 2007, *The Institutional Economics of Corruption and Reform: Theory, Evidence and Policy* (Cambridge University Press, Cambridge).

Lopez-Claros, A., M. E. Porter, X. Sala-i-Martin and K. Schwab: 2006, *The Global Competitiveness Report 2006–2007* (World Economic Forum, Geneva).

Martin, K. D., J. Cullen, J. L. Johnson and K. P. Parboteeah: 2007, 'Deciding to Bribe: A Cross-Level Analysis of Firm and Home Country Influences on Bribery Activity', *Academy of Management Journal* **50**(6), 1401–1422.

Mauro, P.: 1995, 'Corruption and Growth', *Quarterly Journal of Economics* **110**(3), 681–712.

Mauro, P.: 1998, 'Corruption, Causes, Consequences, and Agenda for Further Research', *Finance and Development* **35**(1), 11–14.

Moss, N.: 1997, 'Who Bribes Wins', *The European* **11**, 26–27.

Nagarajan, R.: 2006, *India Top Bribe Payer. What About Takers?* (Knight Ridder Tribune Business News, Washington), p. 1. Oct 7.

North, D. C.: 1990, *Institutions, Institutional Change and Economic Performance* (Cambridge University Press, Cambridge).

Nwabuzor, A.: 2005, 'Corruption and Development: New Initiatives in Economic Openness and Strengthened Rule of Law', *Journal of Business Ethics* **59**(1–2), 121–138.

OECD, http://www.oecd.org/dataoecd/59/13/40272933.pdf. Accessed 4 Aug 2008.

Olaya, J.: 2006, 'Looking Under Every Stone: Transparency International and the Fight Against Corruption', in A. Lopez-Claros, M. E. Porter, X. Sala-i-Martin. K. Schwab (eds.), *The Global Competitiveness Report 2006–2007* (World Economic Forum, Geneva), pp. 95–103.

Pacini, C., J. A. Swingen and H. Rogers: 2002, 'The Role of the OECD and EU Conventions in Combating Bribery of Foreign Public Officials', *Journal of Business Ethics* **37**(4), 385–405.

Peng, M. W. and P. S. Heath: 1996, 'The Growth of the Firm in Planned Economies in Transition: Institutions, Organizations, and Strategic Choice', *Academy of Management Review* **21**(2), 492–528.

Rauch, J.: 1995, 'Bureaucracy, Infrastructure, and Economic Growth: Evidence from U.S. Cities During the Progressive Era', *American Economic Review* **85**(4), 968–979.

Ruzindana, A.: 1997, 'The Importance of Leadership in Fighting Corruption in Uganda', in K. Elliott (ed.), *Corruption and the Global Economy* (Institute for International Economics, Washington, DC), pp. 133–145.

Sanyal, R.: 2005, 'Determinants of Bribery in International Business: The Cultural and Economic Factors', *Journal of Business Ethics* **59**(1–2), 139–145.

Sanyal, R. and S. Samanta: 2002, 'Corruption Across Countries: The Cultural and Economic Factors', *Business and Professional Ethics Journal* **21**(1), 21–46.

Sanyal, R. and S. Samanta: 2004a, 'Determinants of Bribery in International Business', *Thunderbird International Business Review* **46**(2), 133–146.

Sanyal, R. and S. Samanta: 2004b, 'Correlates of Bribe Giving in International Business', *International Journal of Commerce & Management* **4**(2), 2–13.

Scott, W. R.: 1995, *Institutions and Organizations* (Sage, Thousand Oaks, CA).

Sung, H.-E.: 2005, 'Between Demand and Supply: Bribery in International Trade', *Crime, Law & Social Change* **44**(1), 111–131.

Theobald, R.: 2002, 'Containing Corruption: Can the State Deliver?', *New Political Economy* **7**(3), 435–499.

Transparency International: 2002, 'Bribe Payer's Index 2002', http://www.transparency.org/policy_research/surveys_indices/bpi/bpi_2002. Accessed 31 Aug 2007.

Transparency International: 2006a, 'Bribe Payers Index (BPI) 2006 Analysis Report', http://www.transparency.org/policy_research/surveys_indices/bpi/bpi_2006. Accessed 31 Aug 2007.

Transparency International: 2006b, 'Leading Exporters Undermine Development with Dirty Business Overseas', http://www.transparency.org/policy_research/surveys_indices/bpi/bpi_2006. Accessed 31 Aug 2007.

Transparency International: 2006c, 'Corruption Perception Index', http://www.transparency.org/policy_research/surveys_indices/cpi/2006. Accessed 31 Aug 2007.

Treisman, D.: 2000, 'The Causes of Corruption: A Cross National Study', *Journal of Public Economics* **76**(3), 399–457.

United Nations Office on Drugs and Crime, http://www.unodc.org/unodc/en/treaties/CAC/signatories.html. Accessed 4 Sept 2008.

Vogl, F.: 1998, 'The Supply Side of Global Bribery', *Finance and Development* **35**(2), 30–33.

Wright, M., I. Filatotchev, R. Hoskisson and M. Peng: 2005, 'Strategy Research in Emerging Economies: Challenging the Conventional Wisdom', *Journal of Management Studies* **42**(1), 1–33.

Department of Management,
College of Business and Economics,
Boise State University,
Boise, ID 83725, U.S.A.
E-mail: cbaughn@boisestate.edu