

COUNTRY RISK ASSESSMENT AND THE CORRUPTION PERCEPTION INDEX IN THE CONTEXT OF NATIONAL CULTURE

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Researchers like Hofstede, Inglehart and Schwartz were analysing the effects of cultural values upon human behavior. They designed a methodology to categorize culture by different dimensions, resulting in theoretical models of organizational and national culture. Their theoretical models are intertwined, describing common problems like social inequality, social norms, survival, self-expression, traditional and religious beliefs, the relationship between individuals and groups, social and emotional implications of having been born as a boy or a girl, conservatism and harmony, or stability and perseverance. After many conceptual reasoning and statistical studies, the emphasis was more and more placed on national cultures and their dimensions. Researchers believed that all societies (modern and traditional) face the same basic problems.¹ In 1954, a broad survey of the English-language literature on national culture was published, where psychologist Daniel Levinson and sociologist Alex Inkeles suggested that issues like relation to authority, conception of self (in particular, the relationship between individual and society and the individuals' concept of masculinity/ femininity) and ways of dealing with conflicts were the basic problems worldwide.

Geert Hofstede developed the most important statistical study (1960-1970), the IBM study on cross-cultural communication, showing the effect of culture on people's values. The study was conducted regarding more than fifty countries around the world, where he discovered that different countries confront common problems. Later, he continued his study and divided national cultural characteristics into six different dimensions like:² power distance (first dimension of national culture), uncertainty avoidance (second dimension of national culture), individualism versus collectivism (third dimension of national culture), masculinity vs. femininity (fourth dimension of national culture), long- versus short-term orientation (fifth dimension) and the sixth dimension – indulgence versus restraint.

Managers, leaders, as well as people they work with – at the level of organizations – are part of national societies (national cultures). “If we want to understand their behavior, we have to understand their societies.”³

“We cannot change the way people in a country think, feel and act by simply importing foreign institutions”,⁴ because there is a “general spirit of a nation” and institutions/ organizations that function in a geographical area follow mental programs by adapting to local/ national culture.⁵

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¹ Mead, M. 1962

² Hofstede, G.; Hofstede, G. J. & Minkov, M., 2010

³ Geert Hofstede, Gert Jan Hofstede, 2005, 20

⁴ Hofstede, 2005, 20

⁵ Montesquieu, C.-L., 1799 [1742], 310



Corruption is the phenomenon that affects any country's social order, economic development, democracy, prosperity and institutional stability. People from different countries have different values, traditions, norms, beliefs, attitudes and behavior, even different history.⁶ These are elements that describe and form the pattern and dimensions of national cultures. Those correlations between corruption and national culture are the main reason why managers, business leaders and policymakers took a greater interest in socio-economic factors that form the complex nature of corruption. Fighting corruption means understanding these factors and the importance of national culture that serves as a guiding principle for human behavior.⁷ As many studies have revealed, cultural values have impacted and shaped business ethics,⁸ though the actual influence of national culture is still not fully understood.⁹

If we are to go further with the aim of this paper, we could say that the same elements apply to Country Risk Assessment; thus, country risk is generated by political, economic, social and institutional factors, directly related to national culture. If you want to make an assessment on country risk, you also have to do an assessment on the national culture to fully understand the dimensions of CRA. Some studies revealed that people from different cultures are accustomed to think very different about problems and concepts.¹⁰ Also, differences in national cultures may affect and prove to be correlated with differences in intellectual performance (what is simple from a point of view, may seem complex from another point of view).¹¹ Similarly, researcher Michael Cole shows in his study that a pattern of behavior that seems smart in some cultures is viewed as stupid in others.¹² Continuing in this direction and correlating it to Hofstede's dimensions of national culture, one might say that adaptation to environment is the tacit knowledge of what one needs to know and do to succeed in his actions.¹³ Country Risk Assessments will be different for each country mainly because people's behavior is related to national culture and the adaptation to the environment. The cultural context shapes the results of assessment, in this case, a country's risk assessment.

This paper mainly focuses on the dimensions of national cultures mentioned by Hofstede because, as scientists agree, organizations and their people, along with organizational cultures, are part of the national culture of the host country in which they function. Central Eastern European (CEE) countries under inspection will be: Germany, Switzerland, Poland, Austria, Czech Republic, Romania, Hungary, Ukraine, Bulgaria, Slovakia, Croatia, Serbia, Slovenia and Moldova.

National Culture

Throughout their studies, many researchers have tried to define culture as the accumulation of traditions, norms, rituals and meanings that distinguishes one group or

⁶ Barnouw, 1985; Matsumoto, 1994, 4

⁷ Kaufmann et al., 2003

⁸ Davis and Ruhe, 2003; Park, 2003; Husted, 1999

⁹ Ford and Richardson, 1994; Parboteeah et al., 2005; Seleim and Bontis, 2009

¹⁰ Nisbett 2003

¹¹ Helms-Lorenz et al, 2003

¹² Cole et al., 1971

¹³ Sternberg et al., 2001

even a society from another one. Hofstede was the first researcher to extend the concept of organizational culture to national culture and described it as “the programming of the mind acquired by growing up in a particular country.”¹⁴

“The relative position of a country on a scale from 0 (low) to 100 (highest) on each of the six cultural dimensions is a good predictor of human behavior and social norms in family and education, workplace behavior, organization of state institutions, politics, national and organizational decision making. As researchers claim, we may say that people’s way of thinking are culturally determined.”¹⁵ The 6 dimensions of national culture:

- Power distance (PDI) = “the degree of compliance with authority, the rigidity of the levels of command and the formality of interactions between organization members”,¹⁶ social inequality and the distribution of power in society, democratic or autocratic societies.
- Uncertainty avoidance (UAI) = the control of aggression and the expression of emotions; number of rules, regulations and laws and the attitude toward risk-taking. “Countries exhibiting strong UAI maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas. Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles.”¹⁷
- Individualism versus collectivism (IDV) = the prevailing of community values in contrast with individual values, or better said, whether there is a strong or weak relationship between the individual and the group. (*Individualism* refers to individual recognition, only caring for oneself and the closest family members. On the other hand, *collectivist* societies are described by words/expressions like “we” and loyalty; here, society members care for each other as if they were from the same family.)
- Masculinity vs. femininity (MAS) = gender and gender-related social and emotional implications. (*Masculinity* characterizes a society that is more competitive, has a preference for success, for achievement and material rewards. On the opposite side, *Femininity* means thinking of the greater good of others, a preference for modesty, “satisfaction with the position and flexibility”,¹⁸ a society that is orientated toward cooperation and consensus.)
- Long-term versus short-term orientation (LTO) = stability, perseverance, material growth, delaying gratification, orientation toward the future versus a society that has a tendency toward consumerism, is oriented toward the present and values instant gratification.¹⁹
- Indulgence versus restraint (IVR) = a society that allows its members to “live in the moment” by enjoying life and having fun opposite to a society that prefers controlling/ supervising its members through strict social norms.

“These dimensions will not directly predict any future events or nation’s dynamics, but only the understanding of what is likely to happen. Also, these dimensions have to be correlated with national history, national wealth, personalities and coincidences. They

¹⁴ Hofstede, G. 2005, 402

¹⁵ Iloie, Raluca, 2014, 758

¹⁶ Tripon, Ciprian, 2013), 25

¹⁷ <http://geert-hofstede.com/national-culture.html>

¹⁸ Tripon, Ciprian, 2013, 26

¹⁹ Hofstede apud Tripon, 2013, 26

are very useful when we want to see and study cases of trends, averages or expectations.”²⁰

Country Risk Assessment (CRA)

Country risk refers to political risk (government changes as democratic or non-democratic), socio-political risk (local authorities’ policy changes and social movements about country policy or foreign business), host country micro-/macroeconomic risk and natural disaster risk. Country risk also refers to “the exposure to loss that may occur in a business with a foreign partner, caused by specific events that are at least partially under country governmental control and cannot be controlled by the investment decision makers that can only predict such events and avoid risks by no investing, or opting for a form of internationalization adapted to the level of risk in the host country. Country risk level is also affected by the global political and economic situation.”²¹

Variables included in the Country Risk Assessment model are *demographic and human development* (total population, population growth rate, urban density, life expectancy, school enrolment, access to improved water sources etc.), *political stability and governance* (external conflicts, institutional effectiveness, democracy, civil and political rights, freedom of expression, corruption level etc.), *economic development – policy and structure* (infrastructures, monetary stability, fiscal policy, inflation rates, GDP, foreign direct investments, transparency of public finances, black-market, banks’ credit management, etc.), *environmental issues and legislation, international relations* (country diplomacy, cultural, commercial, or even political ties to other states).²² CRA is a macroeconomic, political and financial evaluation of 160 countries, providing an estimated risk of “a country’s potential influence on businesses’ financial commitments.”²³ The analyses ranks studied countries by their level of risk – A1, A2, A3, A4, B, C and D (A1= very low risk, D= very high risk).

Literature approaches on country risk

Terminologies	Definition of risk	Sources of risk	Nature of the investment	Historical perspective	Methodology
Political risk	Performance variance	Sovereign interference	Foreign direct investments	1960s-1970s	Qualitative & Quantitative
Country risk		Environmental instability	Banking commercial loans	1980s	
Sovereign risk	Negative outcome		Portofolio investment	1990s-?	
Cross-border risk					

²⁰ Iloie, 2014, 758

²¹ Iloie, Raluca, 2014, 8

²² Risk Assessment Template <http://www.carleton.ca/cifp/>

²³ <http://www.coface.com/Economic-Studies-and-Country-Risks>

Source: “Country Risk Assessment/ A Guide to Global Investment Strategy” (Michel Henry Bouchet, Ephraim Clark, and Bertrand Gros Lambert, 2003, p.10)

Corruption Perception Index (CPI)

Corruption is the term used for describing dishonest or unethical human behavior, illegal activities and links that lead to extortion, fraud, favoritism, nepotism, bribery or embezzlement. Corruption is mainly caused by faulty country laws, inconsistent or too complex rules and regulations, huge managerial discretionary powers, failure in holding corrupt people accountable for their actions. The Corruption Perception Index is developed by Transparency International as a measure used to classify countries by their level of abuse of power for private gain among Governmental Institutions and the integrity of people in position of authority.²⁴ The Corruption Perception Index provides a metric on the perceived levels of corruption of countries, based on multiple surveys applied to public or experts in the subject and information is available regarding 180 countries. Countries are given a score that ranges from zero to ten, a *high score* meaning *low risk of corruption* and a *lower CPI score* indicating *high corruption risk*.

Categories of corruption:

- Systematic corruption (high level institutionalized corruption – social corruption that modifies national laws, legislative norms in favor of specific private firms);
- Instrumental corruption (“big corruption” that can affect a given social institution and/or an entire economic sector);
- Incidental corruption (individual “small corruption” that doesn’t affect the majority of people of the given country).

Data and Empirical Methodology

The present article analyzes the national cultures in Central and Eastern Europe in connection with Country Risk Assessment and Corruption Perception Index. Main data were gathered from COFACE, Transparency International, Euromonitor International, data published online for the period from 2008 – 2014. Based on theoretical and empirical research, we generated two hypotheses:

Hypothesis 1:

Theoretically, cultures perceived to be collectivistic, feminine, with a low power distance and a low tolerance for risks, long-term orientated and restrained, should score higher on the CRA and Corruption Perception Index than countries with an individualistic, masculine, high power distance and risk tolerance, short-term orientation and indulgent cultures (we employed the abbreviated version of Hofstede’s model because this version contains more data for longer periods of time).

Hypothesis 2:

Countries with the same national culture have similar CRA and CPI.

²⁴ Iloie, *idem*

Table 1. Corruption Perception Index, 2008 – 2013, Central Eastern Europe

	Country	Years 2008- 2009		Year 2010		Year 2011		Year 2012		Year 2013		Year 2014		2008 – 2014
		Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Average Scores
1	Switzerland	5	9	8	8,7	8	8,8	6	8,6	7	8,5	6	8,6	8,70
2	Germany	14	8	15	7,9	14	8	13	7,9	12	7,8	12	7,9	7,92
3	Austria	14	8	15	7,9	16	7,8	25	6,9	26	6,9	23	7,2	7,45
4	Slovenia	27	6,7	27	6,4	35	5,9	37	6,1	43	5,7	40	5,8	6,10
5	Poland	54	4,8	41	5,3	41	5,5	41	5,8	38	6,0	36	6,1	5,58
6	Hungary	47	5,1	50	4,7	54	4,6	46	5,5	47	5,4	47	5,4	5,12
7	Czech Rep.	49	5	53	4,6	57	4,4	54	4,9	57	4,8	53	5,1	4,80
8	Slovakia	54	4,8	59	4,3	66	4	62	4,6	61	4,7	54	5	4,56
9	Croatia	64	4,2	62	4,1	66	4	62	4,6	57	4,8	61	4,8	4,42
10	Romania	71	3,8	69	3,7	75	3,6	66	4,4	69	4,3	70	4,3	4,02
11	Bulgaria	72	3,7	73	3,6	86	3,3	75	4,1	77	4,1	69	4,3	3,85
12	Serbia	84	3,4	78	3,5	86	3,3	80	3,9	72	4,2	78	4,1	3,73
13	Moldova	99	3,1	105	2,9	112	2,9	94	3,6	102	3,5	103	3,5	3,25
14	Ukraine	140	2,3	134	2,4	152	2,3	144	2,6	144	2,5	141	2,6	2,45

Source: Own computation based on data from Transparency International and Euromonitor International

Scores are presented on a scale from 0 to 10; Meanings: 0 = Highly Corrupt; 10 = Very Clean

The Ranking in Table 1 is based on studies about corruption in 180 countries for the time period from 2008-2009, 178 countries surveyed in 2010, 183 countries surveyed in 2011, and 177 countries included in the Corruption Index for the period of 2012-2014. We calculated an Average Score of CPI for the time period of 2008-2014 to understand better and classify/ sort the studied CEE countries into classes. Here we can observe that the “cleanest” countries (or the less corrupt ones) are: Switzerland with a CPI score of 8,70 out of 10, Germany with a CPI score of 7,92 out of 10 and Austria with 7,45 out of 10. They are followed by Slovenia (6,10 CPI score); then, just above the medium CPI scores or just above “medium corrupt countries”: Poland (5,58 CPI score out of 10) and Hungary (5,12 CPI score out of 10). Countries perceived as corrupt are the following: the Czech Republic, Slovakia, Croatia and Romania, then even more corrupt countries follow: Bulgaria (3,85 CPI score), Serbia (3,73 CPI score) and Moldova (3,25

CPI score). The most corrupt country in our analysis is Ukraine, with a score of 2,45 out of 10. During the time period of 2008 – 2014, there were no big changes in the corruption score of countries regarding their economies and institutions.

Table 2: Country Risk Assessment, 2011 – 2014, Central Eastern Europe²⁵

Country/Region	Assessment Year 2011 -2012		Assessment Year 2013 – 2014	
	Country Climate	Risk/ Business	Country Climate	Risk/ Business
Switzerland	A1/A1		A1/A1	
Germany	A2/A1		A1/ A1	
Austria	A2/ A2		A1/A1	
Poland	A3/A2		A3/A2	
Czech Republic	A3/ A2		A4/ A2	
Slovenia	A3/A2		A4/A2	
Slovakia	A3/A3		A3/ A2	
Hungary	B/A2		B/A2	
Croatia	B/A4		B/A3	
Romania	B/A4		B/A4	
Bulgaria	B/A4		B/A4	
Serbia	C/C		C/C	
Moldova	D/C		D/C	
Ukraine	D/C		D/D	

Source: COFACE, own computation

A1=VERY LOW RISK;
A2=LOW RISK;
A3=QUITE ACCEPTABLE RISK;
A4=ACCEPTABLE RISK;
B=SIGNIFICANT RISK;
C= HIGH RISK;
D=VERY HIGH RISK

Table 2 depicts the same trend, *Switzerland* being assessed as a *country with very low economic, political, social, institutional and business climate risk*, followed by *Germany*, then *Austria*. Little has changed for the time period of 2011 – 2014 for these countries regarding country risk and business climate risk. There is *quite acceptable country risk* and *low business risk* in *Poland, Slovakia, Slovenia* and *Czech Republic*, with a small change for the last two ones` between the years of 2013-2014, changing from countries with quite acceptable risk into countries with acceptable risk. *Romania* and *Bulgaria* have a *significant country risk* with an *acceptable risk for business climate*. Although *Hungary* also has a *significant country risk*, it has a *low risk on business climate*. Countries with the *highest degree of country and business climate risk* are: *Serbia, Moldova* and *Ukraine*.

Figure 1. Representation on 6 dimensions of National Cultures – 14 CEE countries²⁶

Scale: 0 – 100 (from 0 – 50 = low score, 51 – 100 = high score)

²⁵ Iloie, Raluca, 2014, 7

²⁶ Iloie, Raluca, 2014, 760

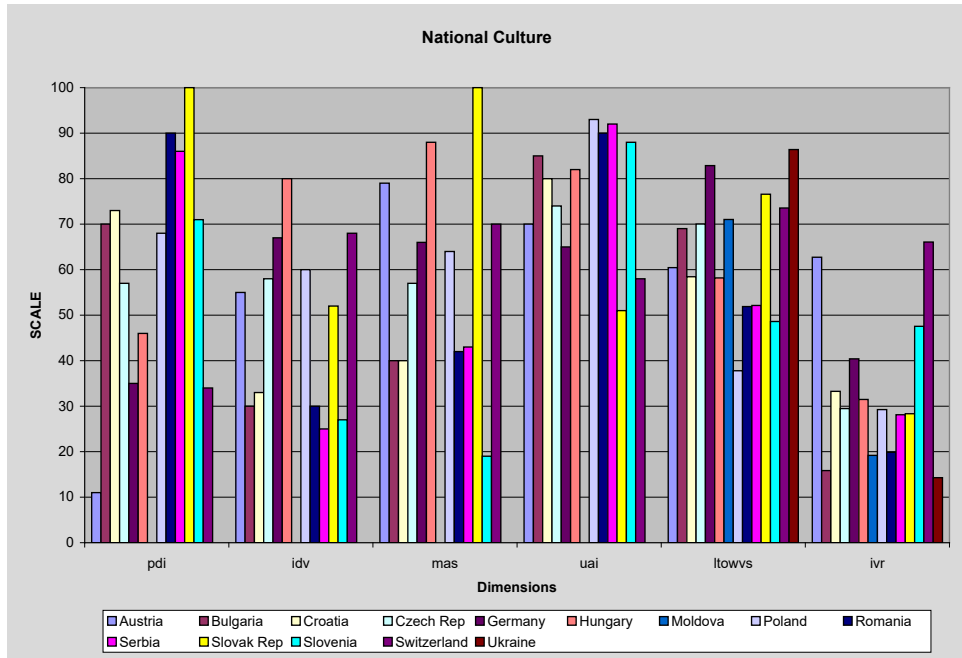
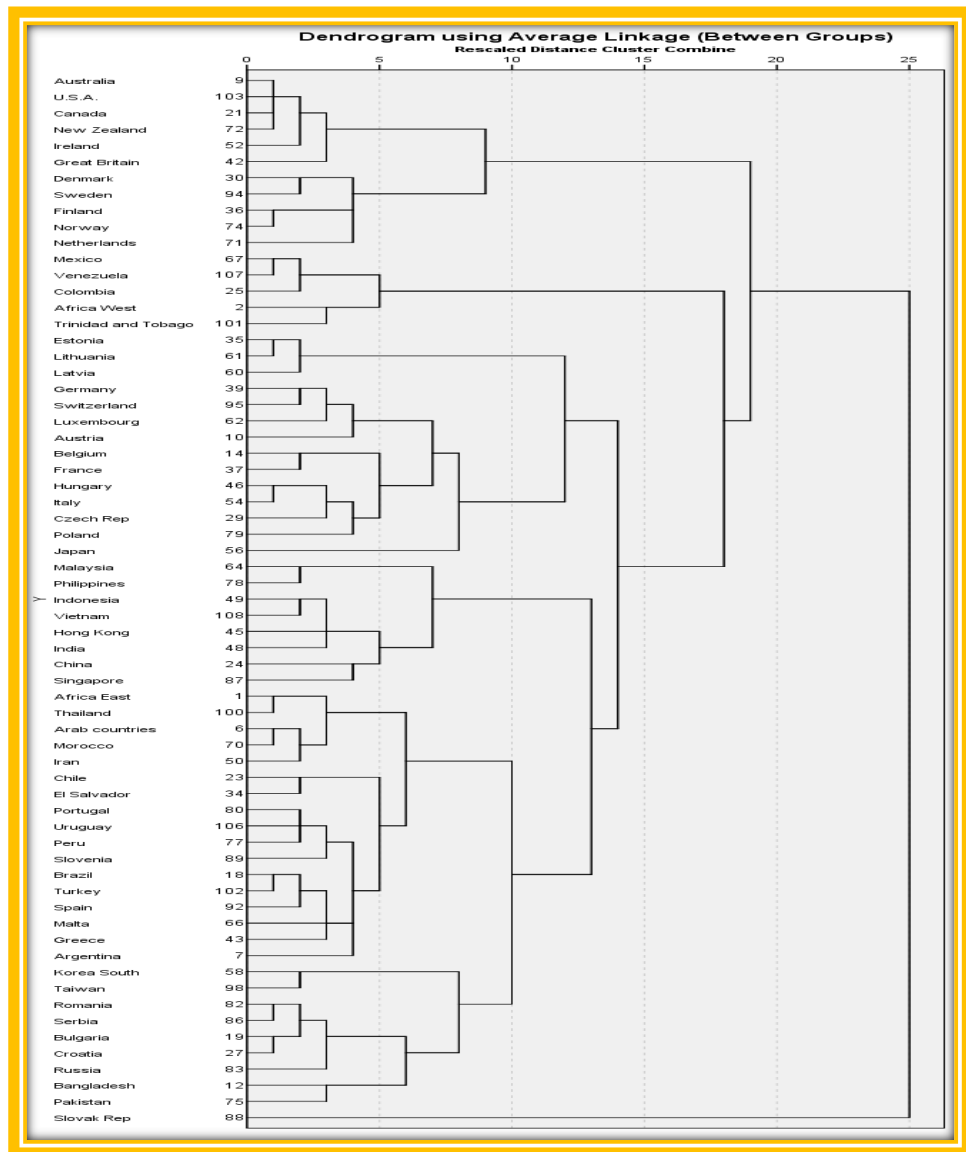


Figure 1 presents the scores of CEE countries' national culture, on all dimensions (Power Distance, Individualism vs. Collectivism, Masculinity vs. Femininity, Uncertainty Avoidance, Long-term Orientation vs. Short-term Orientation and Indulgence versus Restraint). We can see that Germany, Switzerland, Poland, Austria, the Czech Republic, Hungary and Slovakia have high scores on Individualism (IDV) and Masculinity (MAS). The same countries plus Romania, Bulgaria, Croatia, Serbia and Slovenia, have high scores on Uncertainty Avoidance (UAI). Romania, Bulgaria, Croatia, Serbia and Slovenia have low scores on Individualism and Masculinity dimensions. Power Distance (PDI) scores are low for Germany, Switzerland, Austria and Hungary, and high for Poland, the Czech Republic, Romania, Bulgaria, Slovakia, Serbia and Slovenia. Data about these dimensions are not available for Ukraine and Moldova. We only have two countries that "manifest" Short-term Orientation, namely Poland and Slovenia, and also only 2 countries that score high on Indulgence versus Restraint dimension (IVR) – Switzerland and Austria.

Figure 2. SPSS statistical representation of country groupings around the world, in clusters with similar national culture, based on the 6 cultural dimensions (PDI, IDV, MAS, UAI, LTO, IVR).



Source: www.geerthofstede.com, Own SPSS computation

From Figure 2 we can extract and group countries from around the world that have similar national culture. The grouping contains 7 major clusters, as follows:²⁷

- Cluster A: Australia, United States, Canada, New Zealand, Ireland, Great Britain, Denmark, Sweden, Finland, Norway, Nederland;
- Cluster B: Mexico, Venezuela, Colombia, Africa West, Trinidad & Tobago;
- Cluster C: Estonia, Lithuania, Latvia;
- Cluster D: Germany, Switzerland, Luxembourg, Austria, Belgium, France, Hungary, Italy, Czech Republic, Poland, Japan;

²⁷ Iloie, Raluca (2014), pp.762

- Cluster E: Malaysia, Philippines, Indonesia, Vietnam, Hong Kong, India, China, Singapore;
- Cluster F: Africa East, Thailand, Arab Countries, Morocco, Iran, Chile, El Salvador, Portugal, Uruguay, Peru, Slovenia, Brazil, Turkey, Spain, Malta, Greece, Argentina;
- Cluster G: Korea South, Taiwan, Romania, Serbia, Bulgaria, Croatia, Russia, Bangladesh, Pakistan.

Slovakia's national culture can be included in any of the other clusters, except cluster A, moreover, Ukraine and Moldova do not appear in any of the clusters because there isn't sufficient data about all dimensions of their national culture.

Data Analysis

Hypothesis 1

We need to verify if Hypothesis 1 is true and if (based on Hofstede's model of national culture) countries with a feminine, collectivistic, democratic, low tolerance for risks, strict social norms for the "greater good" of all, oriented toward future type of culture are, in fact, related to higher scores on the CRA and Corruption Perception Index than countries with a individualistic, masculine, tolerance for risk taking, less democratic, oriented toward present and indulgent cultures. Higher scores on CRA and CPI mean very low country risk and less corruption.

Table 3: CEE's countries scores on Hofstede's six dimensions – 14 CEE countries

Analyzed Countries	Power Distance	Individualism vs. Collectivism	Masculinity vs. Femininity	Uncertainty - Avoidance	Long-term vs. Short-term Orientation	Indulgence versus Restraint
Switzerland	Low	High	High	High	Long term	High
Germany	Low	High	High	High	Long term	Low
Austria	Low	High	High	High	Long term	High
Slovenia	High	Low	Low	High	Short Term	Low
Poland	High	Low	Low	Low	Short Term	Low
Hungary	Low	High	High	High	Long term	Low
Czech R.	High	High	High	High	Long term	Low
Slovakia	High	High	High	High	Long term	Low
Croatia	High	Low	Low	High	Long term	Low
Romania	High	Low	Low	High	Long term	Low
Bulgaria	High	Low	Low	High	Long term	Low
Serbia	High	Low	Low	High	Long term	Low
Moldova	High?	Low?	Low?	High?	Long term	Low
Ukraine	High?	Low?	Low?	High?	Long term	Low

Source: www.geerthofstede.com, Own computation

We can see that Germany, Switzerland, Poland, Austria, the Czech Republic, Hungary and Slovakia have high scores on Individualism (IDV) and Masculinity (MAS) dimensions. The same countries plus Romania, Bulgaria, Croatia, Serbia and Slovenia

have high scores on Uncertainty Avoidance (UAI). Romania, Bulgaria, Croatia, Serbia and Slovenia have low scores on Individualism and Masculinity dimensions. Power Distance (PDI) dimension scores are low for Germany, Switzerland, Austria and Hungary, and high for Poland, the Czech Republic, Romania, Bulgaria, Slovakia, Serbia and Slovenia. Data about these dimensions are not available for Ukraine and Moldova. Only Poland and Slovenia have Short-term Orientation and also only 2 countries score high on Indulgence versus Restraint dimension (IVR), namely Switzerland and Austria.

Switzerland, Germany and Austria have very good scores on both indexes but are individualistic and masculine which, in our hypothesis, would have suggested poorer scores on CRA and CPI. Moreover, countries like Romania, Bulgaria and Serbia which have a high level of uncertainty avoidance and long-term orientation have low scores on CRA and CPI (again in contradiction with our initial suppositions). Hungary is another example of empirical data contradicting theoretical assumption: it scores low on power distance and high on uncertainty avoidance and it has long-term orientation, thus, it should have good CPI (it is in the middle – 5,12) and CRA (B-rank, significant risk).

On the other hand, Switzerland, Germany and Austria have low power distance, low risk-tolerance and long-term orientation and they DO have good CRA and CPI scores. Romania, Bulgaria and Serbia have a high score for power distance and they DO NOT have very good CRA and CPI scores. Comparing the data presented above with each country's CRA and CPI rating, we can observe that *our initial hypothesis is not supported by the data in its entirety or it is only supported to a low extent.*

Hypothesis 2

In order to verify if countries with the same national culture have the same CRA and CPI, we need to analyse the dendrogram – figure 2. We will only discuss those clusters which include CEE countries.

Cluster D:

Germany, Switzerland, Luxembourg, Austria, Belgium, France, Hungary, Italy, Czech Republic, Poland, Japan;

From the point of view of CRA:

- ❖ Switzerland – A1 and stationary
- ❖ Germany – A2 in 2011-2012 and A1 2013-2014
- ❖ Hungary – B and stationary
- ❖ Czech Republic – A3 in 2011-2012 and A4 in 2013-2014
- ❖ Poland – A3 and stationary
- ❖ Austria – A2 in 2011-2012 and A1 in 2013-2014

From the point of view of CPI:

- ❖ Switzerland – average score 8,70; variation between 8,5 and 9
- ❖ Germany – average score 7,92; variation – 8 and 7,8
- ❖ Hungary – average score 5,12; variation – 4,6 and 5,5
- ❖ Czech Republic – average score 4,80; variation – 4,4 and 5,1
- ❖ Poland – average score 5,58; variation – 4,8 and 6,1 (continuous growth)
- ❖ Austria – average score 7,45; variation – 6,9 and 8

Discussion:

We can observe that there is no consistency for countries that, from the point of view of their national cultures, belong to the same cluster. Their CRA index varies from B to A1 and there is no pattern in its evolution, either. No consistency in CPI scores, either. They fluctuate from 5,12 to 8,70. There is no common pattern of evolution, either (only Poland exhibits continuous improvement), apart from the fact that the variations of CPI for all countries do not exceed one point.

Cluster G:

Korea South, Taiwan, Romania, Serbia, Bulgaria, Croatia, Russia, Bangladesh, Pakistan.

From the point of view of CRA:

- ❖ Romania – B and stationary
- ❖ Serbia – C and stationary
- ❖ Bulgaria – B and stationary
- ❖ Croatia – B and stationary
- ❖ Russia – no data

From the point of view of CPI:

- ❖ Romania – average score 4,02; variation – 3,6 and 4,4
 - ❖ Serbia – average score 3,73; variation – 3,3 and 4,2
 - ❖ Bulgaria – average score 3,85; variation – 3,3 and 4,3
 - ❖ Croatia – average score 4,42; variation – 4 and 4,8

Discussion:

This group is more coherent than the previous one. We only have two categories (B's and one C) and their tendency is the same – stationary. This seems to support our initial hypothesis from the point of view of CRA. Continuing with our analysis, the Corruption Perception Index shows that countries in this cluster are more closely packed together, CPI ranges from 3,73 to 4,42. Still, there is no discernible pattern in CPI's evolution.

Cluster F:

Africa East, Thailand, Arab Countries, Morocco, Iran, Chile, El Salvador, Portugal, Uruguay, Peru, Slovenia, Brazil, Turkey, Spain, Malta, Greece, Argentina;

From the point of view of CRA:

- ❖ Slovenia – A3 in 2011-2012 and A4 in 2013-2014
- ❖ Slovakia – A3 in 2011-2014

From the point of view of CPI

- ❖ Slovenia – average score 6,10; variation – 5,7 and 6,7
- ❖ Slovakia – average score 4,56; variation – 4 and 5

Discussion:

Slovenia and Slovakia seem to have similar type of national culture and almost similar scores on CRA and CPI. Slovakia is an exception because its' national culture

dimensions can be included in any of the other clusters, except cluster A (Australia, United States, Canada, New Zealand, Ireland, Great Britain, Denmark, Sweden, Finland, Norway, the Netherlands). This group neither proves, nor disproves our initial hypothesis, the data is simply inconclusive.

Ukraine and *Moldova* do not appear in any of the clusters because there isn't sufficient data about the 6 dimensions of their national culture.

The data at our disposal *does not seem to wholly support our initial hypothesis*. For cluster D, the situation is clear: according to the data, the hypothesis is not confirmed.

For cluster G, the situation is more interesting: there appears to be a sort of cohesion among the countries. Possible explanation: their scores on the 6 dimensions of Hofstede's model are closer than the scores for countries in cluster D. We can stipulate that this data only partially supports our hypothesis.

Conclusions

As discussed previously, our initial hypotheses are only partially supported by the information available to us. This, in and by itself, might be the most interesting finding of this research: our initial hypotheses were sound, based on literature and logic. For example, high scores in PDI (less democratic countries) are related to bribery and scandals that are usually covered up in corrupt countries – easy to do, since high PDI means an autocratic regime and significant power in the hands of the higher-ups. In countries that manifest Masculine culture people live in order to work and there are more opportunities for high earnings and competitive manufacturing on national level – hence, a potential for higher risk-taking behaviour which should mean high CRA scores. Moreover, high scored UAI countries like law and order, dislike ambiguity and chaos, have more specialists in organizations which like precision and formalization – lower CRA scores and a propensity toward ethical behaviour. The other dimensions of Hofstede's model are similarly correlated with CRA and CPI – it all seems logical but the data says otherwise. If it were to summarize our findings regarding this hypothesis, we could say that there seems to be little connection between national culture and CPI and CRA, however, there are correlations between several dimensions of Hofstede's model and the level of corruption and risk of a country if we analyze those dimensions separately and only for some countries.

The situation is the same for our second hypothesis – countries with similar national cultures should have similar CRA and CPI scores. The data mostly disproves this statement, too.

The findings mostly do not support our hypotheses, so a question must be asked: why is this happening? Could it be that CRA and CPI, being complex indexes, are comprised by items that do not take into consideration national culture? Or that they include questions and items regarding only some of the main characteristics of national culture (such as power distance, risk-tolerance and long-term/vs. short-term orientation, these being of the most interest from a business point of view)? And, if so, are they an accurate measure of any countries' real behaviour and potential?

Or, on another line of thought, maybe the population/sample that provided answers for CRA/CPI on one hand, and national culture on the other, is so different that this is the reason for our findings?

These two questions represent the continuation of this article.

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