

ABSTRACT

TOMA, ROXANA. Dysfunctional Social Capital in Post-Communist States: Analyzing Correlates of Perceived Corruption in the Romanian Civil Service. (Under the direction of G. David Garson.)

This study investigates perceptions of corruption in the Romanian civil service and the factors that facilitate these perceptions. While most of the literature treats administrative corruption as a principal-agent problem between the state and government employees, this study employs social capital theory to investigate the roots of corruption within dysfunctional social capital. Moreover, most empirical research on corruption undertakes cross-country analysis to explain variance in perceived corruption ratings based on economic, political, and social indicators. However, the conditions underlying such indicators are difficult to change. This study is a survey-oriented analysis which attempts to identify specific causes and correlates of corruption in attitudes, behaviors and administrative institutions - all more possible to change than broad social conditions.

Both primary and secondary data are used in this research. A total of three data sets document perceptions of ethics and corruption in the civil service and cover more than 1,200 experts, elected officials and civil servants. The quantitative analysis employs logistic regression and path analysis with structural equation modeling in order to detect the primary correlates of elected officials' and civil servants' perceptions of corruption.

The qualitative analysis suggests that the cultural and historical legacy of the Communist regime resulted in general apathy and dysfunctional social capital in Romania. A

weak sense of loyalty to organized society and a lack of civic virtue bred a vicious cycle of corruption in the civil service. The quantitative analysis of elected officials' data reinforces this finding by showing that civil servants' lack of morality and citizens' un-civic behavior are significant correlates of perceived corruption. Moreover, elected officials who perceive the most corruption are also the ones who are most skeptical of the current centralized civil service structures. The civil servants who perceive the most administrative corruption within the civil service are also the ones who perceive the most corruption in the country. The perceived quality of human resource management in the civil service, especially in the areas of recruitment and retention, reward and recognition, and employee empowerment all prove to be significant correlates of perceived corruption. Moreover, civil servants' responses point to a lack of leadership support and of a clear mission as obstacles to administrative ethics. Finally, age has a significant negative effect on civil servants' perceptions of corruption. It seems likely that older individuals, socialized by the Communist system of dysfunctional social capital, are more accepting of present-day corrupt practices.

Contrary to literature stereotypes about civil service pay in transition countries, this study suggests that remuneration is not a major factor in ethical behavior, but that other human resource reforms, including merit-based employment practices and worker empowerment would likely raise the quality and integrity of civil servants. Moreover, elected officials' data suggest that decentralizing civil service management is likely to foster leadership on many of these issues.

Finally, this study indicates that people's perceptions of corruption are influenced by what is considered widespread and approved behavior in the society. Therefore, anyone wishing to diminish corruption should particularly attempt to shape civic attitudes, using education, television campaigns and other approaches to help citizens see that honesty is more widespread than they might believe. This also suggests that the government needs to aggressively publicize its anticorruption efforts, because this will lead to a greater reservoir of positive social capital.

Dysfunctional Social Capital in Post-Communist States: Analyzing Correlates of Perceived Corruption in the Romanian Civil Service

by
Roxana Toma

A dissertation submitted to the Graduate Faculty of
North Carolina State University
in partial fulfillment of the
requirements for the Degree of
Doctor of Philosophy

Public Administration

Raleigh, North Carolina

2008

APPROVED BY:

James E. Swiss

Michael L. Vasu

James H. Svara

Michael J. Struett

G. David Garson
Chair of Advisory Committee

DEDICATION

In memory of my father, GEORGE TOMA, the most remarkable man.

The greatest gift of my life is to have been his daughter.

BIOGRAPHY

Roxana Toma earned a B.Sc. in Economics from The Bucharest Academy of Economic Studies, Romania, in 1998. After a brief stint in Washington, D.C. as a Ph.D. student in the Economics department at Georgetown University, she relocated to North Carolina, where she continued her doctoral studies in Public Administration at North Carolina State University. She worked as a teaching assistant, and later as an adjunct faculty member, teaching Research Methodology of Political Science. Her research interests include international governance with a focus on administrative corruption and ethics, comparative public administration and public policy, democratization in post-Communist Europe, and survey research in international settings.

ACKNOWLEDGEMENTS

My deepest gratitude goes to my advisor, David Garson, for having shown me what being a professional academic truly means. I would also like to offer my sincerest thanks to James Svara, for being the one who took genuine interest in my research many years ago, and for all the support he has shown me over time. Special thanks to James Swiss, for his constant guidance and excellent advice which have truly helped me grow as a teacher, researcher, and person. Michael Vasu has always believed in me, for which I thank him.

This dissertation could not have been possible without the help of Marius Profiroiu of The Bucharest Academy of Economic Studies, and Elena Iorga of the Institute for Public Policy, Romania, who shared the data sources which were used in this research. I am also grateful to those experts who gave up their valuable time in order to be interviewed as part of this project.

I owe everything to my family. I thank my sister, Laura, for the tough choices she made and for the remarkable example she has set. One could not wish for more support and understanding than she has shown me throughout the years. Last but not least, I thank my mother, Ileana, the rock of my family, for her incomparable devotion to my father, for being such a fighter, and for showing me the meaning of true love.

TABLE OF CONTENTS

LIST OF TABLES	ix
LIST OF FIGURES	x
CHAPTER I: INTRODUCTION	1
1.1. Purpose of the Study	7
1.2. Theoretical Framework	8
1.2.1. Other Factors that Facilitate Corruption	9
1.3. Data	10
1.4. Significance of the Study	11
1.5. Overview of the Study	12
CHAPTER II: LITERATURE REVIEW	14
2.1. Theoretical Framework	14
2.1.1. “Functional” Social Capital	15
2.1.2. “Dysfunctional” Social Capital	17
2.2. Factors of Corruption	25
2.2.1. Internal Factors of Corruption	25
2.2.1.1. Civil Service Pay and the Performance-Bonus System	25
2.2.1.2. Meritocratic Recruitment and Hiring	29
2.2.1.3. Institutional Incentives	31
2.2.1.4. Civil Servants’ Lack of Morality	32
2.2.2. External Factors of Corruption	33
2.2.2.1. Political Pressure and the Rule of Law	33
2.2.2.2. Civil Service Reforms and the Perceived Governmental Lack of Willingness to Fight Corruption	34
2.2.2.3. Spread of Corruption in the Country	36
2.2.2.4. Citizens’ Behavior	38
2.2.3. Control Variables	39

2.3. From Theory to Hypotheses	41
2.3.1. Hypotheses for Elected Officials	41
2.3.2. Hypotheses for Civil Servants	43
CHAPTER III: METHODOLOGY	45
3.1. Participants	45
3.1.1. Primary Data	45
3.1.2. Secondary Data	47
3.1.2.1. Elected Officials	48
3.1.2.2. Civil Servants	49
3.2. Operationalization	50
3.2.1. Dependent Variables	50
3.2.1.1. Validity	50
3.2.2. Operational Measures	54
3.2.2.1. Hypotheses for Elected Officials	54
3.2.2.2. Hypotheses for Civil Servants	57
3.3. Methods	60
3.3.1. Data Screening and Testing of Assumptions	61
3.3.2. Organization of the Quantitative Analysis	63
3.3.2.1. Elected Officials' Data	63
3.3.2.2. Civil Servants' Data	72
CHAPTER IV: QUALITATIVE FINDINGS	74
4.1. Findings	74
4.1.1. Cultural and Historical Legacies	74
4.1.2. Reform from Above	77
4.1.3. Perception of Government Ethics	79
4.1.4. Citizens' Behavior	82
4.1.5. The Need for Continuous Monitoring	85
4.1.6. Depoliticization of the Civil Service	87

4.1.7. The Need for Leadership	89
4.1.8. Civil Service Pay: Discussion and Implications	90
4.1.9. The Search for Civic-ness	93
4.2. Discussion	94
CHAPTER V: PRELIMINARY EVIDENCE	99
5.1. Diagnostic Surveys of Corruption	99
5.1.1. Elected Officials' Data	99
5.1.2. Civil Servants' Data	100
5.2. Bivariate Analysis	106
5.2.1. Elected Officials' Data	106
5.2.2. Civil Servants' Data	107
CHAPTER VI: QUANTITATIVE FINDINGS	112
6.1. Elected Officials' Data	112
6.1.1. Logistic Regression	113
6.1.2. Path Analysis	121
6.1.2.1. Model Evaluation	126
6.1.2.2. Structural Coefficients	127
6.1.2.3. Direct and Indirect Effects	129
6.2. Civil Servants' Data	131
CHAPTER VII: CONCLUSIONS AND DISCUSSION	141
7.1. Research Questions and Hypotheses	141
7.1.1. Research Question 1	141
7.1.2. Research Question 2	141
7.1.3. Research Question 3	142
7.1.4. Research Question 4	146
7.2. Conclusions and Discussion	149
7.3. Limitations	153
7.4. Implications of the Study	154

7.5. Future Research	156
REFERENCES	160
APPENDIX	174

LIST OF TABLES

Table 1-1	<i>Nations in Transit</i> corruption ratings	4
Table 5-1	Perceptions of corruption in the civil service (Elected Officials).....	99
Table 5-2	Perceptions of corruption in the civil service (Civil Servants).....	100
Table 5-3	Bivariate correlations with perceptions of corruption significant at .01 level (Civil Servants)	109
Table 6-1	Significance tests of Wald statistics for individual parameters (Elected Officials)	115
Table 6-2	Overall tests of significance and measures of effect size (Elected Officials)	116
Table 6-3	Logit coefficients and odds ratios (Elected Officials)	117
Table 6-4	Results from alternative models	122
Table 6-5	Path coefficients	128
Table 6-6	Standardized effects on perceptions of corruption	130
Table 6-7	Standardized total effects between perceptions regarding forces of corruption	130
Table 6-8	Significance tests of Wald statistics for individual parameters (Civil Servants)	133
Table 6-9	Overall tests of significance and measures of effect size (Civil Servants)	134
Table 6-10	Logit coefficients and odds ratios (Civil Servants)	135

LIST OF FIGURES

Figure 1-1	Selected EU countries, CPI scores	3
Figure 2-1	“Functional” social capital and corruption	18
Figure 2-2	“Dysfunctional” social capital and corruption	21
Figure 3-1	Corruption dynamics	64
Figure 3-2	Interplay between politics, economics, and the rule of law	67
Figure 3-3	Interplay between civil service pay, civil servants’ lack of morality, and citizens’ behavior	70
Figure 5-1	Perceptions of the level of corruption in the country (Civil Servants)	103
Figure 5-2	Perceptions of the government involvement in the fight against corruption (Civil Servants)	103
Figure 5-3	Satisfaction with government reform of recruitment, hiring, management and training in the civil service (Civil Servants)	104
Figure 5-4	Satisfaction with the civil service pay system reform (Civil Servants)	104
Figure 5-5	Satisfaction with government reform to decrease corruption and increase transparency in the civil service (Civil Servants)	105
Figure 6-1	Final path model of elected officials’ perceptions	124

CHAPTER I: INTRODUCTION

Romania joined the European Union (EU) on January 1, 2007, having come a long way from Nicolae Ceausescu's dictatorship. Its evolution is even more remarkable considering that it was the only Eastern European country with a bloody revolution and a transition dominated by former Communists. Nonetheless, to this day Romania continues to be regarded as the poorhouse of Europe. Its booming economy is dividing it into a small upper class and a larger emergent underclass. With an average monthly pension of 30 to 100 Euros, the approximately six million Romanian pensioners “have barely enough to keep going” (in Müller, 2007). In light of the then impending EU accession, prices for electricity, gas and petrol increased from 6 to 15 percent throughout 2006. “I’ve long lost any faith in a better future,” a 67 year old Romanian states in an interview (in Müller, 2007). Meanwhile, a glossy brochure publishes the ranking of the 300 richest Romanians (which includes many well-known politicians), whose total wealth is estimated to be over 17 billion Euros. The majority of Romanians, whose average net monthly wage is approximately 230 Euros, believe that corrupt dealings and political insider deals are behind this wealth, which is often amassed in a short period of time.

This does not come as a surprise to Victor Alistar, the head of Transparency International Romania. “Over the years different governments have talked of needing a crackdown on corruption, however, to this day we have still not seen any judicial sentences” (in Müller, 2007). He continues, “In our daily lives bribes have long been necessary as a second wage. They are not thought of as corruption which should be acted upon” (in Müller,

2007). Transparency International rated Romania as the most corrupt EU member state in 2007.

Corruption is endemic in the Romanian society. Even in the meritocratic setting of universities, twenty-two percent of students say that on at least one occasion a faculty member has solicited a bribe from them, according to a Soros Foundation Romania study. Roughly the same percentage of professors says that students have offered to bribe them (Open Society Institute, 2007). One of the many dark consequences of endemic corruption in Romania is the societal impact. People declare they lack social stability, and “That is why we are lagging behind Europe” (in Müller, 2007).

The post-1989 reforms produced uneven results in Eastern Europe and various theories attempted to account for the variation of individual performance of various countries (see Figure 1-1). However, those who blame structural legacies and those who allow a greater role for transformation management similarly acknowledge that corruption is a critical part of the picture, in successful as well as less successful transitions (Mishler and Rose, 1997).

The regular *Nations in Transit* survey of Freedom House International has established since 1999 the indicator of corruption among other indicators of democracy in post-Communist Europe. These ratings, established by a panel of experts, are not absolute indicators of the situation in a given country, but they are valuable for making general assessments of how democratic or authoritarian a country is. Looking at Table 1-1 one sees that Romania’s corruption score deteriorated gradually from 1999 until 2002, then it recorded



Figure 1-1: Selected EU countries, CPI scores

Source: *The Economist*, Brussels and Bucharest, July 3rd 2008. Corruption Perceptions Index (CPI) score relates to perceptions of the degree of corruption as seen by business people and country analysts and ranges between 10 (highly un-corrupt) and 0 (highly corrupt).

a small positive evolution in 2003, due to the passage of an anticorruption bill and the adjacent strategy. However, since then it has improved only slightly. The scores of Freedom House are consistent with other measurements, such as Transparency International’s CPI or survey data, which show that both business people and ordinary citizens have not yet perceived a decrease in corruption (Freedom House, 2005).

Romania rates high on both indicators of state capture and administrative corruption, the two most frequent indicators used by the World Bank. Domestic writers on corruption even extend the concept of capture, usually understood by capture of state by firms, to describe capture of administrative resources by “predatory” political elites, and media and judiciary capture by oligarchic networks (Mungiu-Pippidi, 2005). This “capture” should

account for Romania's *Nations in Transit* score being closer to the Balkan countries than the EU member states (see Table 1-1).

Table 1-1: *Nations in Transit* corruption ratings

	1999-2000	2001	2002	2003	2004	2005	2006	2007	2008
New EU Members									
Bulgaria	4.75	4.75	4.50	4.25	4.25	4.00	3.75	3.75	3.50
Czech Republic	3.25	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.25
Estonia	3.25	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Hungary	2.50	3.00	3.00	2.75	2.75	2.75	3.00	3.00	3.00
Latvia	3.50	3.50	3.75	3.50	3.50	3.50	3.25	3.00	3.00
Lithuania	3.75	3.75	3.75	3.50	3.50	3.75	4.00	4.00	3.75
Poland	2.25	2.25	2.25	2.50	2.50	3.00	3.25	3.00	3.00
Romania	4.25	4.50	4.75	4.50	4.50	4.25	4.25	4.00	4.00
Slovakia	3.75	3.75	3.25	3.25	3.25	3.00	3.00	3.25	3.25
Slovenia	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.25
Average	3.33	3.40	3.35	3.23	3.23	3.23	3.28	3.23	3.15
Median	3.38	3.63	3.50	3.38	3.38	3.25	3.25	3.13	3.13
The Balkans									
Albania	6.00	5.50	5.25	5.00	5.25	5.25	5.25	5.00	5.00
Bosnia	6.00	5.75	5.50	5.00	4.75	4.50	4.25	4.25	4.25
Croatia	5.25	4.50	4.50	4.75	4.75	4.75	4.75	4.75	4.50
Macedonia	5.00	5.00	5.50	5.50	5.00	5.00	4.75	4.75	4.50
Yugoslavia	6.25	6.25	5.25	5.00	n/a	n/a	n/a	n/a	n/a
Serbia	n/a	n/a	n/a	n/a	5.00	5.00	4.75	4.50	4.50
Montenegro	n/a	n/a	n/a	n/a	5.25	5.25	5.25	5.50	5.25
Kosovo	n/a	n/a	n/a	n/a	6.00	6.00	6.00	6.00	5.75
Average	5.70	5.40	5.20	5.05	5.14	5.11	5.00	4.96	4.82
Median	6.00	5.50	5.25	5.00	5.00	5.00	4.75	4.75	4.50

Source: *Nations in Transit 2008*, Freedom House. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The 2008 ratings reflect the period January 1 through December 31, 2007.

In the 2002 European Commission *Regular Report* on Romania, the anticorruption measures chapter stipulated that “Surveys indicate that corruption remains a widespread and systemic problem in Romania that is largely unresolved. Despite a legal framework that is

reasonably comprehensive, and which has been expanded over the last year, law enforcement remains weak. New institutional structures have been created but are not yet fully operational.”¹

The 2004 Commission’s *Regular Report* stated that “Measures contained in the National Anticorruption Strategy and associated Action Plan have so far had a limited impact.” And also “Surveys and assessments conducted by both national and international organizations confirm that corruption remains a serious and widespread problem in Romania which affects almost all aspects of society. There has been no reduction in perceived levels of corruption. The number of successful prosecutions remains low. The fight against corruption is hampered by integrity problems even within institutions that are involved in law enforcement and the fight against corruption.”²

The last years brought about the development of an impressive arsenal of legal instruments of transparency and accountability in Romania. However, in 2007 Romania had barely entered the EU when its political class started to undo the anticorruption commitments undertaken to allow the country's accession. Matters worsened to the point that two deputy prime ministers resigned in one year, and most of the political class mobilized to change the legislation to decrease the power of prosecutors. The government even attempted to close down the National Anticorruption Department (DNA), Romania's independent anticorruption agency. A vicious fight erupted between the president and the Parliament, culminating in an

¹ Page 26.

² Page 20-21.

attempt to impeach President Traian Basescu³. A severe split between representatives and voters emerged when two-thirds of Parliament voted to have Basescu deposed and two-thirds of the voters reinstated him in a referendum on May 19.

The feeling that Romania has done so much in the field of anticorruption while achieving so few practical results is worrisome, to say the least. Willem De Pauw, a Belgian prosecutor who is a veteran EU adviser, wrote a report last November that concludes: “Instead of progress in the fight against corruption, Romania is regressing on all fronts [...] if the Romanian anticorruption effort keeps evaporating at the present pace, in an estimated six months’ time Romania will be back where it was in 2003” (De Pauw, 2007). Independent information does not reveal a positive trend at the local level either. Survey data of Gallup International Romania published September 2004 by Romanian Academic Society showed that Romanians perceived in 2004 an increase, not a decrease of corruption compared to previous years, even though the CPI score has improved. The European Commission 2008 *Report* cites a study undertaken by Transparency International in April 2007 which asked Romanian citizens a range of questions regarding their perception of corruption. Thirty-eight percent of those surveyed said almost all public institutions employees are corrupt, while 44% said that many are. Sixty-nine percent considered that failure to give a bribe would result in their problems not being solved. It was clear from the survey that while Romanians generally condemn corruption acts in principle, they consider that corruption is in practice widespread, and a problem which is beyond their control (Commission of the European

³ President of Romania 2004-2009.

Communities, 2008b). The latest Commission *Report* cites a poll conducted in the first half of 2008 that suggests an increase in “every day corruption” compared to the previous year (Commission of the European Communities, 2008a). It is clear that Romanians have not perceived a real decrease in corruption and this is worrisome for the Commission: “People’s confidence in the fight against corruption needs to be restored” (Commission of the European Communities, 2008b).

1.1. Purpose of the Study

Having recognized the need for information on the profile of corruption in Romania, the purpose of this study is to analyze perceptions of corruption in the civil service and the factors that facilitate these perceptions. More specifically, the research questions of this study are:

- (1) How much corruption is perceived in the Romanian civil service?
- (2) What is expert opinion on perceptions of ethics and corruption in Romania?
- (3) What are the primary correlates for Romanian elected officials’ perceptions of corruption?
- (4) What are the primary correlates for Romanian civil servants’ perceptions of corruption?

Survey-oriented diagnostic studies like this help identify the pattern and profile of corruption and facilitate analysis of the weaknesses at the heart of the problem. The survey data which will be used to answer these questions reflect the opinions of the people who interact with the state and implement state policies - opinions that are essential for the development of a well-informed anticorruption strategy. This study is based on the opinions

of more than 1,200 civil servants, elected officials, politicians, EU representatives and leaders in the nongovernmental sector.

1.2. Theoretical Framework

This study employs social capital theory to investigate corruption in the Romanian civil service. Under this framework social capital may affect corruption in different ways. “Functional”⁴ social capital reduces corruption in civil service as a consequence of positive social norms through which people relate to the public administration. But certain conditions that may exist in society are more likely to support another type of social capital, i.e. “dysfunctional” social capital, of which administrative corruption is a type. “Cultural vulnerabilities embedded in communities might cause social capital to function in negative ways” (Warren, 2001). There are reasons to believe that some of these conditions/vulnerabilities exist in Romania, i.e. a weak sense of loyalty to organized society and a lack of civic virtue, and are likely to support dysfunctional social capital, breeding a vicious circle that affects corruption in the civil service. It is important to mention that this study will not establish that Romania is in a certain cycle, i.e. functional or dysfunctional⁵. The reason for employing this theoretical perspective was rather different. Most of the literature treats administrative corruption as a principal-agent problem between the state and government employees, focusing primarily on the state’s choice of monitoring intensity, incentives and sanctions to constrain civil servants’ behavior. The present study will argue that it is more useful to place civil service corruption in the context of cultural factors

⁴ “Functional” and “dysfunctional” social capital is defined in Chapter II, Sections 2.1.1 and 2.1.2.

⁵ Time series data are necessary to infer which of the cycles is most valid for present-day Romania.

associated with general apathy and dysfunctional social capital that exist in certain post-Communist states and affect corruption in a direct manner.

1.2.1. Other Factors that Facilitate Corruption

Many scholars share the view that most post-Communist countries face the problem of a large, inefficient and underpaid civil service with weak professional incentives. Moreover, weak state administration cannot defend its integrity and impartiality in the face of political pressures. Personnel policies, based on political rather than meritocratic criteria, promote partisanship and incompetence (Kaminski and Kaminski, 2001). The moral character and quality of government officials are certainly another very important determinant of the extent of corruption in a country. The quality of the bureaucrats, in turn, is highly related to how they are recruited and promoted. In a country where nepotism and patronage are rampant, or government posts are sold explicitly or implicitly, bureaucrats will be less competent and less well-motivated because success depends on advantages gained by connection or bribing superiors rather than merit, and will be very vulnerable to corruption. The German sociologist Max Weber (1947) made this point amply clear. Rauch and Evans (1999) concluded that meritocratic recruitment is most important for reducing corruption, followed by meritocratic promotion and security of employment. Other factors influencing corruption are the lack of explicit standards of performance for employees and organizations, cultural prerequisites (for ex., high social acceptance of corruption), leadership, the lack of adequate legislation, the lack of incentive for the government to fight corruption, etc. (see

Mauro 1996; Tanzi 1998; Rose-Ackerman 1999; Hofstede 1991; Andvig 1991; Van Rijkeghem and Weder 1997; Konold 2007).

1.3. Data

To answer its research questions, this study uses both primary and secondary data. Elite interviews were conducted by the author in Romania in the summer of 2006, six months before the scheduled date for accession to the EU. The purpose of in-depth interviews was to examine expert opinion about the transformation and development of Romania and document perceptions of ethics and corruption. This way, the qualitative analysis will throw light on and provide valuable context for the statistical findings to come.

In addition to primary data this study uses two secondary sources to document elected officials' and civil servants' perceptions of corruption. First, the elected officials' diagnostic survey will come first under scrutiny while the civil servants' survey will provide further information from the "insider" perspective. An understanding of both elected officials' and civil servants' perceptions of corruption is important because, as Jennifer Hochschild (2001:327) wrote, "Where you stand depends on what you see," and sometimes "what you see sometimes depends on who you are." Therefore, this study will analyze (1) elected officials' external assessment of and linkages between forces of corruption and corruption in the civil service, in order to detect the primary causes of their perceptions, and (2) civil servants' internal assessment, in order to detect the primary correlates of their perceptions of corruption.

1.4. Significance of the Study

Analyzing perceptions of corruption is important for several reasons. First, perceptions form the basis for decision-making. When business enterprises - both foreign and domestic, make decisions about whether and where to invest, they do so on the basis of their perceptions of the business environment they will encounter, including perceptions of the level of corruption. When a person decides whether to visit a state health facility, it is their perception of the quality of care and cost of treatment, both official and unofficial, on which the decision will be based. When a person decides whether to pursue disputes in court, the decision takes into consideration perceptions of the fairness of the process, time to resolution, and costs - both official and “unofficial”. It is these perceptions upon which people base their faith in the credibility of state institutions. Moreover, perceptions are often based on experiences and therefore provide a useful lens through which to explore the actual levels of corruption.

Second, most empirical research on corruption undertakes cross-country analysis to explain variance in CPIs based on economic, political, and social indicators. The problem with this is that it provides little insight at the country level because the determinants involved are not actionable. For example, knowing that social trust is significantly related to corruption (Uslaner and Badescu 2003; Kornai and Rose-Ackerman 2004; Rothstein 2004a, 2004b; Rothstein and Uslaner 2005; You 2005; Delhey and Newton 2005; Wike 2008; Bjørnskov 2008) and that Poles are more trusting of each other does not say much in terms of policy recommendations directed toward the higher levels of perceived corruption in

Romania. Also, knowing that Protestant countries are less corrupt will not bring suggestions for reform to the eighty-seven percent Eastern Orthodox Romania (2002 census data).

Likewise, we know that inequality is directly linked to corruption (Uslaner 2004, 2007; You 2005; You and Khagram 2005; Begović 2005). Knowing that Romania has higher levels of inequality does not help, as inequality is a variable beyond the control of civil servants.

While these studies provide valuable knowledge of the relative levels of corruption in different countries, dwelling too much on the relative rankings can sometimes take attention away from the fact that corruption is a serious domestic problem that must be addressed. It can also distract attention away from a more detailed analysis of the unique corruption pattern in each country that is required to form the basis of a reform strategy. The diagnostic surveys on which this study is based may help provide the country-specific information needed to understand this pattern in Romania. The data used in this study reflect opinions of people who interact with the state and implement state policies. An analysis of these opinions, together with other views and analyses from within the government, the civil society, and the international community, may be a useful tool for the development of a well-informed anticorruption strategy for the Romanian civil service.

1.5. Overview of the Study

The study consists of six additional chapters. Chapter II reviews the theoretical perspectives employed in this study, namely the “functional” and “dysfunctional” social capital theories of corruption. The chapter also summarizes research in the areas of factors that facilitate (perceived) corruption. Chapter III describes the methodology used in the

present investigation, and the chapter includes the following three sections: (1) description of the data samples and the survey procedures, (2) operational measures and validity concerns, and (3) description of the specific analytic procedures employed to test the study hypotheses. Chapter IV is a narrative analysis of elite interviews and provides an informed context for the statistics to come. Chapter V offers preliminary evidence of relationships in the data, in terms of (1) general description of survey results for elected officials' and civil servants' data, and (2) bivariate analyses and discussion of the correlates of perceived corruption. Chapter VI reports the findings of the multivariate analyses employed in this dissertation. The chapter is organized in two parts, corresponding to the quantitative data sources used in this investigation: elected officials' and civil servants' data. Finally, Chapter VII represents the conclusion of this study. The chapter includes the following five sections: (1) a summary of the hypotheses and corresponding empirical conclusions, (2) conclusions and discussion, (3) limitations of the study, (4) implications of the study, and (5) directions for future research.

CHAPTER II: LITERATURE REVIEW

This chapter presents the theoretical and empirical foundation that supports this study. It consists of three sections. The first section reviews the theoretical perspectives employed in this study: the “functional” and “dysfunctional” social capital theories of corruption. The second section addresses the literature on factors of corruption. It should be mentioned that while this section serves as the basis of the literature review of factors of corruption, Chapter III will bring further theoretical insight and linkage between theory and the data. Finally, the third section is a summary of the hypotheses proposed for the units of analysis used in this study.

2.1. Theoretical Framework

The most commonly used definition of corruption is “the abuse of public power or office for private benefit” (Meny and de Sousa, 2001). Most of the literature treats corruption as a principal-agent problem between the state and government officials, focusing primarily on the state’s optimal choice of monitoring intensity, incentives and sanctions to constrain civil servants’ behavior. However, an alternative understanding is possible through the lens of social capital theory. Under this framework social capital affects corruption. Social capital is created from the horizontal networks and relations between individuals, groups and organizations in civil society. Social capital is embedded in primary social institutions which provide people with basic values, such as high levels of social trust, cohesion and participation (Del Monte and Papagni, 2007). There are two ways in which

social capital may affect corruption, depending on the positive ("functional") or negative ("dysfunctional") type of social capital existent in society. I will discuss each separately.

2.1.1. "Functional" Social Capital

The classical study by Almond-Verba (1963) on civic culture gave empirical evidence to the Toqueville intuition that social trust, cohesion and participation increase the quality of democracy. Inglehart (1990) found social trust highly correlated with economic development and stable democracy. Following transaction cost theory we can say that in a high trust culture transaction costs are reduced because less detailed contracts are required and disputes may be settled more easily (Del Monte and Papagni, 2007). Grannoveter (1985) argues that the trust and confidence required for economic transactions originates in social relationships and the networks that surround them. Ostrom stated (1990) that "small-scale institutions enable a group of individuals to build on social capital thus created to solve larger problems with larger and more complex institutional arrangements" (in Del Monte and Papagni, 2007:10). This view is shared by Putnam (1993) who computed the level of civic-ness of each of Italy's twenty regions in 1970 and found a remarkable concordance between the performance of regional governments and the degree to which social and political life in those regions approximates the ideal of civic community. Coleman (1990) believes that social organization facilitates social capital formation, and allows the achievement of goals that could not be gained in its absence, or at a higher cost. Social capital is therefore an important resource for individuals greatly affecting their ability to act and their perceived quality of life.

Social capital provides “trust” as “public good” (Del Monte and Papagni, 2007). In creating trust between members of their organizations, individuals are providing the “trust” good to other members of society that are not part of their organizations. Not only does social capital create a “public good” but as Putnam points out, “most forms of social capital such as trust, are ‘moral resources’ - that is, resources whose supply increases, rather than decreases through use and which become depleted if not used” (Putnam, 1993). Putnam suggested that low economic development as well as low social capital would lead a community into a “vicious cycle”, draining its social capital and transforming it into a less civic community. The opposite is also true and a community with economic development and high social capital will enter a virtuous cycle, which leads to a productive community (Putnam, 1993).

The “functional” social capital approach of corruption assumes that monitoring of officials is carried out by the clients (perhaps through complaints to their political representatives), rather than by the state itself directly. The basic idea of this framework is that social capital reduces corruption. Kingston (2005) used a simple linked-games model to show how social capital can reduce corruption. Social capital can enable citizens to engage in collective action against corruption. Paying bribes often creates a negative externality among the potential bribe-payers. Negative externalities are defined in this study as the negative by-product of the processes taking place in society, negative in the sense that they add cost to these processes at the expense of everyone else. By paying a bribe in exchange for preferential treatment, an individual reduces the benefits available to everyone else.

Likewise, by accepting a bribe in exchange for preferential treatment, a civil servant reduces the benefits available to everyone else.

As a result, bribe-payers face a collective action problem: they would all be better off if they could all mutually commit not to pay bribes. Social capital can enable them to enforce agreements not to pay bribes (or informal “norms” against bribery) and thereby reduce the level of corruption. This way, in states with high levels of social capital, civil servants are less likely to act corruptly, and more likely to be punished if they do so. This hypothesis is supported by evidence that social capital in Indian states is positively correlated with the frequency with which civil servants are transferred between posts (Kingston, 2005). In conclusion, “functional” social capital reduces corruption in civil service as a consequence of positive social norms through which people relate to the public administration. Figure 2-1 illustrates the way in which “functional” social capital affects corruption.

2.1.2. “Dysfunctional” Social Capital

Andvig and Moene (1990) proposed a model with multiple equilibriums, the hypothesis being that the same socio-economic structure can lead to different levels of corruption. In this scenario the choice of corruption is the result of comparing the expected profitability of engaging in a corrupt transaction with that of not engaging. The expected net value of the bribe decreases and therefore corruption decreases too as the probability of getting caught and being charged increases (this is similar to the principal-agent model).

There are several reasons why differences in profitability change as corruption changes: (i) it

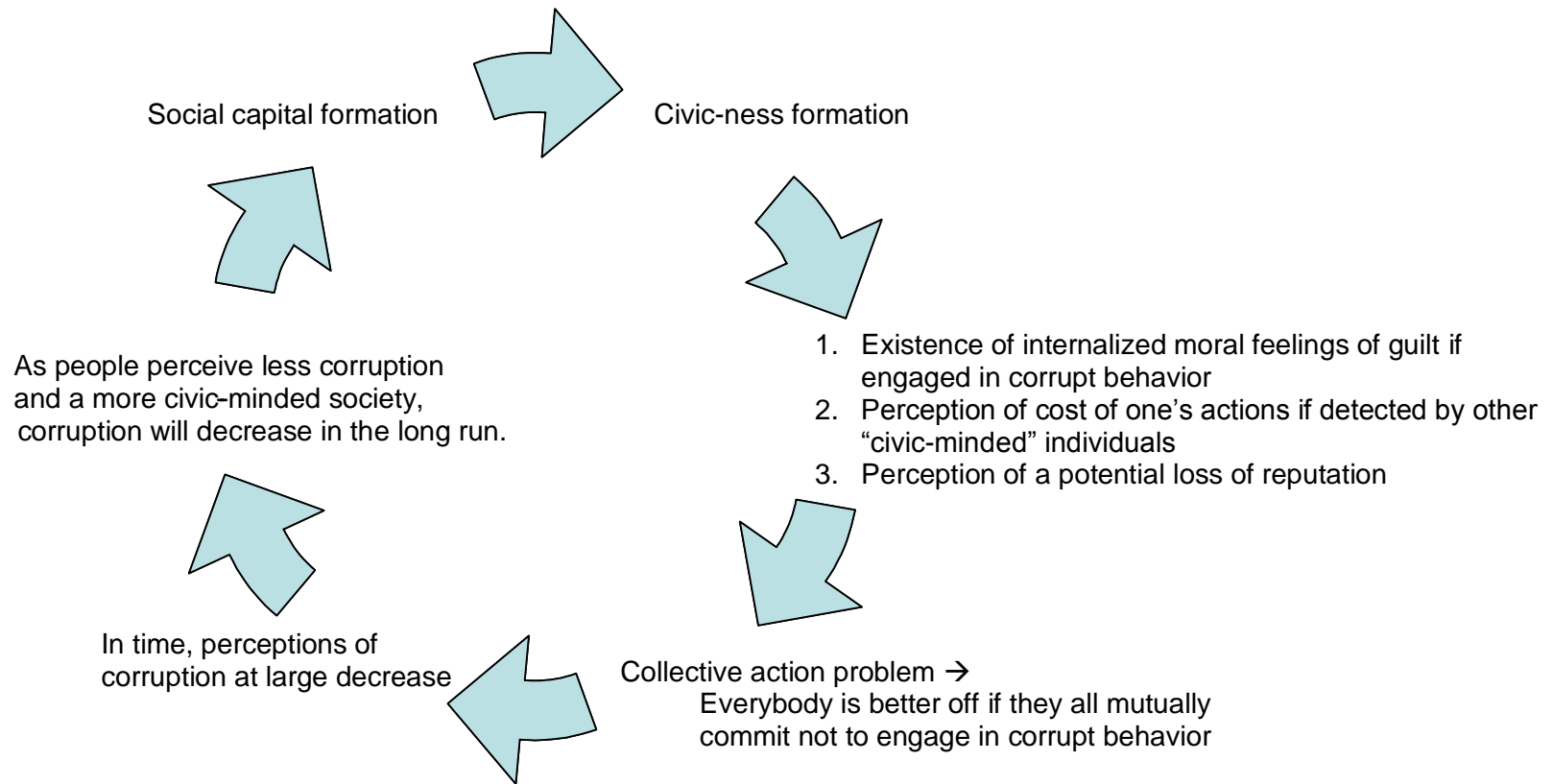


Figure 2-1: "Functional" social capital and corruption

is more difficult to detect a corrupt transaction as corruption increases due to the fact that capacity of public investigations and prosecution may be strained, (ii) internalized moral feelings of guilt due to breaking the rules decrease as the numbers of rule breakers increases, and (iii) when many others engage in corruption the loss of reputation when discovered (stigma) is likely to decrease. In conclusion, the expected punishments for corruption when detected decline as more civil servants become corrupt because it is “cheaper” to be discovered by a corrupt than a non-corrupt superior. This way the net value of a corrupt action increases rapidly with the number of corrupt individuals, while the net value of non-corrupt transactions declines.

Andvig and Moene’s model generates two stable stationary Nash-type equilibriums and shows how the profitability of corruption is positively related to its frequency and that a transparency shift may lead to a permanent change in corruption. An anticorruption campaign that increases the moral cost of the bribe and the probability of being discovered can shift the phase diagram downwards and reach an equilibrium point of lower corruption. This way, social norms can act upon the moral cost of the bribe and lead to variation in corruption levels. It should be noted that social norms could also act in the opposite direction. A process of weakening of the sense of loyalty to organized society can lead to an increase in corruption. In this scenario, the spread of corruption among minor officials may stem from a deterioration of the morals of some politicians and higher officials. Either way, it is clear from Andvig and Moene’s model that dysfunctional social capital reinforces corruption.

Warren (2001) brought to light the negative externalities that social capital might produce. If by social capital we mean that participation in social groups and networks can have positive consequences on individuals and society, then there is a close relationship between networks, associations, and corruption. Warren linked his argument to Della Porta and Vannucci's detailed portrait of corruption in Italy which highlighted that businessmen, politicians, and civil servants might view corrupt dealings not as "right" but as inevitable and beyond any individual to change. "If one is going to do business in the public sector, then one has to play by the rules" (in Warren, 2001). The aura of inevitability not only creates incentives for corruption, but also justifies it as natural - the way things are done. Individuals' perception that they cannot change the system tends to level moral standards down, reducing the moral costs of corruption to individuals. This way social capital enables the collective processes of corruption - collective in the sense that they solve collective action problems for those involved in corruption, even if they are not public goods, since the benefits are captured by the corrupt at the expense of everyone else. Figure 2-2 shows how dysfunctional social capital can breed a vicious circle that affects corruption.

Warren's major contribution rests in his thesis that certain conditions are more likely to support dysfunctional social capital, of which administrative corruption is a type. "Cultural vulnerabilities embedded in communities might cause social capital to function in negative ways" (Warren, 2001). There are reasons to believe that some of these conditions exist in Romania, i.e. a weak sense of loyalty to organized society, a lack of civic virtue, and are likely to support dysfunctional social capital. I will discuss each argument separately.

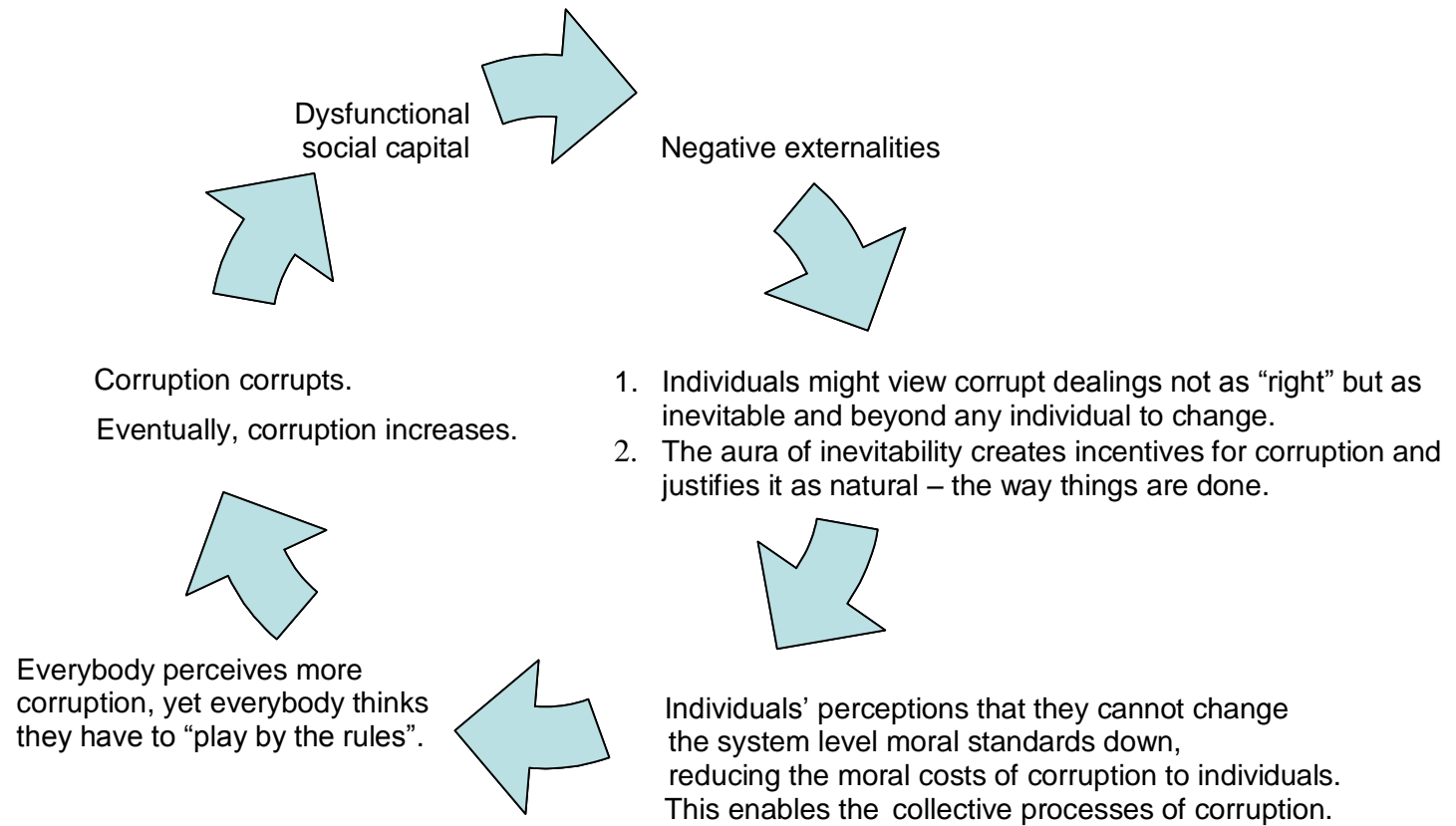


Figure 2-2: “Dysfunctional” social capital and corruption

First, it is reasonable to expect that a country's pre-Soviet institutional and structural legacies determine the practices of civil servants. The country's period of exposure to independence is related to the strength of public institutions and legislature, so that countries with a longer record of independence are less susceptible to corruption (Japaridze, 2003). Moreover, countries which adopted variants of market socialism during the Communist period "provided for a smaller role of the state in the economy and greater development of market institutions" (World Bank, 2000b). From this perspective Romania stands opposite of Hungary or Czech Republic which were exposed to longer periods of independence, and due to the particularities of their Communist regimes entered transition with highly developed systems of public administration and better trained civil servants (Pradhan et al., 2000).

Second, the historical peculiarities of the Soviet period live on in present-day Romania and support dysfunctional social capital. The Communist state in Romania was represented by *nomenklatura*, a system based on appointments according to the degree of loyalty to the Communist Party. This encouraged the creation and prevailing of patronage relations and politicization of the civil service even after the collapse of the Soviet Union. The "apparatchiks", their friends and families were awarded well-paid jobs in the government based on decisions of the central alliance, building up the well-established structure of corruption in Communist states (Goorha, 2000). Civil servants were expected to fulfill the instructions from the Communist Party and be devoted to the associated ideology leaving to the newly independent Romania an extremely politicized public administration

(Verheijen, 1998). Mungiu-Pippidi claims that “it is not the reinvention of business which prompted corruption in post-Communist Europe, but rather the survival of the organization and culture of public administration from Communist times” (2002).

Third, corruption persists in Romania due to the lack of civic competence and self-assertiveness of the less educated and economically disadvantaged citizens. The majority of citizens who complain of abuse by the administration suggest that the philosophy “the public is our customer” is far from gaining acceptance in the administrative culture. Old practices cannot but hinder a more accountability-based approach (Mungiu-Pippidi, 2003). For instance, in the oath introduced by the Romanian Civil Service Law (1999) civil servants swear allegiance to their administrative superiors, while the public is never mentioned (Mungiu-Pippidi, 2003).

Fourth, transition was initiated by old elite in Romania. It has been argued that incidences of corruption are lower in those states where the break with the last leadership was clear-cut at the start of the transition (Kramer, 2000). In cases where transition was initiated and led by former members of the Communist Party, the wealth of the state could easily concentrate into the hands of former *nomenklatura* (Pradhan et al., 2000). Post-Soviet privatization in Romania has greatly adhered to the possibilities of corruption. The old power elite laid itself a foundation of becoming the new economic elite (Holmes, 1997) so they could take over the state-owned firms. These people were involved in selling formerly state-owned companies to their friends or relatives or to themselves, which got the name of

“nomenklatura privatization” (Holmes, 1997). Nielsen (2003) pointed out that it is common to win election as a reformer and become rich by pursuit of wealth through power.

Finally, the scope of individualism-collectivism in a society is believed to determine the scope of corruption in society. Collectivist cultures in traditional small societies like Romania are described by dependence and loyalty to one’s group. Carvajal explains how close relationships have corruption-engendering effect (1999). Individualistic and less traditional societies are characterized by a sharper line between the public and private, which makes it easier to distinguish bribery from innocent gift-giving (Treisman, 2000). Moreover, smaller societies are characterized by the prevailing role of personal relationships. For example, in small communities it is quite common that a member of the local council is at the same time a local businessman whose relative is employed in the building licenses department of local government (Randma, 2001).

In conclusion, this study argues that it is more useful to place civil service corruption in the context of cultural factors associated with general apathy and dysfunctional social capital that exist in post-Communist states. Moreover, this study argues that dysfunctional social capital is likely to support systemic corruption. As Gerald E. Caiden and Naomi J. Caiden showed,

“Although [the literature has increasingly] recognized corruption as a social fact, ... [analysts] have continued to think of it in individual terms. ... The conceptions ... do not appear to stretch to encompass the significance of ... systemic corruption. ... Such systemic corruption is found ... particularly where society prizes organizational loyalty over the public interest, where past standards of public rectitude and personal integrity have been eroded, and

where notions of public responsibility and trust have been thrust aside with exploitation of public office for private gain.”⁶

2.2. Factors of Corruption

Brunetti and Weder (2003) identified three types of factors of corruption in the civil service: internal (systems and incentives that control administrative corruption), external (individuals and organizations outside the administration), and indirect (culture and the economy). This study builds on their framework and in addition presents intervening (control) variables that need to be addressed when analyzing perceptions of corruption in the civil service.

2.2.1. Internal Factors of Corruption

2.2.1.1. Civil Service Pay and the Performance-Bonus System

There are four reasons to believe that salary dissatisfaction fosters corrupt behavior among civil servants. I will discuss each separately.

First, it is argued that if civil servants' wages were similar with their private sector counterparts, they would not risk accepting bribes. The potential gain from corruption would therefore be too low (Goudie and Stasavage, 1998). “The alternative costs of corruption in the case of high salaries would be much greater” (Van Rijckeghem and Weder, 2001). This means that the loss of job in the case of high salary would be more expensive than in the case of low salaries. The idea of risk-calculation is based on the assumption that the civil servant

⁶ Gerald E. Caiden and Naomi J. Caiden, “Administrative Corruption”, *Public Administration Review*, Vol. 37, No. 3 (May-June 1977), pp 306.

fears the loss of his job, which presumes that the penalties are enforceable in the given societies.

Second, when civil servants are remunerated poorly “then the opportunities for corruption may become the motivation for aspiring to a job in the public sector.” This implies the flow of many incompetent and dishonest applicants to the public sector (Goudie and Stasavage, 1998). Low income and possibilities of corruption may in turn reinforce a vicious circle. When the government believes that civil servants earn sufficient income from corruption, they may reduce, or at least will not raise their salaries (Lambsdorff, 1998).

Third, when civil servants are paid fair wages they might feel more guilt when acting corruptly, and therefore they would be more likely to resist bribery. It is sometimes assumed that if employees were compensated according to performance, they would be less interested in acting corruptly. A well-enforced performance-pay system is thought to raise civil servants’ loyalty and satisfaction with their jobs (Goudie and Stasavage, 1998).

The fourth argument addresses the necessities of civil servants. This has less relevance in developed countries but represents an important factor for countries like Romania. When civil servants feel that what they earn is too low then even the smallest supplement to their income can have an important impact on a family’s living conditions (Sandholtz and Koetzle, 2000). Cadot (1987) showed that the combination of monopoly power in granting permits and low wages for civil servants creates incentives for corruption in most Third World countries (in Carbonara, 1999).

Statistical examination of the connection between corruption and public sector wage has been subject to ongoing debate. On the one hand, the World Bank's *World Development Report 1997* and the working paper by Van Rijckeghem and Weder (1997) did report evidence that countries with poorly paid civil servants tend towards higher levels of perceived corruption. Treisman (2000) showed that corruption will be lower in countries with higher relative salaries in public office. Wei (1999) argued that what is important is not the absolute level of civil servants' wages, but their values relative to the best private sector alternatives. Taagepera (2002) has stressed that in post-Soviet states people are characterized by survival values, which makes them more vulnerable to corrupt practices, as priority is given to economic security before self-expression. This means that post-socialist civil servants might respond more to financial incentives than the ones from Western states. Rose-Ackerman (2001b) claimed that public sector employees in Eastern European countries may have little incentive to do their jobs well given official pay scales, and that this stands as one of the most important incentives of corruption. She concluded that "civil service pay system may need reform to align the incentives of officials with the goals of the programs they are administering" (Rose-Ackerman, 1999). Moreover, her research in post-Communist countries showed that civil servants were almost evenly divided between agreeing that the receipt of money or an expensive present was a corrupt practice that should be stopped, and a belief that such practices were a way of improving their pay (Rose-Ackerman, 2001b).

On the other hand, Rauch and Evans noticed that many empirical studies do not support the view of the correlation between wages and corruption (2000). According to the

laboratory tests, high relative salaries do not lead to less corruption (Abbink, 2000). Van Rijckeghem and Weder (2001) collected public sector wage data on 31 developing countries and concluded that raising the level of salary would not lead to lower corruption in the short run, but admitted that an active wage policy is still necessary in fighting corruption. This suggests that socio-cultural factors may be more important than economic factors in determining levels of corruption. Van Rijckeghem and Weder (1997) found that “if public sector wages were doubled, the corruption index of a country will be improved by the order of 2 points in the CPI.” However, in order to eliminate corruption very large increases in salaries are needed while increase in the civil service pay may be fiscally infeasible for many countries. Wei (1999) argued that if the warranted salary increase raises the civil servants’ pay above their private sector alternatives then there is a serious equity issue even if these governments have the money. Moreover, if civil servants are paid a higher salary than their private sector alternatives, many people may pay a bribe to be chosen for these public jobs. In sum, the high pay policy itself may create a new type of corruption. Extortion and bribe-taking practices may have become part of the civil service work culture and habit, so that increased legal pay may not do much to reduce corruption, at least in the short-run.

In conclusion, there is enough evidence in the literature to support the argument that civil service pay may be a cause of corruption in post-Communist civil services. From the civil servants’ point of view, satisfaction with pay and a well-enforced performance-bonus system may lead to lower levels of corruption.

2.2.1.2. Meritocratic Recruitment and Hiring

It has been argued that fighting corruption on the basis of wage incentives only may be extremely costly to the authorities, and will most likely have limited impacts if not combined with other measures. For example, Besley and McLaren (1993) challenged the “simplistic view” that feasible pay raises will always solve fraud in the civil service. In their article they focused on tax administration. Tax collectors were divided into two categories – the honest and the dishonest. Honest tax collectors are predisposed to honesty. They put an infinite value on their integrity, and are unwilling to accept a bribe at any price. Dishonest tax collectors would always seek to maximize their private income and can be induced to behave dishonestly regardless of their pay (Besley and McLaren, 1993). Therefore the moral character and quality of civil servants becomes another very important determinant of the extent of corruption. The quality of the civil servants, in turn, is highly related to how they are recruited and promoted. In a country where nepotism and patronage are rampant, or government posts are sold explicitly or implicitly, civil servants will be less competent and less well-motivated because success depends on advantages gained by connection or bribing superiors rather than merit, and will be very vulnerable to corruption. Recruiting and promoting civil servants on the basis of merit helps attract moral, high-quality civil servants (Wei, 1999).

Another study of the impact of merit-based recruitment on corruption belongs to Rauch and Evans (2000). Using data from thirty-five developing countries they found that higher values in the merit-based recruitment index were associated with a greater proportion

of higher-level civil servants in the core economic agencies to be either in possession of a university degree, or to enter the civil service through a formal examination system.

Controlling for their official pay, this index was negatively associated with perceived levels of corruption.

Publicly announced position vacancies and written and stable procedural rules are elements of personnel policy inhibiting corruption because they reduce the possibility of buying a job in the public sector. Shleifer and Vishny argued that granting a job in return for money will feed the vicious circle, because the ones who pay the most for a job get it, leaving the prospective candidates who do not collect bribes not being able to afford jobs. Those who collect more will offer more for the jobs, and thus competition will assure that maximal bribes are collected (1993). Shleifer and Vishny's claims were supported by a World Bank study conducted in Latvia which showed that the most frequently "bought" positions were in those organizations whose civil servants took the job expecting unofficial rewards, and in those organizations that most frequently demanded bribes (World Bank, 1998).

Mungiu-Pippidi (2003) claimed that in Romania, any public advertising of job openings in the public sector is an exception. The rule is that one obtains a job as a civil servant through informal connections only, and "not even for appearances' sake is an open contest for the position ever organized." Recruitment and hiring are manipulated either by restricting information, inventing peculiar contest rules, or at the level of the evaluation committee (Mungiu-Pippidi, 2003). In conclusion, there is enough evidence in the literature

to support the claim that meritocracy of the system of recruitment and hiring lowers the levels of corruption in the civil service.

2.2.1.3. Institutional Incentives

Rose-Ackerman (2001a) argued that institutional or job-related characteristics are important for studying corruption in the civil service. Institutional conditions have an impact through personnel culture (Grødeland et al., 1999a; 1999b). In the case of civil servants, it has been argued that satisfaction with the workplace in general might influence how prone to corruption they are (Rauch and Evans 2000, La Porta et al. 1998, Mauro 1995, Treisman 2000). Tavits (2005) recommended the use of variables that affect job satisfaction to analyze perceptions of corruption in the public administration.

Several authors contended that meritocratic promotion and security of employment are important for reducing corruption. High turnover and job insecurity may lead to higher levels of perceived corruption in the civil service. Rauch and Evans (2000) composed indices of the degree of meritocratic promotion for civil servants in thirty-five countries. Their research showed that cross-country ratings such as *International Country Risk Guide* are statistically significantly related to the way civil servants are promoted. Meritocracy is believed to reduce nepotism, and Brunetti and Weder claimed that this lowers the probability that internal control is eliminated by collusion between politicians or officials (Brunetti and Weder, 2003). Poor promotion possibilities raise the potential for self-compensation by unofficial means (Zeitlin, 1971 in Carvajal, 1999). A World Bank study in Slovakia supported this conclusion as each of the individual dimensions of meritocracy was highly

correlated with the level of corruption within the institution (World Bank, 2000a). Rose-Ackerman emphasized that the system of promotion may need reform to align the incentives of civil servants with the goals of the programs they are administering (Rose-Ackerman, 1999).

2.2.1.4. Civil Servants' Lack of Morality

Many researchers attribute corruption to the poor quality of civil servants (in Park, 2003). Such reasoning makes corruption an individual, not institutional, problem. Corruption is ultimately the direct result of decisions, choices and behavior at the level of the individual. One can restructure institutions or political systems, but if individual level motivations for corrupt behavior are not understood, these restructurings may not be effective (Tavits, 2005).

Walzer claimed that “interest in public issues and devotion to public causes are the key signs of civic virtues” (in Putnam, 1993:87). In their study of corruption in Eastern Europe, Miller et al. (2001) showed that civic values, i.e. condemnation of bribery, increased civil servants’ resistance to accepting bribes. But as discussed in Section 2.1.2, it is highly plausible that in Romania mentalities of civil servants’ represent negative externalities⁷ with a corruption-engendering effect. Tavits (2005) showed that the belief that a bribe helps to increase the responsiveness of civil servants is a significant predictor of the extent to which an individual engages in corrupt exchange. In other words, the perceived lack of morality of

⁷ In this study negative externalities represent the negative by-product of the processes taking place in society, negative in the sense that they add cost to these processes at the expense of everyone else.

Romanian civil servants may be another condition that supports dysfunctional social capital and is likely to drive higher perceptions of corruption.

2.2.2. External Factors of Corruption

2.2.2.1. Political Pressure and the Rule of Law

It is known that a high quality judiciary acts as a deterrent to civil service corruption (Rose-Ackerman, 2006). But some researchers argued that the introduction of legal frameworks has made only a limited contribution to the stabilization of post-Communist public administrations (Verheijen and Rabrenovic, 1999). Recent research found that “civil service laws have seldom been the expected catalysts for the stabilization, depoliticization and professionalization of the central administration” (Verheijen, 2000). Instead, politico-administrative relations are characterized by “persistent influence of party politics in the management of personnel policy” (Goetz and Wollmann, 2001b) and by “instability” (Verheijen and Rabrenovic, 2001), as incoming governments show little willingness to continue to work with the administrative staff who had served their predecessors (Verheijen, 2001).

Meyer-Sahling (2004) argued that the fact that senior bureaucracy has come to be dominated by officials whose tenure is bound to that of alternating government and whose career interest is in commuting between public administration, politics and the private sector, contradicts efforts to depoliticize post-Communist civil services. As a result, the post-Communist transformation has locked in a pattern of civil service governance characterized by high levels of political discretion, in that the formal-legal frameworks governing the

administrative personnel continue to provide governments and their ministers with a variety of discretionary instruments which they can and do use to politically determine the outcomes of personnel policy (Meyer-Sahling, 2004). The characteristic features of post-Communist civil service developments such as reform delays, failures to implement legislation and the continuing politicization of personnel policy appear as an endemic rather than a transitional phenomenon.

2.2.2.2. Civil Service Reforms and the Perceived Governmental Lack of Willingness to Fight Corruption

Is the perceived willingness of the government to fight corruption associated with the perceived level of corruption? Cábelloková and Hanousek (2004) argue that it is necessary to model this perception as well. The more a government is willing to fight corruption, the less people are willing to pay and collect bribes. Mungiu-Pippidi (2003) argues that the perception of widespread administrative corruption is strongly correlated with low trust in government and its effort to fight corruption.

The literature on government regulation has argued that the higher the level of trust in government, the more likely the people will comply with government demands and regulations (Levi and Stoker 2000; Scholz and Lubell 1998a, 1998b; Tyler 1990, 1998). This literature approaches trust from a rational perspective: trust reflects beliefs about risk and trust is a result of encapsulated interest (Levi and Stoker 2000, Scholz 1998). This rational approach argues that in case of social dilemmas both sides cooperate as long as the other is perceived to be trustworthy. To the extent that people are able to make such a generalization,

trust should be related to higher probabilities of compliance (Scholz and Lubell 1998a; 1998b). Applying this argument to corruption, one would expect that the extent to which people (both civil servants and citizens) trust government (i.e. the judicial system and police) to be fair and trust other people to behave fairly, it is rational for them to reciprocate and also behave fairly. Trust becomes the basis on which non-corrupt exchange is sustained (Tavits, 2005).

Research specifically on corruption has argued that trust matters. Authors claimed a strong relationship between both trust in government and trust in other people on the one hand and the level of corruption on the other, both across countries and at the individual level (Camp, Coleman, and Davis 2000, 2004; Della Porta 2000; Morris 1991; Rothstein 2000; Uslaner and Badescu 2003, 2004a, 2004b). However, this line of research argues that trust has a positive consequence on reducing corruption via social bonds rather than via rational calculation of utility: “trust leads to empathy with others - and thus a respect for the law” (Uslaner, 2004:10). Seligson (2002) for example, used individual level data to argue that corruption influences the level of trust in other people and trust in the fairness of the political system. Uslaner (2004) on the other hand, relying on aggregate country level data, showed a causal link from trust to corruption. Uslaner and Badescu (2004b) established several reciprocal relationships between political and social trust on the one hand and the perception of and actual encounters with corruption on the other.

Warren (2006) claimed that when people lose confidence that public decisions are taken for reasons that are publicly available and justifiable, they often become cynical about

public speech and deliberation. People come to expect duplicity in public speech, and the expectation tarnishes all civil servants, whether or not they are corrupt. “And when people are mistrustful of government, they are also cynical about their own capacities to act on public goods and purposes, and will prefer to attend to narrow domains of self-interest they can control.” Corruption in this way diminishes the horizons of collective action (Warren, 2006). In conclusion, there is enough evidence to support the argument that trust in government’s efforts to fight corruption and in outcomes of reforms is associated with lower perceptions of corruption.

2.2.2.3. Spread of Corruption in the Country

Corruption has been long attributed to cultural⁸ variables and only recently to other institutional factors. Del Monte and Papagni (2007) found econometric results that the spread of corruption in Italy weakened the sense of loyalty to civil and organized society and the climate of corruption created further incentives for corruption, due to the belief that known offenders could continue their corrupt practices with little risk of punishment. Andvig and Moene (1990) argued that the expected profitability of engaging in a corrupt transaction as perceived by a particular individual depends on how many other individuals in the society are expected to be corrupt. In other words, the compliance of each depends on the compliance of others. On the same line of reasoning, Čábelková and Hanousek (2004) claimed that high perceptions of widespread corruption in the country can increase corruption in the civil service by encouraging people to believe that they must pay bribes, and by

⁸ In this study culture is defined broadly as the values, beliefs and knowledge shared by a society.

enticing civil servants to think that accepting bribes is natural and widely accepted. The problems escalate as, perceiving that many people pay bribes, customers become much less sure a matter can be settled without a bribe, and much surer that a bribe will be accepted. Believing that everybody takes bribes, civil servants lose the fear of being punished for receiving them. Čábelková and Hanousek found empirical results that perception of corruption is widespread over the Ukrainian population and should be given more attention because perceptions actually facilitate the negative or positive processes that take place in society, and thus corruption (2004).

Tavits (2005) argued that for both civil servants and citizens, the decision to engage in corrupt behavior is primarily influenced by a personal definition of corruption and individual perceptions of how widespread corrupt activities are (imitation). This explanation borrows from the social learning theory developed by sociologists to understand the causes of various sorts of deviant behavior. Social behavior is acquired and sustained through conditioning and imitation or modeling of others' behavior (Akers, 1998 in Tavits, 2005). If people perceive that a behavior is widespread and that there is an approval of the problem behavior, they will be more likely to engage in such behavior. Definitions and imitation are mutually reinforcing in their effect on individual's behavior. Tavits showed that somebody who thinks that corrupt activities are very common in the country is about ten times more likely to be corruptible than somebody who thinks that corrupt activities are not at all common (Tavits, 2005).

In sum, a willingness to engage in corrupt behavior can be expected to the extent that one does not define corruption as morally or situationally wrong, but rather as an approved widespread mode of exchange. If one has been exposed to corrupt behavior and perceives that such a behavior is widespread and, thus, approved, the probability of engaging in corrupt behavior increases. If everyone believes everyone else is corrupt, corruption becomes a part of a culture where social capital functions in negative ways.

2.2.2.4. Citizens' Behavior

Tavits argued that although administrative corruption refers to the behavior of civil servants, citizens' willingness to pay bribes or engage in corrupt behavior in some other way feeds the corrupt system and, thus, becomes an important defining feature on its own (2005). On the same line McCann and Redlawsk claimed that "average" citizens acting in a private capacity might be considered corrupt - as corrupt as civil servants - if they seek special treatment or put their own individual concerns above a well-recognized "public good" (2006). And "participation in a civic community is more public-spirited than that more oriented to shared benefits. Citizens in a civic community, though not selfless saints, regard the public domain as more than a battleground for pursuing personal interest" (Putnam, 1993). Rose-Ackerman (2001a) claimed that the honesty of the public sector is maintained by the coexistence of widespread honesty combined with public expectation of honesty. Robust public spheres function not only to define the "goods" and "bads" of externalities - what counts as "corrupt", but also to expose corruption, and thus raise the risks for those who engage in corruption.

Most people base their judgments of the presence or absence of corruption not so much on formal-legal rules as on a range of standards and equivocations learned in everyday life (Johnston 1986, 2006). Trust reflects beliefs about risk and trust is a result of encapsulated interest (Levi and Stoker 2000; Scholz 1998). In case of social dilemmas both sides cooperate as long as the other is perceived to be trustworthy. Some societies are characterized by a high level of trust among its people, while in others people tend to have misgivings about each other. In this case people use trust heuristics obtained from some prior experiences with beneficial collective action. In sum, both civil servants as well as citizens are motivated by their perception of what is acceptable and commonplace behavior in their decision to participate in corruption. While Section 2.2.1.4 addressed civil servants' lack of morality, it is important to model citizens' behavior as well. A lack of civic virtuousness on the citizens' side adds cost to the process and represents another negative externality with effect on corruption. Lagging public opinion in Romania may encourage the continuation of corruption by assuming that bribes are necessary and treating civil servants as if they were all corrupt.

2.2.3. Control Variables

It has been argued that education affects perceptions of corruption. "The greater the ignorance of people, the more susceptible they are to voluntary or compulsory collaboration with those who are corrupt and who offer to provide them with something they desire" (Carvajal, 1999). Education raises people's propensity to recognize corruption. Kingston (2005) argued that more literate people are probably more aware of their rights and more able

to ensure that they receive the benefits due to them. I expect that the more educated people are, the higher their perceptions of corruption in the civil service.

Behavioral scientists argued that women have higher ethical standards than men. Empirical research showed that the representation of women in the labor force and parliament determined the severity of corruption in the country (Swamy et al. 2000; Dollar et al. 2001). There is also reason for the presence of reverse causality. Low levels of corruption may impose restrictions on male dominated networks; provide women with legal recourse and improved access to higher positions. Gokcekus and Mukherjee (2002) examined gender and perceptions of administrative corruption from six developing and transition countries. The authors found that when the proportion of women in a public agency is about 40% of staff, levels of perceived corruption are at their lowest (Gokcekus and Mukherjee, 2002). Other studies showed that the impact of gender on corruption decreases considerably once controlling for further variables such as rule of law, press freedom and democracy. It is largely these institutions that simultaneously help women and integrity, rather than female participation lowering corruption (Sung, 2003). In conclusion, the direction of influence is not entirely clear. Nonetheless, I will control for gender with the expectation that women perceive more corruption than men.

Tavits (2005) controlled for age in her empirical analysis of perceptions of corruption. Cábelloková and Hanousek (2004) controlled for age to estimate the willingness to give bribe equation. They claimed that age might be an important determinant of one's perception of corruption. Mungiu-Pippidi (2003) argued that subjective corruption is

associated with younger people. Therefore, I expect that younger people will perceive more corruption.

Sometimes, where you stand depends on where you sit (Miles' Law). Therefore, civil servants' hierarchical position (management versus non-management) will be used as a control variable in this study. Civil servants' length of service to profession will also be controlled for. The longer their service, the more likely those civil servants have been socialized by a system of dysfunctional social capital, and perceive present-day corrupt practices as natural. Civil servants who are "new" to the profession are presumably the product of a different generation and therefore, I expect that the shorter the service to profession the more corruption the civil servants will perceive.

2.3. From Theory to Hypotheses

This chapter concludes with a summary of hypotheses, drawn from the foregoing discussion of the literature, proposed for each unit of analysis, while Chapter III contains operational measures that provide the linkage between these hypotheses and the data.

2.3.1. Hypotheses for Elected Officials

Hypothesis 1: The more elected officials perceive inadequate pay as a cause of corruption, the higher their perceptions of corruption. (Goudie and Stasavage 1998; Lambsdorff 1998; Sandholtz and Koetzle 2000; Cadot 1987; Van Rijckeghem and Weder 1997; Treisman 2000; Taagepera 2002; Rose-Ackerman 1999, 2001b)

Hypothesis 2: The more elected officials perceive political pressure as a cause of corruption, the higher their perceptions of corruption. (Verheijen 2000, 2001; Goetz and Wollmann 2001a, 2001b; Verheijen and Rabrenovic 2001; Meyer-Sahling 2004)

Hypothesis 3: The more elected officials perceive the legal framework as a cause of corruption, the higher their perceptions of corruption. (Rose-Ackerman 2006; Verheijen and Rabrenovic 1999)

Hypothesis 4: The more elected officials perceive civil servants' lack of morality as a cause of corruption, the higher their perceptions of corruption. (Park 2003; Tavits 2005; Miller et al. 2001)

Hypothesis 5: The more elected officials perceive citizens' behavior as a cause of corruption, the higher their perceptions of corruption. (Tavits 2005; McCann and Redlawsk 2006; Rose-Ackerman 2001a)

Hypothesis 6: The more elected officials perceive pressures from the economic environment as a cause of corruption, the higher their perceptions of corruption. (Johnston 2002)

Hypothesis 7: The more elected officials perceive that civil service is undergoing comprehensive reform that is headed in the right direction, the lower their perceptions of corruption.

Hypothesis 8: The higher elected officials' satisfaction with management of the civil service, the lower their perceptions of corruption.

Hypothesis 9: The more elected officials perceive that the decentralization process is transparent, the lower their perceptions of corruption.

Hypothesis 10: Elected officials who have institutional programs in place for monitoring reform will perceive less corruption.

2.3.2. Hypotheses for Civil Servants

Hypothesis 1: The more civil servants perceive poor pay as a cause of corruption, the higher their perceptions of corruption. (Goudie and Stasavage 1998; Lambsdorff 1998; Sandholtz and Koetzle 2000; Cadot 1987; Van Rijckeghem and Weder 1997; Treisman 2000)

Hypothesis 2: The higher civil servants' satisfaction with official income and the performance-bonus system, the lower their perceptions of corruption. (Taagepera 2002; Rose-Ackerman 1999, 2001b)

Hypothesis 3: The more civil servants perceive the system of recruitment and hiring to be meritocratic, the lower their perceptions of corruption. (Besley and McLaren 1993; Wei 1999; Rauch and Evans 2000; Shleifer and Vishny 1993)

Hypothesis 4: The higher civil servants' satisfaction with institutional incentives, the lower their perceptions of corruption. (Rose-Ackerman 1999, 2001a; Grødeland et al., 1999a; 1999b; Rauch and Evans 2000; La Porta et al. 1998; Mauro 1995, Treisman 2000; Tavits 2005; Brunetti and Weder 2003; Zeitlin 1971)

Hypothesis 5: The more civil servants perceive that corruption is widespread in the country, the higher their perceptions of corruption in the civil service. (Del Monte and Papagni 2007; Andvig and Moene 1990; Čábelková and Hanousek 2004; Tavits 2005)

Hypothesis 6: The higher civil servants' satisfaction with the government anticorruption fight and with outcomes of the civil service reforms, the lower their perceptions of corruption.

(Cábelková and Hanousek 2004; Levi and Stoker 2000; Scholz and Lubell 1998a, 1998b; Tyler 1990, 1998; Scholz 1998; Tavits 2005; Camp, Coleman, and Davis 2000, 2004; Della Porta 2000; Morris 1991; Rothstein 2000; Uslaner and Badescu 2003, 2004a, 2004b; Uslaner 2004; Warren 2006)

Hypothesis 7: The more civil servants perceive lack of a clear mission as a cause of corruption, the higher their perceptions of corruption.

Hypothesis 8: The more civil servants perceive lack of leadership support as a cause of corruption, the higher their perceptions of corruption.

Hypothesis 9: The more civil servants perceive poor quality of employees as a cause of corruption, the higher their perceptions of corruption. (Park 2003; Tavits 2005; Miller et al. 2001)

Hypothesis 10: The more civil servants perceive citizens' behavior as a cause of corruption, the higher their perceptions of corruption. (Tavits 2005; McCann and Redlawsk 2006; Rose-Ackerman 2001a)

CHAPTER III: METHODOLOGY

This chapter describes the methodology used in the present investigation. The chapter includes the following three sections: (1) description of the data samples and the survey procedures, (2) operational measures and validity concerns, and (3) description of the specific analytic procedures employed to test the study hypotheses.

3.1. Participants

As discussed in Chapter I, this study uses both primary and secondary data. As such, this section is organized around (1) elite interviews as primary source, and (2) elected officials' and civil servants' datasets as secondary sources.

3.1.1. Primary Data

Elite interviews were conducted by the author in Romania in the summer of 2006, six months before the scheduled date for accession to the EU. The purpose of in-depth interviews with administrators, elected officials, politicians, EU representatives and leaders in the nongovernmental sector was to gather expert opinion about the transformation and development of Romania and document perceptions of ethics and corruption. Collecting primary data served as a valuable and insightful addition to this study. Qualitative analysis comes first, before the quantitative chapters, to throw light on and provide valuable context for the statistical findings to come.

The interviews were based on a questionnaire developed by the author after completion of a thorough literature review. Major interest was placed on gathering extensive argumentation and anecdotes through open-ended questions. The sample consisted of 17

subjects and was representative of expert opinion in Romania in 2006. Identities of the respondents were not revealed to any other persons in Romania at the time of the interviews, nor are their responses identified in this study itself. Duration of the interviews averaged two hours, with one low extreme of 45 minutes and two high extremes of three-and-a-half hours. The Appendix contains the list of interviews with titles or affiliations. This section concludes with the questionnaire administered to experts.

Questionnaire Administered to Experts

(1) Do you think that Romanian values have interfered with support for Western-style democratic governance?

(2) Do you think that the prospect of EU membership has brought not only formal change, but also changes in attitudes and behavior?

If “yes” which groups have changed: elected officials, politicians, high ranking administrators, mid-level administrators, rank-and-file administrators?

(3) Do you think that the prospect of EU membership has brought *real* administrative reform?

(4) Can the effort to reform the Romanian administrative state to match EU standards increase the legitimacy of governmental institutions among the people?

(5) Do you think that EU “model institutions” fit the needs of Romania?

(6) What is your opinion on EU monitoring: does the *acquis* serve Romania?

(7) Do you think that the citizens encourage the continuation of corruption at the middle and low-level administration by offering bribes?

(8) Do you think that Romanian widespread public perception is that government is accountable and ethical?

What do you think has more to do with that: lack of government accountability, citizens' assumptions about officials, or other factors?

(9) Do you agree that at least formally, top leaders in the Romanian government have made a tangible commitment to support anticorruption reforms, while middle and lower-level administrators' support is lagging?

(10) What do you think is the most important aspect of public administration affected by the EU?

(11) What do you think was the key legislation in public administration reform in Romania?

(12) What were the biggest obstacles in reforming public administration?

(13) What areas you consider important for administrative reform?

(14) What would you have liked to see *imposed* by the EU as part of the political changes?

(15) What would you have liked to see *imposed* by the EU as part of the administrative changes?

(16) Do you think that Romania needed a longer transition period of *imposed* change?

(17) What do you think is the key difference between successful reformers and laggards in the transition process in Central and Eastern Europe?

3.1.2. Secondary Data

In addition to primary data this study uses two secondary data sources to document elected officials' and civil servants' perceptions of corruption.

3.1.2.1. Elected Officials

This first quantitative source used in this study consists of data collected in 2005 for one of Pre-Accession Impact Studies (PAIS) funded by the European Commission and coordinated by the European Institute of Romania. Financed via PHARE⁹, the PAIS project was aimed at providing research and policy support to the Romanian authorities involved in the EU accession negotiation process. Financing spanned from October 2001 to October 2005 under the coordination of the European Studies Unit of the European Institute of Romania and concluded in the series PAIS I, II, and III. Data used in this dissertation come from Study no. 3 of PAIS III, entitled *Public administration reform in the perspective of Romania's accession to the EU*. The purpose of this study was to assess progress made in the implementation of public administration reforms in Romania. The outcome was a summary report that used descriptives and narrative analysis to present information up-to-date and propose recommendations for the immediate future.

Data collection was carried out between July 2005 and September 2005 and consisted of a mail survey conducted on a nationally representative sample of 253 municipality mayors. "Survey participants were identified using a two-stage sampling technique and represented 9% of the population under research" (Profiroiu et al., 2005, p.4). The response rate was 96.4% for the variable *perceptions of corruption*, and ranged between 58.1% and

⁹ The *Poland and Hungary: Assistance for Restructuring their Economies* (PHARE) programme is one of the three pre-accession instruments financed by the EU to assist the applicant countries of Central and Eastern Europe in their preparations for joining the EU. Originally created in 1989, PHARE has expanded from Poland and Hungary to currently cover ten countries, including Romania.

99.6% for other questions. Results of the survey are representative for the population of elected officials in 2005 with an estimated error of 1.2% (Profiroiu et al., 2005).

3.1.2.2. Civil Servants

The second quantitative source used in this study consists of data collected in 2004 for a study funded by the United States Agency for International Development (USAID) and conducted by the Institute of Public Policy in Romania. More specifically, support for the Institute' research was provided via Governance Reform and Sustainable Partnerships (GRASP), an USAID funded program. GRASP has been implemented in Romania by Development Alternatives, Inc. (DAI) with the goal of strengthening local public administration to enable Romania to address community and local governance problems.

The survey was conducted by Gallup International Romania between September 27 and October 18, 2004 and consisted of questionnaires mailed to a sample of 993 civil servants from local public institutions. Sampling was designed on a three-stadium, probabilistic basis, with distinct samples for each category selected: civil servants, institutions and departments. The survey covered all 42 administrative units of Romania (41 County Councils and the General County of Bucharest) and 83 mayoralties of municipality and towns. Selection of the 83 local urban units and the institutional departments (as they appear in the organization chart of each selected institution) was random and probabilistic (Moraru and Iorga, 2004). The response rate was 97.7 for the variable *perceptions of corruption*, and ranged between 48% and 99.8% for other questions. Results of the survey

are representative for the population of civil servants from local public administration in 2004 with a tolerated error of 3% (Moraru and Iorga, 2004).

3.2. Operationalization

First, this section addresses the operationalization and validity of the dependent variables in this study. Second, it provides a summary of the hypotheses and corresponding operational measures.

3.2.1. Dependent Variables

In the elected officials' dataset the dependent variable is measured on a dichotomous level: "Do you think that corruption is widespread in the civil service? {yes; no}" For the civil servants' data, the dependent is ordinal with four categories: "Corruption is very widespread among civil servants. {strongly agree; agree; disagree; strongly disagree}"

3.2.1.1. Validity

The dependent variable in this research is represented by *perceptions of corruption* in the civil service resulted from diagnostic surveys of elected officials and civil servants in Romania. These are surveys of perceptions of corruption rather than corruption itself, and it may be questionable whether they can be used as reliable indicators of actual levels of corruption. Perceptions of corruption, being partially a product of corruption itself, may not always reflect reality. This section addresses validity concerns that may be raised and argues that in spite of being subjective measures, perceptions of corruption obtained from the surveys used in this study represent good proxies for actual levels of corruption in the

Romanian civil service. There are several arguments for this, and I will discuss each separately.

First, there are no “objective” data on the extent of corruption (Treisman, 2000). “Hard-and-fast” indicators of corruption, like statistics on criminal convictions, may be indicators of the effectiveness of courts but do not necessarily represent a good measure of the level of corruption. The literature review that supports this study revealed that previous research has not relied on “objective” indicators to measure the prevalence of corruption in a given state. Moreover, a larger number of bribery convictions should not imply that corruption is more widespread. Convictions reveal the zealotry of prosecution as much as the incidence of crimes (Treisman, 2000). They are as likely to reflect the competence and integrity of the police and judiciary, or the political priority placed on fighting corruption, as they are to capture the true scale of the phenomenon (Treisman, 2006). The situation in the EU members tends to confirm this argument, as the number of convictions in individual states does not appear to bear much relation to other evidence on the prevalence of corruption. The number of court proceedings for corruption crimes in Germany for example, was 1,034 in 1999, which – relative to the size of the country – was similar to figures for a number of candidate countries, which are considered far more corrupt (Open Society Institute, 2002).

Second, Kaufmann, Kraay and Mastruzzi - leading World Bank experts in corruption, argued that since corruption leaves no paper trail, responses about corruption based on individuals' perceptions are the best available, and the only information we have. Moreover,

perceptions also matter directly: if people believe the institutions to be corrupt, they will act accordingly regardless of what the objective reality is. While social norms may affect what people view as corruption, in practice such cultural bias in perceptions does not seem to be very important. It is telling, for example, that perceptions of corruption from cross-country surveys of domestic firms are very highly correlated with perceptions of corruption from commercial risk rating agencies or multilateral development banks (Kaufmann, Kraay and Mastruzzi, 2006). Another well known scholar on corruption, Mauro showed that whatever the objective characteristics of a country's political and social system, subjective evaluations of corruption do themselves influence investment decisions, growth, and the political behavior of citizens (Mauro, 1995). Other studies confirmed that higher perceived corruption reduces foreign direct investment. Soares (2004) found that high perceived corruption discourages victims from reporting crimes to the police. So perceptions clearly matter.

Perceptions matter not only for corruption measurement and corruption research, but also for anticorruption projects. Lambsdorff has, for instance, recently indicated that fighting the reputation of corrupts actors, thus affecting the reliability of corrupt transactions rather than focusing on penalties, may be a much more useful approach (in Urra, 2007).

Third, it is widely acknowledged that perceptions of corruption *facilitate* corruption. Cábelloková and Hanousek (2004) demonstrated that the perception of corruption significantly influences corruption itself. Perceptions actually facilitate the negative or positive processes that take place in society. For example, high perceptions of corruption can increase corruption by encouraging people to believe that they must pay bribes, and by enticing civil

servants to think that accepting bribes is widely accepted. The problems escalate as, perceiving that many people pay bribes, customers become much less sure a matter can be settled without a bribe, and much surer that a bribe will be accepted. Believing that everybody takes bribes, civil servants lose the fear of being punished for receiving them (Cábelková and Hanousek, 2004). In sum, if everyone believes everyone else is corrupt, corruption becomes a part of the culture. Empirical findings suggested that perceptions of corruption are positively and significantly associated with the willingness to give or take a bribe. If one perceives an institution to be very corrupt, he/she is more willing to offer a bribe. In this way perceptions of corruption actually facilitate corruption. Tavits (2005) argued that the more widespread people perceive a corrupt behavior to be, the more likely they are to engage in it. As discussed in Chapter II, social behavior is acquired and sustained through modeling of others' behavior. If people perceive that a behavior is widespread and that there is an approval of the problem behavior, then they are more likely to engage in such behavior. Tavits (2005) showed that the probability of engaging in corrupt behavior increases the more widespread they perceive such behavior to be. This shows once again that perceptions clearly matter.

To summarize, this section argued that perception matters in corruption. Moreover, most indicators used by previous researchers are subjective measurements. This study builds on the axiom that survey-based perceptions of corruption represent good proxies for actual levels of corruption.

3.2.2. Operational Measures

This section presents a summary of hypotheses proposed in this study for each unit of analysis and the operational measures which will be used to test them.

3.2.2.1. Hypotheses for Elected Officials

H1: The more elected officials perceive inadequate pay as a cause of corruption, the higher their perceptions of corruption.

Operational measure: “In what measure does civil service pay cause corruption in the civil service? {great measure; significant measure; moderately; insignificant measure; not at all}”

Variable name: *pay*

H2: The more elected officials perceive political pressure as a cause of corruption, the higher their perceptions of corruption.

Operational measure: “In what measure does political pressure cause corruption in the civil service? {great measure; significant measure; moderately; insignificant measure; not at all}”

Variable name: *politics*

H3: The more elected officials perceive the legal framework as a cause of corruption, the higher their perceptions of corruption.

Operational measure: “In what measure does the legal framework cause corruption in the civil service? {great measure; significant measure; moderately; insignificant measure; not at all}”

Variable name: *laws*

H4: The more elected officials perceive civil servants' lack of morality as a cause of corruption, the higher their perceptions of corruption.

Operational measure: "In what measure does civil servants' lack of morality cause corruption in the civil service? {great measure; significant measure; moderately; insignificant measure; not at all}"

Variable name: *civil servants*

H5: The more elected officials perceive citizens' behavior as a cause of corruption, the higher their perceptions of corruption.

Operational measure: "In what measure does citizens' behavior toward civil servants cause corruption in the civil service? {great measure; significant measure; moderately; insignificant measure; not at all}"

Variable name: *citizens*

H6: The more elected officials perceive pressures from the economic environment as a cause of corruption, the higher their perceptions of corruption.

Operational measure: "In what measure does pressure from the economic environment cause corruption in the civil service? {great measure; significant measure; moderately; insignificant measure; not at all}"

Variable name: *economics*

H7: The more elected officials perceive that civil service is undergoing comprehensive reform that is headed in the right direction, the lower their perceptions of corruption.

Operational measures:

(1) “Is the Romanian public administration undergoing comprehensive reform? {yes, radical changes; in a large measure; in a small measure; no}”

(2) “Do the *actual* changes brought by reform match your expectations? {entirely; in a large measure; in a small measure; not at all}”

(3) “Do you think that reform is headed in the right direction? {yes; no}”

Variable names: *reform*; *expectations*; *reform 2*

H8: The higher elected officials’ satisfaction with management of the civil service, the lower their perceptions of corruption.

Operational measure: “How would you rate the current form of centralized management of the civil service in Romania? {very good; good; marginally good; unsatisfactory}”

Variable name: *centralized*

H9: The more elected officials perceive that the decentralization process is transparent, the lower their perceptions of corruption.

Operational measure: “Do you think the decentralization process is transparent? {yes; no}”

Variable name: *transparent*

H10: Elected officials who have institutional programs in place for monitoring reform will perceive less corruption.

Operational measure: “Is there anyone in your institution responsible with monitoring the implementation of reform? {yes; no}”

Variable name: *monitor*

3.2.2.2. Hypotheses for Civil Servants

H1: The more civil servants perceive poor pay as a cause of corruption, the higher their perceptions of corruption.

Operational measure: “Poor pay is the biggest obstacle to civil service ethics. {yes; no}”

Variable name: *pay*

H2: The higher civil servants’ satisfaction with official income and the performance-bonus system, the lower their perceptions of corruption.

Operational measures:

(1) “How satisfied are you with the following aspect of your job: pay? {very dissatisfied; dissatisfied; satisfied; very satisfied}”

(2) “How satisfied are you with the criteria used to award financial bonuses for work performance? {very dissatisfied; dissatisfied; satisfied; very satisfied}”

Variable names: *salary_satisf*; *bonus_system_satisf*

H3: The more civil servants perceive the system of recruitment and hiring to be meritocratic, the lower their perceptions of corruption.

Operational measures:

(1) “How important is to express gratitude in the form of gifts or money in the hiring process in local public administration? {not important at all; little importance; important; very important}”

(2) “How often do politics influence the hiring decisions in your institution? {often; sometimes; never}”

Variable names: *non_merit_hiring; politics_hire*

H4: The higher civil servants' satisfaction with institutional incentives, the lower their perceptions of corruption.

Operational measures:

(1) "How satisfied are you with the following aspect of your job: promotion opportunities?
{very dissatisfied; dissatisfied; satisfied; very satisfied}"

(2) "Do you agree with the following statement: I receive praise when I deserve it? {strongly agree; agree; disagree; strongly disagree}"

(3) "How satisfied are you with the following aspect of your job: security of employment?
{very dissatisfied; dissatisfied; satisfied; very satisfied}"

(4) "The criteria used for annual evaluations are: {very good; good; bad; very bad}"

(5) "Do you agree with the following statement: My opinion matters for the institution?
{strongly agree; agree; disagree; strongly disagree}"

Variable names: *promotion; praise; security_satisf; evaluation_satisf; matter*

H5: The more civil servants perceive that corruption is widespread in the country, the higher their perceptions of corruption in the civil service.

Operational measure: "In Romania there is: {no corruption; corruption only at the low levels; corruption at the highest levels; pervasive corruption, at all levels}"

Variable name: *corrupt_country*

H6: The higher civil servants' satisfaction with the government anticorruption fight and with outcomes of the civil service reforms, the lower their perceptions of corruption.

Operational measures:

(1) “To fight corruption in the country, the Government has implemented: {a great deal of anticorruption measures; many anticorruption measures; few anticorruption measures; very few anticorruption measures; no anticorruption measure}”

(2) “These anticorruption measures were: {good; bad}”

(3) “How satisfied are you with the steps that the Government has taken in the following area: legislation concerning recruitment, hiring and training in the civil service? {very dissatisfied; dissatisfied; satisfied; very satisfied}”

(4) “How satisfied are you with the steps that the Government has taken in the following area: reform of the civil service pay system? {very dissatisfied; dissatisfied; satisfied; very satisfied}”

(5) “How satisfied are you with the steps that the Government has taken in the following area: legislation to decrease corruption and increase transparency in the civil service? {very dissatisfied; dissatisfied; satisfied; very satisfied}”

Variable names: *govt_fight_corrupt; anticorruption; reform_1; reform_2; reform_3*

H7: The more civil servants perceive lack of a clear mission as a cause of corruption, the higher their perceptions of corruption.

Operational measure: “Lack of a clear mission is the biggest obstacle to civil service ethics. {yes; no}”

Variable name: *mission*

H8: The more civil servants perceive lack of leadership support as a cause of corruption, the higher their perceptions of corruption.

Operational measure: “Lack of leadership support in making ethical considerations the core values is the biggest obstacle to ethics. {yes; no}”

Variable name: *leadership*

H9: The more civil servants perceive poor quality of employees as a cause of corruption, the higher their perceptions of corruption.

Operational measures:

(1) “Civil servants’ lack of morality is the biggest obstacle to civil service ethics. {yes; no}”

(2) “Civil servants’ poor qualifications represent the biggest obstacle to civil service ethics. {yes; no}”

(3) “Were you provided with training in this institution? {yes; no}”

Variable names: *morality; poor_qualif; training*

H10: The more civil servants perceive citizens’ behavior as a cause of corruption, the higher their perceptions of corruption.

Operational measure: “Citizens’ behavior toward civil servants is the biggest obstacle to ethics. {yes; no}”

Variable name: *citizens*

3.3. Methods

The final part of this chapter describes the data screening and testing of assumptions along with the quantitative procedures employed in this study.

3.3.1. Data Screening and Testing of Assumptions

Missing Values

Because data for some of the independent variables contained more than 5 percent missing values, data imputation¹⁰ was required for both elected officials' and civil servants' datasets in order to proceed to multivariate analysis. This was done using the expectation maximization algorithm, which is now considered the standard method of imputation (Garson, 2008). The algorithm is based on iterating the process of regression imputation and maximum likelihood (Little and Rubin, 1987). It is preferred to regression and other imputation methods because it makes fewer demands of the data in terms of statistical assumptions, and is considered "superior" to imputation by multiple regression (Garson, 2008). The algorithm has recently been implemented in the study of determinants of corruption by Seldadyo and de Haan (2006) and appears to work well with this type of data. Both raw and imputed data will be used in this study, as to determine what difference the two methods may make. This is recommended when imputed values are used for multivariate analysis (Garson, 2008). The study will report when conclusions based on the imputed dataset differ from those based on the original dataset.

Outliers

Outliers can radically alter the outcome of analysis and are also violations of normality. The variables used in this study will be screened for outliers using standardized residuals analysis. Standardized residuals greater than 2.58 are outliers at the .01 level,

¹⁰ Data imputation produces estimates of the missing cases that have the greatest chance of reproducing the observed data.

which is the customary level (Garson, 2008). Three cases were removed from the elected officials' dataset as a result of standardized residuals analysis, making the sample size equal to 250. Twenty-eight cases were removed from the civil servants' dataset as a result of standardized residuals analysis, making the sample size equal to 965.

The Linearity Assumption

We need to check whether the dependent variables are related to the independent variables in a linear manner. If we detect signs of nonlinear relationships then the correlates of perceived corruption will be understated. Moreover, linearity is a critical assumption for the multivariate analysis employed in Chapter VI. Path analysis with structural equation modeling (SEM) software assumes linear relationships between indicator variables.

Violation of the linearity assumption makes estimates of model fit and standard errors biased, i.e., not robust (Garson, 2008).

This assumption has been tested using the curve fitting module. The curve estimation routine in SPSS is a statistical method of testing linearity which is more rigorous than graphical methods. A curve-fitting program compares a linear model to several nonlinear ones based on their relative goodness of fit. One can then employ an F-test of R-squared difference between models to see if the nonlinear model has a significantly higher R-squared than the linear one (Garson, 2008).

Linear and nonlinear models have been compared for the ordinal and interval-level variables in the civil servants' data and it was found that the largest increment in the R-squared of a nonlinear model was .01. For the ordinal variables in the elected officials' data

it was found that the largest increment in the R-squared was .038. None of these values represents a worthy increment in the goodness of fit and I infer that there are no nonlinear fits that significantly explain more variance in the models. Additionally, I do not have theoretical reasons to presume the existence of underlying nonlinear relationships in the data. In conclusion, the data used in this study meet the linearity assumption.

3.3.2. Organization of the Quantitative Analysis

The quantitative analysis will begin with a description of the data (frequencies) including respondents' characteristics. This serves as a first scrutiny of the elected officials' and civil servants' perceptions of corruption in Romania: the overall level of corruption in the civil service, the spread of corruption in the country, respondents' opinions about the causes of corruption, institutional and public administration influences, and the information on which people base their perceptions. It will be seconded by a bivariate analysis conducted to gather preliminary evidence of relationships and detect the strongest correlates of corruption in an uncontrolled environment. Finally, a number of analytic procedures will be employed to test the study hypotheses in multivariate context. I will discuss these procedures for each dataset separately.

3.3.2.1. Elected Officials' Data

Building the Research Model

Figure 3-1 presents the core diagram of the model initially developed by the World Bank and used later by the USAID in their anticorruption projects. It captures a broadened understanding of the variety of factors that contribute to corruption and that can be used as

entry points to fight it. Institutional (i.e., bureaucratic and regulatory) endowments and societal attitudes remain important both in analyzing the extent and location of corruption and in developing responses, but at the same time, the larger dynamics of economic and political competition help clarify other critical influences on corruption. The center circle indicates that corruption includes a range of manifestations, from lower-level, administrative corruption to a variety of activities that constitute elite or grand corruption, including state capture and predatory states.

Johnston (2002) has argued that distinct “corruption syndromes” may flow from the interaction of relative levels of these variables. In settings of low institutional capacity like Romania, two syndromes may emerge. Where economic opportunities are opening up more rapidly than political ones, ambitious people will pursue power through wealth, using their economic influence to shape laws and regulations to suit their interests - often excluding competitors from the same access and benefits.

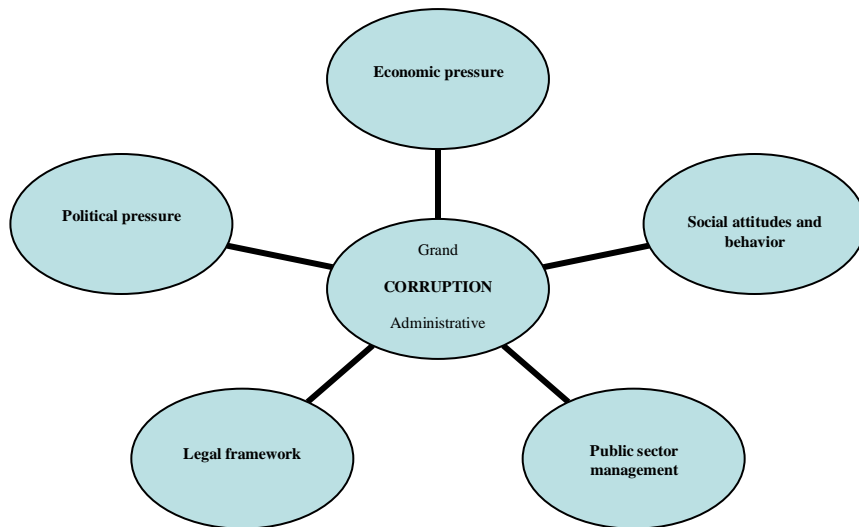


Figure 3-1: Corruption dynamics

Alternatively, where political opportunities are relatively more plentiful than economic prospects, elites may pursue wealth through power. Here, state power becomes a tool for extracting financial benefit from the economic resources available in the country (Johnston, 2002). The *USAID Anticorruption Strategy 2005* has noticed that at some point, these two dynamics may converge if small elite is able to complete this process of consolidating political power and economic wealth.

It is important to understand what state capture represents. It refers to the actions of individuals, groups, or firms in both the public and private sectors to influence the formation of laws, regulations, decrees, and other government policies (the basic rules of the game) to their own advantage by means of the illicit and non-transparent provision of private benefits to public officials (World Bank, 2000b). There are many different forms of state capture. Distinctions can be drawn between the types of institutions that are captured - the legislature, the executive, the judiciary, or regulatory agencies. Further distinctions can be made on the basis of who does the capturing - private firms, political leaders, or narrow interest groups. State officials themselves can capture the state if they abuse their authority to shape institutions and laws primarily to further their own private financial interests at the expense of the broader public interest.

We all agree that the influence of private interests on the decisions of the state is a normal feature of all political systems. What separates state capture as a form of corruption from conventional forms of political influence (i.e., lobbying) is the mechanism by which personal interests interact with the state. State capture occurs through unclear boundaries

between the political and business interests of state officials. State capture tends to subvert, or even replace, legitimate and transparent channels of political influence and interest intermediation, reducing the access of competing groups and interests to state officials (World Bank, 2000b).

In regards to Romania – the focus of this study, alternative scenarios may be at work. There are individuals who pursue wealth through power and others who pursue power through wealth. On the one hand, former members of the *nomenklatura* system used political opportunities to get elected by a population confused by staggering economic reforms, rampant inflation, a decline in the standard of living and acute worsening of the distribution of income in the Romanian post-Communist society. Once in public office, they advanced legislation protecting the interests of entrepreneurs with whom they had political or other connections and monopolized information on privatization programs, which made them rich. For example, Adrian Nastase - prime minister between 2000 and 2004, and presidential candidate in 2004, has been involved in a large number of financial scandals that led to criminal charges and his resignations as speaker of the lower chamber of parliament and executive president of the Social Democrats. In November 2006 the National Department of Anticorruption took Nastase to court on charges of several counts of corruption and bribery. According to prosecutors, more than 1.4 million Euros were obtained illegally by Nastase (Romanian Academic Society, 2007).

On the other hand, some individuals seized economic opportunities widely available in the early years of transition to the market economy. They took advantage of a sloppy

legislation and a competition-bare market and created monopolies from which they extracted immense profits. They exerted pressure on the political arena and swapped economic rents for a grasp of power. For example, Gigi Becali, the multi-millionaire boss of a football club, from humble beginnings as a shepherd made his fortune in real estate after the fall of Communism to become one of Romania's richest men and the second most popular politician after the president himself. Less than three months after Romania joined the EU (January 2007) the country was in deep political crisis with the president and prime minister accusing each other publicly of lies and corruption. Meanwhile, Becali was climbing in the polls. His “soul mate” among European politicians is Silvio Berlusconi. Like the former Italian prime minister, Becali wants to use money and football to get to the top.

In conclusion, the possibility of alternative scenarios which maybe even concomitant in Romania, dictates that several path models are tested based on different directions of influence between forces of corruption - economic and political pressure on one hand and the legal framework on the other (Figure 3-2).

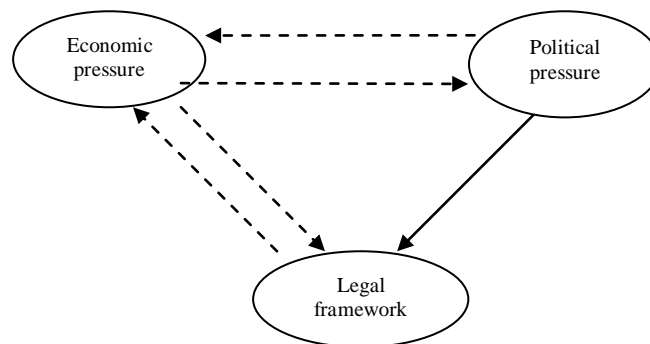


Figure 3-2: Interplay between politics, economics, and the rule of law

Moreover, corruption is not only a macro- but also a micro-level phenomenon. It is equally important to model attitudes about civil servants' lack of morality in conjunction with citizens' behavior and the civil service pay system as factors of corruption. The literature review suggests a relationship between civil service pay and the quality of civil servants. Inadequate pay raises the probability of dishonest behavior from civil servants (for further discussion see Chapter II). A World Bank report documents that two-thirds of Romanians believe that "all" or "most" officials are corrupt and that corruption has achieved a state of normalcy (World Bank, 2001). Half of the Romanian households surveyed reported that bribery is part of everyday life, while only one in eleven reported bribes to be completely unnecessary (World Bank, 2001). But the relationship could go the other way too. The pay system may be the result of excessive employment in the civil service which is based on low entry requirements and is populated by less competent individuals who lack other opportunities. In this scenario, official wages may be purposefully kept at a low level on account that the civil servants supplement their income by *atentii* (cultural term in Romania for giving/accepting money or presents as a gift which in many situations constitutes bribe).

Additionally, lagging public opinion in Romania may encourage the continuation of corruption by offering bribes even when no illegal operations are requested because people think they will offend officials if they do not. A World Bank report documents that 38 percent of Romanian civil servants admit that they had been offered a gift or money during the previous year (World Bank, 2001). At the same time, civil servants who do not accept

bribes may be seen as cultural outliers. One-third of the Romanian civil servants believe that colleagues who refuse to take bribes or “ask for” bribes are sometimes ostracized, victimized, or forced to leave their institution (World Bank, 2001). But citizens’ behavior may also be the consequence of a civil service populated by dishonest officials. Twenty-eight percent and 42 percent of Romanian enterprises and households, respectively, reported that they were made feel that a bribe was necessary and consequently offered *atentii* to various civil servants during the previous twelve months (World Bank, 2001). The main reason for the perpetuation of this practice is the absence of a sound organizational culture in the Romanian public institutions, associated with delays in the public administration reform. This is amplified by a cultural factor; as indicated by public opinion surveys in Romania, relationships between civil servants and citizens are not understood as professional ones, but assimilated to informal relationships dominated by obligations of reciprocity, more on the citizen’s side to behave a certain way toward the civil servant (Civil Society Development Foundation, 2001).

In conclusion, the possibility of alternative scenarios dictates that several path models are tested based on the direction of influence between civil service pay, civil servants’ mentality (i.e., lack of morality) and citizens’ behavior as factors of corruption (Figure 3-3).

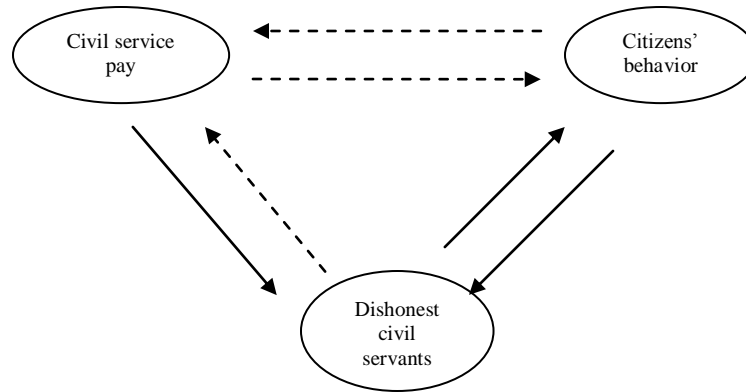


Figure 3-3: Interplay between civil service pay, civil servants' lack of morality, and citizens' behavior

Quantitative Procedures Used to Test the Hypotheses

(1) Logistic regression

Binomial or binary logistic regression applies maximum likelihood estimation after transforming a dichotomous dependent into a logit variable (the natural log of the odds of the dependent occurring or not). The impact of predictor variables is explained in terms of the odds ratios, which are the factors by which the odds of the dependent event change for a one-unit change in the independent variable (Garson, 2008). Here, logistic regression will estimate the odds that Romanian elected officials perceive widespread administrative corruption. The analysis will employ imputed data obtained from the expected maximization algorithm in Chapter III because the model assumed by logistic regression requires a full set of data¹¹. A model trimming approach will be used where parameters that are not significant based on individual levels of the Wald tests will be sequentially dropped from the model.

¹¹ SPSS provides only for LISTWISE deletion of cases with missing data, using the remaining full dataset to calculate logistic parameters. It is not recommended to use the original dataset because logistic regression would drop a significant number of cases making the sample size inadequate for valid inferences.

(2) Path analysis with SEM software

Alternative path models were developed in this research based on suggestions taken from the literature and previous projects. They will be tested using path analysis with SEM software to determine the one that has the best fit for the data. Path analysis is different from SEM in that it refers to modeling single-indicator variables which makes it the appropriate technique here, whereas in SEM all variables are latent variables measured by multiple indicators. The empirical approach used in this analysis combines confirmatory and exploratory purposes: models that seem theoretically plausible are tested using SEM procedures, found to be deficient, and alternative models are then tested based on changes suggested by SEM modification indexes. The regression weights predicted by the path models are compared with the observed correlation matrixes for the variables, and goodness-of-fit statistics are calculated for each model. Finally, the best-fitting path model will be selected as the best model for advancement of theory.

There are several limitations to this approach. Garson advises caution in interpreting the results of path models. A good fit does not mean each particular part of the model fits well. Many equivalent and alternative models may yield as good a fit - that is, fit indexes rule out bad models but do not prove good models. Also, a good fit does not mean the exogenous variables are causing the endogenous variables (Garson, 2008). Ultimately path analysis deals with correlation, not causation of variables. Data can support multiple models, and therefore path analysis is focused on determining which of the theoretically derived models most conform to the underlying data. In other words, path analysis merely

illuminates which of the competing models is most consistent with the pattern of correlations found in the data (Garson, 2008). Moreover, the problem with the model development approach is that models confirmed in this manner are post-hoc ones which may not be stable, having been created based on the uniqueness of an initial dataset (Garson, 2008).

Nonetheless, employing SEM techniques in this study is important. Logistic regression only provides us with knowledge of the forces of corruption that are significant in explaining variance in perceptions of corruption. With SEM we can model these perceptions that results in creating a chain of influence. Having decided which path works best is critical to understanding perceptions of and linkages between forces of corruption and corruption in the Romanian civil service.

3.3.2.2. Civil Servants' Data

Considering that the dependent variable civil servants' *perceptions of corruption* was measured in the original survey on an ordinal four-point scale, ordinal regression with Probit¹² seemed the most appropriate technique to answer the research questions posited in this chapter. However, a critical step for ordinal regression is checking the parallel lines assumption. This means that the regression lines are assumed to be parallel for each level of the dependent, indicating that the independents have the same relationship to the transformed odds of the dependent (Garson, 2008). The assumption is not violated if this test returns a finding of non-significance, meaning there is no significant difference between the model where the regression lines are constrained to be parallel for each level of the ordinal

¹² Inspection of a simple bar chart revealed that the ordinal categories of the dependent tend to cluster toward the middle forming a normal curve, making the Probit function more appropriate than the default Logit.

dependent and the model where the regression lines are allowed to be estimated without a parallelism constraint (Garson, 2008). Conducting this test revealed that data do not meet this assumption, suggesting that the estimates for the regression parameters for the independent variables may possibly be misleading averages. In conclusion, this rendered the use of ordinal regression inappropriate since estimates may be seriously biased.

The next option was to dichotomize the dependent variable and use logistic regression. For this I recoded the initial survey item “Corruption is very widespread among civil servants” and collapsed the categories {strongly disagree; disagree; agree; strongly agree} into a binary {disagree; agree}. Therefore I will use binomial logistic regression to estimate the odds that Romanian civil servants perceive widespread administrative corruption. A model trimming approach will be used where parameters that are not significant based on individual levels of the Wald tests will be sequentially dropped from the model.

To summarize, this chapter presented the methodology used in the current investigation, and comprised three sections. The first section described the primary and secondary data sources used in this study, the second section addressed operationalization and validity concerns, and the third section described the specific analytic tools that will be used to test the study hypotheses.

CHAPTER IV: QUALITATIVE FINDINGS

Public-service ethics is an issue that is taken seriously in every democratic country. However, at different stages of development measures that are considered necessary in one country may be deemed irrelevant in others. The making of informed decisions on public-service ethics necessitates acquiring a thorough knowledge of the setting. This chapter is the result of elite interviews conducted by the author in Romania in the summer of 2006, six months before the scheduled date for accession to the EU. The purpose of the qualitative analysis is to throw light on and provide valuable context for the statistical findings to come. Moreover, gathering expert opinion aids in identifying blind spots and may serve as a good reference in building integrity policy in Romania. However, it is important to remember that one cannot draw ethical conclusions from empirical material. For instance, simply by asking respondents' opinions we cannot determine which values are essential and which standards one should follow; the principle known in ethics as Hume's guillotine. As an empirical work, this piece belongs to the realm of descriptive ethics as it uses expert opinion to document perceptions of ethics and corruption.

4.1. Findings

4.1.1. Cultural and Historical Legacies

Romanian values have interfered with support for Western-style democratic governance. All former Communist countries have this problem, the respondents said, but post-Communist Romania in particular. Tradition and conservatism on the one hand and

traumas from the Communist dictatorship on the other have greatly hampered adoption of values shared in Western-style governance.

First, Romanian people are traditionalists and conservative, and identify themselves with the Christian-Orthodox dogma. “It has a lot to do with the Orthodox Church,” one respondent stated. Furthermore, “there is no such thing in the Orthodox dogma as the work ethics from the Protestant cult,” someone else said. “In reality, the poorest and most backward countries in the area are Orthodox: Belarus, Ukraine, Romania, Bulgaria, and Greece.” However, this is a sensitive matter which fires debates in Europe, as many argue that Orthodox countries are spiritually the richest, and that this takes precedence over materialistic definitions of wealth. Proponents of this view relate back to the 1054 great schism between Eastern (Orthodox) and Western (Roman) churches and argue that the Orthodox dogma is the one that is closest to God.

Second, elements that make up Western-style governance have long been ingrained in society; it took time for them to be developed and thus cannot be spontaneously accepted. “The Romanian mentality of today pertains to someone dragged out of feudalism and modernized in haste.” All the respondents noted that the Romanian psyche is a legacy of the practice of Communism. Indeed, there are unique features of the way that Communism was implemented in Romania which greatly complicated the transformation to a democracy. Deeper institutional penetration of Communism in Romania has left a paternalistic legacy reflected in the people’s passivity and unpreparedness for a democracy and market economy. “We suffer the consequences of fifty years of a Communist style much uglier and much

crueler than what they had in Czechoslovakia, Bulgaria, etc.” The Romanian dictatorship was a nationalistic Communism, a mixture of Marxism-Leninism, autocracy, and nationalism which made the country autarchic and imprisoned people in their own national space. All the respondents noted that after the fall of Communism in December 1989, Romania entered transition with massive handicaps vis-à-vis other Eastern-European countries which had much more open Communist regimes.

And this still shows in today’s Romania, unfortunately. The post-Communist man seems to be an individual unwilling to take risks and unfriendly towards fair play and pluralistic values. “Romanians prefer institutions of consensus, with a single voice, like the Church.” “Transparency is not a Romanian value,” a respondent stated. “You can still see remains of the old system, i.e., the ways the old system used to work. It is difficult to imagine that you can get something done or get to certain people in the correct and transparent way, without traffic of influence.” After fifty years of tyranny “Romanians cannot truly understand such concepts as lobbying or advocacy.”

Some observers argued that pessimism, passivity and weak moral values are relicts of Communism in Romania. It seems that the totalitarian oppressive regime left people with a vision of the world exclusively in terms of the friend-enemy distinction. Before the 1990s the state was not working for the people but against them. “The state was our enemy.” “This might explain why you see so much corruption today – though it does not excuse anything. Stealing from the state was natural; not only accepted but laudatory behavior. It was an act of dissidence [in the old regime].”

Sadly, the result is that there is no political cohesion among Romanians today. “Christianity, monarchy, and the Communism seem to be the only things that were able to unite the Romanian people throughout history.” Respondents argued that Romania needs leadership “to make its people share common values.” “We need nonpartisan leaders able to maintain a good image.” “But what we see today is the nouveaux riche and the opulence [in Bucharest] coming from the illicit fortunes made in the early years of transition.”

4.1.2. Reform from Above

All the respondents emphasized that Romania has experienced radical change of late. “Romania has been transforming,” respondents said. “Change is different than transformation. Transformation is an irreversible change, and that is what you see today in Romania.” “It took fifteen years from the revolution for this to happen, but we are now finally in a positive cycle.” Respondents stated that “change is visible,” and it is all due to the prospect of EU membership.

EU leverage has brought tremendous change at the legislative and institutional level in Romania. Respondents gave examples of reform in the judicial system, the fight against corruption and the creation of the National Anticorruption Department (DNA), the decentralization process, the new civil service laws¹³, the public disclosure of personal assets of high-ranking officials, to name just a few. “There were Soros foundation-style ideas circulating around that public debate will positively affect the politics and transition in Romania. This proved to be utopia. With Romanians handling transition on their own, we

¹³ The Civil Service Law first enacted in 1999 has been continuously amended.

saw what came out: an economic environment like in Ukraine.” It seemed clear from the interviews that Romania needed reform *from above*. “We are unable of reform *from below*.” “If we don’t join the EU, that’s it! Romania will be Balkanized overnight.”

The EU exerted great pressure and that is the primary reason Romania has changed. Domestic interest groups wanted control of, and access to resources, and the lack of transparency in the decision-making process was guaranteeing easy manipulation of the populace. “There was no desire for change.” New legislation that was critical for the fight against corruption was voted against either in the Parliament, the Senate or in the Chamber of Deputies. That sent negative signals, and the European Commission had immediate reactions, the respondents noted. “The EU has exerted a lot of pressure for reform.” “Romania has been colonized by Brussels through extraordinary institutional pressure.” “We received a lot of money and they monitor us; we have to justify that money.” There were very large amounts of money coming from the EU in terms of funding for ISPA, PHARE and SAPARD¹⁴ accession projects. More specifically, between 2000 and 2006 the EU funded approximately 240 million Euros/year for ISPA projects in Romania (infrastructural projects in the environmental and transport fields); 250 million Euros/year for PHARE projects (infrastructure investment); and about 150 million Euros/year for SAPARD projects (rural and agricultural development).

¹⁴ *Instrument for Structural Policies for Pre-Accession (ISPA), Poland and Hungary: Assistance for Restructuring their Economies (PHARE), and Special Accession Programme for Agriculture and Rural Development (SAPARD)* are the three pre-accession instruments financed by the EU to assist the applicant countries of Central and Eastern Europe in their preparations for joining the EU.

EU monitoring forced the government to initiate changes which eventually passed through Parliament. “We have been forced to build institutions and certain people have been supported” (for example, the former Minister of Justice, Monica Macovei). The rules of the game have changed due to external pressure. “Reform is real; it had to be done as part of the *acquis*¹⁵.” “Legislation has changed immensely, not because we necessarily wanted it but because we were required and monitored very closely.” “Without this monitoring nothing would have happened.” “We are at the middle of our journey, and this is a one-way street,” a respondent noted. “This is what makes the accession process most beneficial. We are now much more closely monitored than the former candidate countries that entered with the Big Bang¹⁶.” “A lot of Romania’s problems especially corruption, are better resolved now because of EU pressure.” “A lot of things are changing towards European standards. People feel this change.” “After the 1990s you learned that you can get away with anything. There are huge changes now with the Basescu regime.” The NATO membership and the EU accession process have changed Romania in time and brought it closer to Western values. “EU monitoring provides the checks and balances we need to stay on track.”

4.1.3. Perception of Government Ethics

All the respondents believed that the government is not perceived to be either accountable or ethical. “There is no such thing as responsibility in the government,” one respondent noted. “You don’t see any resignations when they do something wrong.” “They

¹⁵ For a candidate country to be formally admitted in the EU, it must satisfy the entire body of rules and regulations known as the *acquis communautaire* from the first day of membership. In other words, adoption and implementation of the *acquis* are the basis of accession.

¹⁶ On May 1, 2004 the EU enlarged with ten new countries: Poland, Czech Republic, Hungary, Slovenia, Slovakia, Latvia, Lithuania, Estonia, Cyprus and Malta. This is known as *the Big Bang enlargement*.

all point fingers to higher levels in order to justify their lack of ethics.” All the respondents asserted that “there is a huge lack of accountability, and there’s no system of benchmarking” in the Romanian public administration.

Examination of past and current public opinion polls reveals falling trust in the government and the politicians, whereas the Church and the military continue to have credibility in the public eyes. “There is no continuity in politics,” one respondent argued. “It is because political parties don’t have an ideological foundation.” Politicians change their opinions much too often, and people feel that there is a tremendous lack of leadership in the governance process. “Accountability cannot exist in such a system where you can still see local oligarchic structures which are so difficult to break down.” “Regardless of who’s got the power in Bucharest, local structures involve old friends, former classmates, relatives, etc. and their own system to get things done.”

“There is no such concept as the public good,” some observers noted. “Solidarity for example, is a value shared by Romanians only in terms of compassion for the one in need, but nothing else.” “There is no collective action or a sense of community.” The extremely few who think about the public good are “naive” and will not survive the system. They are unpredictable and will be marginalized. It is worth mentioning an anecdote from one of the interviews. In Romania you can obtain many privileges if you are registered as a participant in the 1989 revolution. These privileges include, but are not limited to: complete tax exemptions for many years, free land, free apartment, etc. The mother-in-law of a well-known political figure obtained fake medical documentation and registered as participant to

the revolution. Later, a journalist investigated the scam and brought everything to light. He was assaulted shortly after his article was published.

The respondents argued that public opinion hurts too when it comes to perceptions about government accountability in Romania. “People have prejudices; we assume that all officials are corrupt and the only thing they want is to get their pockets full of money.” It was contended that Romanians are very critical and skeptical of politicians and the public administration, far more critical than other nations. “They [Romanians] have always despised the government and its institutions.” This has a long history in Romania. It was reinforced by the respondents that, for fifty years, the state was their adversary. “The state never worked for us. The state repressed us.” And people have put their hopes in every election but it always came down to a big disappointment. Some of the respondents gave a rationale that was quite intriguing. Corruption is much too “advertised” they said, and the media seems to do more harm in this process. “The only things you see on TV or read in the newspapers are about officials who are highly corrupt and unprofessional.” This would normally be a good thing because it shows that those people are “not untouchable.” However, there were hopes that in time, as awareness would be raised, “corruption advertisement” would decrease, and “there would simply be less focus on corruption scandals.” “Right now, the media has a negative impact on people’s perceptions.” The effect is that the general assumption that all officials are corrupt and self-interested is reinforced in people’s mindsets. The influence seems to be higher in rural areas, where lack

of education and lack of other sources of information lead easily to uninformed judgments based on the negative perceptions induced by the media.

One respondent noted that salaries at the highest level of government are still too “populist”. The argument was that high-ranking officials have salaries which are disproportionate with the values that they administer and with their responsibilities. “These positions are not wanted for the money but for the collateral privileges that come with them.” “One of these is traffic of influence that leads easily to corruption.” “But ordinary citizens are hypocrites; they don’t agree to salary raises for the top levels in government. They say that those people will steal anyway.”

4.1.4. Citizens’ Behavior

Respondents unanimously agreed that citizens too encourage the continuation of corruption. It seems that people cannot step out of this “logic”. “Romanians have trouble with the idea of correctness, which is not the rule of the game.” This logic appears to be a catch twenty-two situation. Citizens know that bribes are expected and they encourage this by acting as if this were natural. “But the main problem is that the system expects it.” That is why “people feel sort of obligated to do this.” For example, in the public health system they know that salaries are low and believe that doctors will not be motivated to provide good care unless they receive *spaga* (*atentie*, bribe). “There is no ethics of the public space in Romania.”

It appears that everybody is to blame. Nobody has the concept of public space in Romania – neither the citizens, nor the local or central public administration. *Spaga* is a

means of getting something done easier, that would normally be more complicated. But a respondent affirmed that “this way we both steal from the state - both the citizen and the civil servant.” This mechanism is not only immoral between the two involved, but also towards the state. However, it seems that being immoral towards the state is a very lax notion in Romania. “To be correct and fair is not a principle in Romania. We are all immoral towards the state.”

“We need sanctions, but they should be well thought so that they will not reinforce a vicious circle,” because on the one hand, Romanians disapprove of bribes but on the other, they invariably use them to solve their own problems. “This way, the public disagreement is purely declarative since you always try to avoid the line and get faster service. This is a vicious circle.” “It’s also about lack of citizenship, poor civic society and lack of education in Romania.” Citizens need signals from the top levels that real change is needed in this area. “Citizens have to be supported when they denounce corruption,” one respondent noted, “He [the citizen] cannot be left fighting alone like Don Quixote.” Citizens need examples from the top levels which induce a positive dynamic. “We need not just corrupt cases to be prosecuted, but clear and repeated messages coming from high-ranking officials that explain what citizenship and civic-ness are.” *Spaga* seems to be thought of as a speed-processing fee. “We give *spaga* because of time pressure; the bureaucratic flow takes too long. You need a paper that would normally require 40 days processing. You need it in a week so you give *spaga*.” It seems that the civil service law should provide for an official speed-processing fee so that can be applied.

It has been reinforced throughout the interviews that that the bribe mechanism stems from a vicious circle. “At the Office for Consumers’ Protection salaries are intentionally kept low because everybody knows they [the employees] live off bribes. It’s a vicious system.” One respondent noted that “the only way to make people ethical is to raise salaries while make punishments [for receiving bribes] much tougher.” But the widespread perception was that what is needed is coercive action, as “experience showed that it doesn’t work any other way.” “Habit is broken only when personal experience and the word of mouth tell you that the old ways don’t work any longer.”

It should be noted that some of the respondents had stronger reactions. “We don’t have any other option. You either don’t get anything done or you give *spaga*.” “You don’t survive without giving and/or receiving bribes in Romania. We are only trying to survive under the circumstances.” “The population is forced to support a bribe-mechanism.”

“The fish rots from the head,” one respondent insisted. “The ones at the top are to blame. The system is to blame. Ordinary people are just mere instruments in all this.” “We can’t accuse the low-levels for being corrupt. We should accuse the ones from the top.” The way the system is now designed lower levels depend entirely on the people at the top. “We need a civil service able to function and maintain its ethics regardless of the politics at the top.” “The ones at the top level need to understand that they represent the public good, that they are followed in their behaviors.” “Romania does not have a model of civic ethos. We should invest in education to change that.”

Nonetheless, some observers argued that Romania is not more corrupt than other countries in Eastern Europe. “Romanians are just less talented in hiding it.” For example, Bulgaria completed all negotiations six months before Romania. “Bulgarians have covered up their problems,” one respondent noted. “In terms of GDP per capita and corruption Bulgarians are doing worse than us. But they say all the time that we are holding them back.” At one point the EU was considering that Romania and Bulgaria should not join together because it would be in Bulgaria’s disadvantage. “Now when we are so close to the finish line, the EU and the entire Europe have acknowledged that Romania is doing much better than Bulgaria. Seats have been reversed now.” “Our problem is that we have an ‘I don’t care’ attitude.” “Bulgarians realized way ahead of time that they have to fight to win a position and status. They focused all their efforts on an open pro-Western government image.”

It is worth mentioning that some of the respondents believed that corruption may not be resolved by reactive measures, like the creation of DNA or imprisonment. “You need to start with the basis, make sure you reform the educational system.” “Corruption is so perfidious that will corrupt even those who try to overthrow it.” “We need young Romanians educated abroad, who truly want reform and will bring a fresh mentality and radical change in this country.”

4.1.5. The Need for Continuous Monitoring

“Romania has started to clean up.” “The anticorruption reforms were undertaken in a de-Stalinization style,” one respondent noted. It was clear from the interviews that the

general impression is that things are now on the right track. However, “you can’t see complete change overnight.” “There needs to be a transition period, unfortunately it lasted too long in Romania. What you see *now* is the actual transition.” “PSD (the social-democratic party) had an ideology of corruption.” The period 1993-1998 was a “jungle” - complete chaos when the biggest illegal fortunes were made. The early years of transition brought no real change.

In 2000 Romania started to clean up. The biggest changes were initiated in 2004. All the respondents stressed that change was the result of EU pressure and monitoring “which brought corruption to the table.” However, there is still a lot to be done. “You still see people in key positions who either have a too close connection with the Communist times.” “EU membership will force Romanians to change their attitudes and behaviors and respect the law – which is not usual for them.”

The EU provided great support for civil service reform in Romania. The decentralization process was the most successful, one respondent noted. But “central public administration still has a long way to go.” “It takes a long time for the message to come through at the central level.” However, observers believed that the effort to reform the Romanian administrative state will most definitely increase the legitimacy of governmental institutions. One respondent noted that Romanians seem to have a more intense perception of the negative changes than the positive ones. For example, for a long time after the revolution many Romanians were experiencing *Communist nostalgia*. They were not able to see the positive changes because they were focusing on the negatives of the early transition

period, which affected them more intensely. This tendency of Romanian people to focus on the negative may affect their perceptions about ethics and accountability in the government.

Nonetheless, it was unanimously accepted that Romania needs outside pressure and monitoring. “Romania needs coercion.” “If formal membership decreases monitoring and coercion then we can’t expect anything good,” and “nothing good will happen in terms of the state *supporting* the citizens.” “Very severe monitoring – that’s what we need to make the positive changes we had irreversible.” “We doubt the change, but change has happened; it is visible,” one respondent noted. “The problem lies in conserving, preserving the externally imposed reform. Once implemented from outside, the country needs to be able to preserve it,” he continued. “To say that we have anticorruption laws doesn’t mean anything if it’s only political discourse. If they mean it, then they should be able to find professionals, experts with integrity who can implement those reforms.”

4.1.6. Depoliticization of the Civil Service

Politicization of the civil service was unanimously cited as the number one obstacle to civil service ethics reform. “Romania does not have a neutral civil service.” “The way that politics has been involved in the public administration was the biggest obstacle to ethics reform.” “Too much political influence,” and “the vested interests of certain individuals and the links they have with people who matter – that is what stopped reform.” Lack of political will came against ethics reform. “Politicians didn’t want reform; they wanted to continue to extract rents by manipulating the public administration.”

The law stipulates that civil servants are apolitical and stay in place regardless of election results. However, a winning party can find ingenious ways to bring their own people in and maintain a political public administration. There were cases in Romania when immediately following elections the winning party would “restructure” state institutions, getting rid of many positions and create new ones. One respondent claimed that “the civil service law doesn’t work in reality. Every time a ministry is restructured they lay off whomever they want. There’s a terribly high turnover and lack of job stability in the civil service.” Another respondent added that “we have the laws, but exceptions to the law seem to work all the time in Romania. The exception to the rule is more of a rule itself.” Depoliticization will resolve the issue of instability of the civil service. At this point in Romania “they are not able to lay off people based on political criteria, but they can find other ways to restructure institutions and discharge certain positions.”

It was argued that ethics reform would bring efficiency in the Romanian civil service, and that this served as another reason to resist change. The high-ranking administrators - the most politicized positions in the civil service, did not want reform either. They feared that they would lose power once efficiency was introduced. “They will not be so decisive anymore – that is why they resisted change.” The same thing is true for the mid-level positions. “The administrative flow will follow fewer steps. Less red tape means that some positions will lose the veto power.”

“We have laws which identify the administrative positions that should be politically neutral. However, there always seem to be ways to make these persons political. There is no

interest to keep apolitical people in the Romanian public administration.” For example, the prefect of Bucharest is a high-ranking public administrator. The civil service law declares this position apolitical and “life-time prefect”. At the same time he is an agent of the central government; more specifically he is the “official central government representative in the territory.” “This says everything,” one responded commented. “At the end of 2005 an open contest should have taken place for the position of prefect of Bucharest. But this didn’t happen. It is the same person that already had that position; she just had to renounce her party affiliation and became ‘apolitical’ overnight.”

4.1.7. The Need for Leadership

Respondents repeatedly mentioned that “anticorruption reforms should start from the top, not the other way around.” “We need the power of example. The ones found guilty of corruption have to be dismissed.” Strong determination at the highest levels is needed in order to win the fight against corruption. “We need to change from declarations and discourse to real things.” “We have good legislation in place. But reform stops at the implementation phase.” The problem is that EU is not in charge of implementing the reforms, and attitudes and behaviors are so hard to change because “transitional Romania *still* needs civil servants with poor qualifications, who are obedient and who can be easily manipulated.” This way, “Romanian public administration is not capable now to complement the political realm with policy making advice.” Respondents believed that the first step needed is political support. “Civil servants work in institutions which have politicians at the top. We don’t need those types of politicians who know nothing about

public management.” “We need leaders.” But “the Romanian media compromised everybody.” Today “leaders” surround themselves with mediocre people; “it is easier to impose that way.” The good ones are “parked” outside politics. “There is a tremendous lack of leadership in the Romanian public administration,” was reiterated.

The question was raised, who will run the public administration then? “We need professional managers who are reformers and have political support.” But “you read in the newspapers every day about corruption scandals involving high-ranking administrators. Of course then, people have a negative perception about everybody.” “Some of them [civil servants] act like they rule the world. They are arrogant and don’t seem to understand that they are getting paid out of our money, and their job is to serve us.” “They didn’t understand that the state serves the citizens and not the other way around.” “We need role models in the Romanian civil service.” Romania needs ethical leaders who consider their duties, consequences of their actions and virtues, in other words - the ethical implications of their managerial function.

4.1.8. Civil Service Pay: Discussion and Implications

“The fact that salaries are poor in the civil service is a myth. Salaries do not represent income,” one respondent noted. There are several financial perks that can be added to a civil servant’s salary: bonus for seniority, bonus for graduate studies, bonus for relocation, etc. “Many times the civil servant’s income is fifteen times higher than his actual salary,” someone else said. “The civil service law has been vastly modified. For example, there are extra bonuses for certain categories of employees. At this point there are civil servants who

have undue advantages,” was another remark. “This is the problem with the system: at the beginning when you get hired you are paid a low salary. But in time your real income [not the one on paper] gets 15-20 times bigger,” they added. Some observers believed that “higher salaries will not bring change in the anticorruption fight; punitive measures will.”

There were about 110,000 civil servants in Romania at the time these interviews were conducted. More than 54,000 of those were working in the central government. There seemed to be large differences between central and local government in terms of salary levels. Because of this, respondents explained, young graduates are not attracted to a career in local government. “The only places that are attractive to young graduates are the Constitutional Court, the Presidency, the Parliament, the central government and the Ministries.” And it is hard to get a job there; “you need connections,” someone noted. “There was no real change regarding recruitment and hiring in the civil service. There is still a lot of nepotism and ‘protectionism’ in this process. It is still the protégées who get hired.”

In conclusion, “the quality of people in public administration is very poor.” And this explains the lack of expertise, which is an obstacle to ethics reform. Moreover, “working in the civil service is not a personal choice in Romania,” someone noted. “It just so happened that you ended up there because of lack of options.” Additionally, once they graduate from college many young candidates know that they stand a better chance on the private sector job market if they work for couple of years in the public sector. But soon enough these people are looking for new jobs and leave those institutions. This creates a high turnover, and adds to the issue of instability of the workforce in the civil service. Romania needs to move from

the legislative act to real implementation of clear-cut rules of recruitment and hiring in the civil service which will “kill once and for all the nepotism, the favoritism, and the political patronage.” “We need open contests for recruitment of top public managers. At this point we are waiting for a ‘natural death’ of the old ways. And the EU will accelerate this ‘natural death’.” “We need to depoliticize the civil service; we need to attract and maintain qualified individuals.”

The current organizational culture hinders ethics reform. “It is characterized by a lack of delegation to lower levels.” Moreover, overstaffing seems to be another big problem. “There are eight people hired to do the job of five. So they waste time and are getting paid lower salaries.” The law requires seven days of training per year. But “the problem is that nobody is interested in learning.” “What you see is two of them who work hard and keep an army of incompetents on their shoulders.” Internal communication is not present in today’s public organizational culture, and there is a tendency to monopolize information. Respondents also noted that the Romanian civil service needs independent work evaluations to form the basis of promotions. Someone argued that “we also need legislation which allows for increased mobility within the civil service.” That would resolve the issue of salary discrepancy. “But there is no interest for that,” one responded continued. “There is a wrong vision at the central level about the lack of trust towards the local entities. They wouldn’t trust the mayor to choose his own organizational structure.” The confusion is increased by the fact that there are no professional job descriptions in the civil service. In the end, it all

adds to the lack of motivation for a career in the civil service in Romania. And this is vastly due to the widespread lack of public ethos.

4.1.9. The Search for Civic-ness

The lack of motivation for a civil service career is mostly because there is no public ethos driving the Romanian civil servant. “People don’t know why they are doing what they are doing. There is no mission, no common goals in the Romanian civil service.” “There are no such concepts as the public good, public interest, public service.” And this relates to the lack of morality of civil servants.

“Personal interest has always been more important than the public interest in Romania.” “We Romanians don’t know how to defend the public interest. The spirit of the community and its values are much harder to defend than personal interest. We don’t know how to promote collective action among countervailing interests,” some respondents noted. Moreover, there is no coalition among NGOs to promote civic attitudes in Romania. “There’s a competition among them. Personal egos come in play and goals are lost out of sight.” That is partly because a lot of the NGOs’ people are political analysts and commentators who are never involved in professional research projects. Moreover, there is no public money spent on NGOs in Romania. “They are all funded with foreign money,” one respondent said, and added that “NGOs are not seen as a national resource.” “There needs to be a partnership between local public administration and NGOs in that the former should support the latter once the EU funding is gone. However, this never happens.”

The respondents pointed again to the long history of un-civic-ness and the state oppressing the people in Romania. Once again, it was contended that Romanians need ethical leadership in order to develop civic attitudes and public interest. They need to see leadership that promotes respect of others, serving others, showing justice and manifesting honesty. This leadership should involve leading by example (“walking the talk”), using core values, treating personnel equally, and having moral character (integrity and honesty). In time, employees would understand the public aspect of their jobs. “At this point in Romania there is no understanding of the fact that even when your work does not involve direct contact with the citizens you still work for the citizens,” one respondent noted. “They need to understand that their work affects peoples’ lives,” he continued.

4.2. Discussion

It took much longer for transition to start in Romania. What was called “transition” in the beginning lacked change because of too much continuity with patterns of power under Communism. Where the Czechs underwent an early and successful post-Communist transition, only now does a similar process seem underway in Romania. Some observers believe that Romania is now finally in a functional cycle of social capital, as outlined in Chapter II.

The EU, with assistance from international organizations, has helped bring corruption to a more prominent place in Romania’s political agenda. Things started to improve in 2000. Even though the Nastase government (2000-2004) produced much of the new legislation required by the *acquis*, the legislation was designed to be nonfunctional. For example,

because of EU pressure political awareness campaigns were aired for the first time on national television. But the government at the time intervened and argued that “EU political advertisement” should be paid for by the EU and not public money. Moreover, the EU was asking for anticorruption laws. The Nastase government produced them but put their people in key positions to “juggle” the system.

Things have changed immensely in the last years though, mostly due to the imminence of EU membership in January 2007. The increased external pressure and continuous severe monitoring provided the leverage Romania needed to finally get on track. It was also due to the new regime (2004-2009) which brought the political will for reform. The problem is that in the end, a country should solve domestic problems like administrative corruption on its own, because it is in its own interest, EU officials noted. “It is up to the domestic authorities to make change happen, and whether the Parliament acknowledges the necessity for change.”

There are now true anticorruption laws in place but they come against certain personal interests and therefore do not have the support they need. “We need widespread support at all levels to make sure that these newly created structures remain functional.” One respondent argued that “many laws and procedures are not thoroughly followed in Romania; an ‘exception’ is found which is then exploited by everybody.” “There are too many instances when the exception to the rule becomes the rule itself,” someone else commented. It was contended that the prosecution and the justice system could work much better, unfortunately these entities have been deeply compromised in Communist times when they

had to apply abusive laws as well as after 1990 when the Iliescu and Nastase governments made them part of their political stage act.

The respondents said that ideally, the number one priority for ethics reform would be to make the public administration apolitical at all levels. But that is hard to do, they admitted, and will take a long time. In the meantime, there are other problems and some of them might even be more pressing. The biggest one seems to be that there is no widely accepted value system that could prevail against demagogic political discourse in Romania. Another problem is the lack of accountability at the highest levels. “We need greater accountability for high-ranking administrators,” respondents say. “We need to clean up the top level; imprison the corrupt cases and alert everybody with the power of example.” For example, the European Commission highly supported the creation of DNA, “but we already had a similar structure. Everybody including the civic society, opposed it because a new structure wasn’t necessary,” one respondent argued. “The government already had the legislation and the institutional structures in place to handle anticorruption.” The issue is not about the presence or absence of an institution, but rather lies in the corruption that exists in these types of institutions. Respondents reinforced the fact that the problem lies in the *individuals* who populate the public area and not the institutional structures per se. They argued that the only way Romanians seem to learn is the hard way: they need punitive measures and frightening anecdotes to force them to change behaviors. However, some observers believed that reactive measures are not ideal at this time. Romania should rather focus on proactive measures like civic education, citizen empowerment, etc.

The accession process was extremely beneficial for Romania due to the intense external pressure and monitoring. It was contended that “we need this external pressure; we shouldn’t be left alone,” because “we are not mature enough to make our own decisions.” “We don’t have a mature civil society,” another respondent noted. Formal membership with less pressure and coercion will have negative implications for Romania. However, the respondents unanimously agreed that “what we really need cannot be imposed from outside. We need better politicians; politicians with experience, professional politicians.” One respondent proposed the introduction of a “wealth threshold” before people can get involved in politics. Intrigued at first, I later realized that there is an old saying in Romania that goes along with a long-ingrained mentality - “every day you look in your neighbor’s backyard and compare what *he* has with what *you* have.” “That’s why politicians should be paid differently,” one respondent argued, “they have vast amounts of money in their sights and they would like a share. It’s human nature in Romania; it’s impossible not to, especially when they feel that they are paid poorly.” The question raised was, how do you define “fair pay” in Romania, when enough is never enough and greed has first place at the table?

To summarize, the purpose of this chapter was to throw light on and provide valuable context for the statistical findings to come. The qualitative analysis indicated that the situation in Romania is a mixed picture.

On the one hand, for sixty years Romanians have been yearning for a “return to Europe” and a similar quality of life. Listening to the respondents I could not stop thinking about the perverse consequences of the Communist social engineering and how much

suffering Romanians have endured. It is most distressing to observe Communist legacies time and time again, rooted in modern mentalities. Somerset Maugham said that “it is not true that suffering ennobles the character; happiness does that sometimes, but suffering, for the most part, makes men petty and vindictive.” (*The Moon and Sixpence*, 1919) It will take time to end materialistic obsessions in Romania and for civic mindedness to develop in the people. Nonetheless, some observers noted that mentalities change along with positive changes in the society. “It isn’t the people who need to change, but the environment they live in,” one respondent said. “Take for example an American living in Bucharest. In three years he will become just like everybody else - corrupt and ‘uncivilized’. Now take a Romanian to the US, and in three years he will be ‘civilized’.”

On the other hand, it is clear that Romania has come a long way over the last decade. All the respondents asserted that there is a tremendous jump between 1989 and Romania today, and progress should be appreciated. “Romanians have *always* been leashed! [by Turks, Hungarians, Russians, etc.] Romania has room to develop now, to grow. It will come to a big surprise what this country will be capable of ten years from now!”

CHAPTER V: PRELIMINARY EVIDENCE

The purpose of this chapter is to gather preliminary evidence of relationships in the data. The chapter is organized in two main parts. The first part describes elected officials’ and civil servants’ survey results. The second part consists of bivariate analyses and discussion of the correlates of perceived corruption.

5.1. Diagnostic Surveys of Corruption

5.1.1. Elected Officials’ Data

The survey results show that corruption is perceived to be widespread. Two-thirds of the elected officials believe that corruption is widespread in the civil service (96.4 percent response rate, Table 5-1).

Table 5-1: Perceptions of corruption in the civil service (Elected Officials)

corruption is widespread in PA?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	no	77	30.4	31.6	31.6
	yes	167	66.0	68.4	100.0
	Total	244	96.4	100.0	
Missing	NA	9	3.6		
Total		253	100.0		

The sample consisted of 253 elected officials of which 93.7 percent were males and 43.1 percent had a college degree. Only about 50 percent of them believe that the Romanian public administration is undergoing comprehensive reform and changes meet their expectations. However, to a more general question – “Is reform headed in the right direction?” elected officials’ responses seemed more optimistic; eighty-five percent said “yes”. Close to half of the respondents report having in place mechanisms of monitoring the

reform process at their institutions. Three-quarters of them believe that the decentralization process is transparent. Only twenty-seven percent are satisfied with the current centralized form of management of the civil service.

Regarding possible causes of corruption, elected officials blame civil service pay the least, with only 4 percent of respondents believing that it is a significant force of corruption. About a quarter of them have the opinion that the legal framework has a significant influence on corruption levels in the Romanian public administration. About 30 percent believe that economic and political pressure are significant responsible forces, and about 40 percent report civil servants' lack of morality and citizens' behavior as significant contributors to corruption.

5.1.2. Civil Servants' Data

The civil servants' survey results indicate much lower levels of perceived corruption. Only a third of the respondents feel that corruption is widespread in the civil service (97.7 percent response rate, Table 5-2). It seems that elected officials perceive twice as much corruption than civil servants. I will discuss briefly possible rationales for this.

Table 5-2: Perceptions of corruption in the civil service (Civil Servants)

corruption is very widespread among civil servants					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly agree	46	4.6	4.7	4.7
	agree	290	29.2	29.9	34.6
	disagree	437	44.0	45.1	79.7
	strongly disagree	197	19.8	20.3	100.0
	Total	970	97.7	100.0	
Missing	NA	23	2.3		
Total		993	100.0		

First, previous studies showed that many people believe that corruption in the government sector has achieved a state of normalcy in Romania (World Bank, 2001). Civil servants may feel that they cannot change the system. This tends to level moral standards down, reducing the moral costs of corruption, and they eventually assimilate into the system. Once there, they will not necessarily view corrupt dealings as “right”, but as inevitable and beyond any individual to change. The aura of inevitability justifies corruption as natural - the way things are done. Becoming a part of the system of inevitability, civil servants may carry misleading perceptions about the extent of corruption. Dysfunctional social capital may thus reach a “negative” type of equilibrium in the cycle.

Second, civil servants are hired employees and this might lead to a lower probability of honest responses. It is quite possible that elected officials are more apt to represent opinion leaders than civil servants. People who are more responsible to public opinion (accountable to their constituencies) are more representative of the dominant view.

Finally, civil servants may not possess a clear understanding of what constitutes corrupt behavior. Following the public-interest-centered approach of corruption we use in this study, perceiving corruption is basically the public officials’ capacity to recognize certain governing ethical norms. Perceptions therefore represent a subjective measurement of their attitudes. The Romanian civil servant might view the “innocent” gift-giving for better service or to avoid delay as unethical (though “excused” in his mind), but not as engagement in corrupt behavior. Internalized moral feelings of guilt eventually decrease as the number of such practices increases in the work setting. Romanian public administration

might experience a “culture of corruption” as most civil servants base their perceptions of corruption not so much on formal-legal rules as on a range of standards learned in everyday life.

Continuing with the civil servants’ diagnostic of corruption, the sample consisted of 993 respondents of which 30 percent were males. In terms of education, fifty-four percent had a university degree and 4 percent had a graduate degree. Sixteen percent of the civil servants held a management position. A quarter of the respondents believes that it is important to express gratitude in form of gifts or money in the hiring process at local government institutions, and fifty-five percent have the opinion that political factors influence the hiring decisions in their institution.

Sixty percent of the civil servants had training, and eighty-five percent of them were satisfied with the criteria used for the annual evaluations. Only about thirty percent are satisfied with the process of awarding financial bonuses for work performance in their institution. Security of employment does not seem to be an issue in the Romanian civil service, with 87 percent of the respondents feeling satisfied with the job security. Eighty percent of them are dissatisfied with their salaries, and forty-seven percent are dissatisfied with the promotion opportunities. More than a quarter does not feel that they receive any praise when praise is due, and almost a third does not feel that their opinion matters for the institution at all.

Responses to questions about the level of corruption in the country indicate that only 3 percent of the civil servants believe that there is no corruption or corruption exists only at

the low levels. A third of the respondents have the opinion that corruption exists at the highest levels, while sixty-two percent believe that corruption is pervasive at all levels (see Figure 5-1).

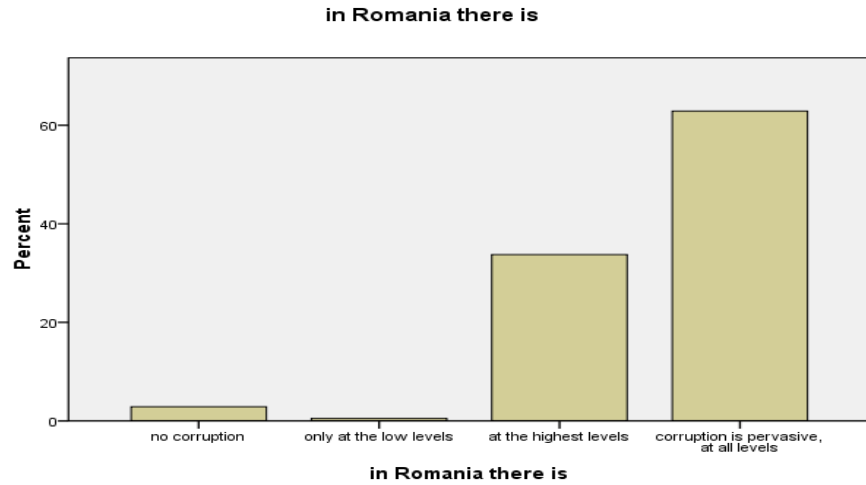


Figure 5-1: Perceptions of the level of corruption in the country (Civil Servants)

Three-quarters of the civil servants have the opinion that the government has not done much to fight corruption in Romania (see Figure 5-2).

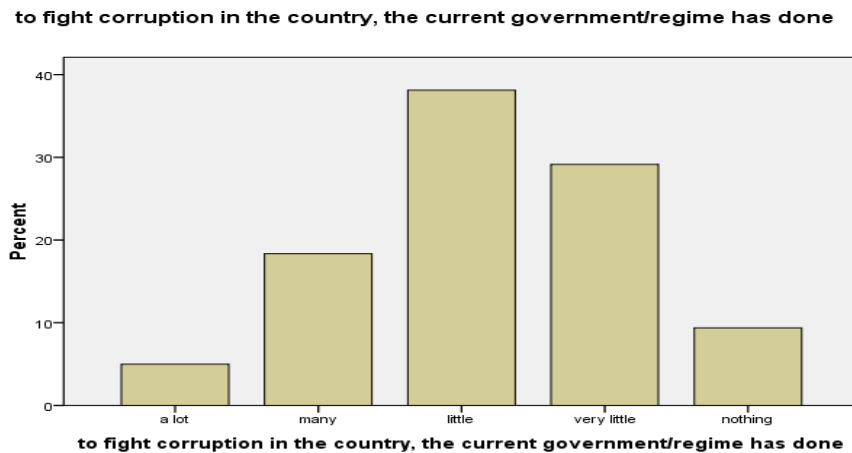


Figure 5-2: Perceptions of the government involvement in the fight against corruption (Civil Servants)

The anticorruption measures were generally bad (48.5 percent). Only 47 percent of them are satisfied with the outcomes of the government reform of recruitment, hiring, management and training in the civil service (see Figure 5-3). Thirty-six percent are satisfied with the government reform to decrease corruption and increase transparency in the civil service (see Figure 5-5), while only 8 percent of them are happy with the outcomes of the civil service pay reform (see Figure 5-4).

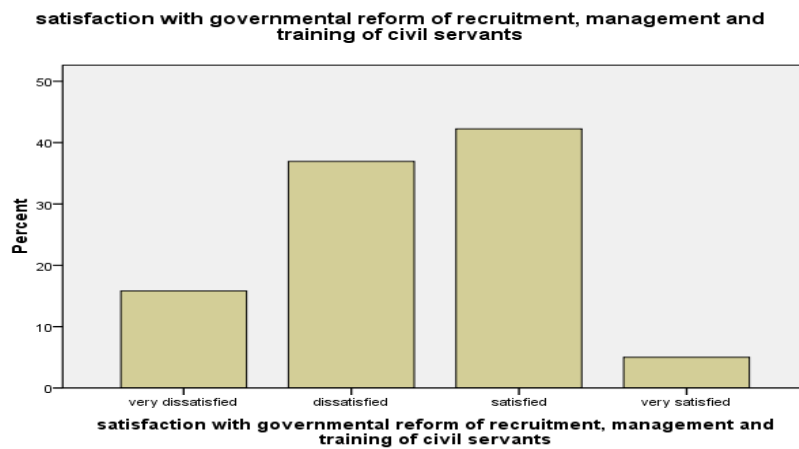


Figure 5-3: Satisfaction with government reform of recruitment, hiring, management and training in the civil service (Civil Servants)

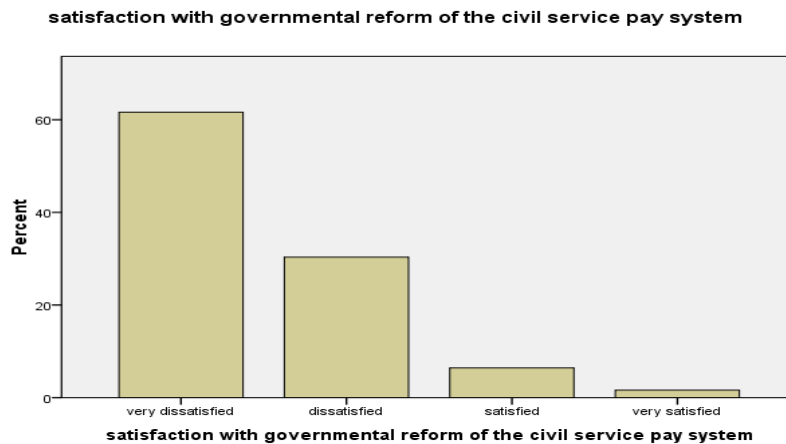


Figure 5-4: Satisfaction with the civil service pay system reform (Civil Servants)

Finally, seventy-seven percent of the respondents believe that the poor (official) pay is the biggest obstacle for civil service ethics. Twenty-seven percent of them believe that citizens' behavior is the biggest obstacle, and twenty percent have the opinion that it is the lack of a clear mission. Following the responses to more sensitive questions we see that seventeen percent of them see the civil servants' poor qualifications as the biggest obstacle to ethics, 9.3 percent believe it is employees' lack of morality, and 7 percent believe that it is lack of leadership support in making ethical considerations the core values of the Romanian civil service.

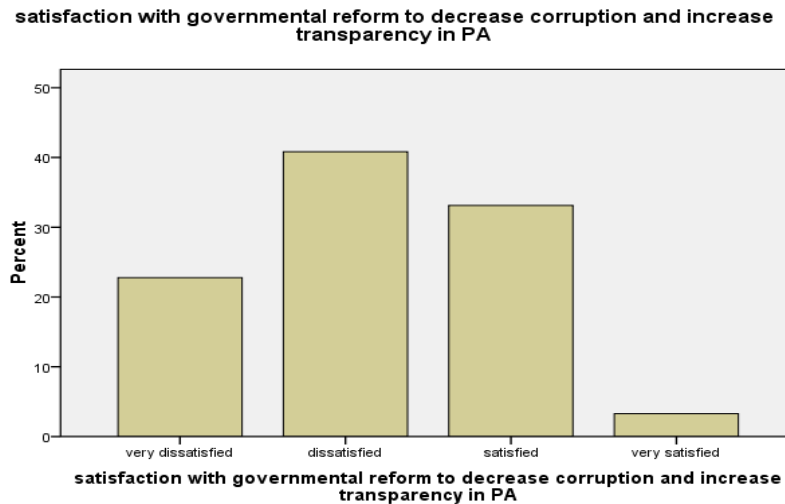


Figure 5-5: Satisfaction with government reform to decrease corruption and increase transparency in the civil service (Civil Servants)

5.2. Bivariate Analysis

5.2.1. Elected Officials' Data

The only variable that is significantly¹⁷ related to perceptions of corruption in the original data is perceptions based on civil servants' lack of morality (Pearson correlation=.171, p=.033). Perceptions regarding citizens' behavior as a corruption factor come close to being related to levels of perceived corruption (p=.064). Whether elected officials think that the current centralized form of management of the civil service is good has p=.051. Their education does not seem to make a difference in their perceptions of corruption, while gender comes close with p=.073.

Conclusions based on the imputed dataset (discussed in Chapter III) differed from those based on the original dataset. First, elected officials' opinions about the centralized form of management of the civil service emerged as significantly related to perceived corruption, using imputed data (Pearson correlation=.129, p=.04)¹⁸. Second, gender came even closer to being significant but did not quite make the threshold (p=.055). Finally, perceptions regarding all six possible forces of corruption were significantly related to elected officials' perceptions of corruption. Perceptions based on civil servants' lack of morality as a corruption factor were significant in the original dataset and continued to have

¹⁷ Random sampling is assumed for significance testing. The civil servants' sample was multistage stratified random. It is unclear whether the elected officials' sample was random. This study reports significance levels for both datasets to follow social science convention, but coefficients do not have the same meaning as they would were the elected officials' sample random.

¹⁸ Conclusions differed for imputed data, and one rationale for this is that the original elected officials' dataset may have been biased by a large number of non-random missing values. However, it should be noted that the imputed dataset is a "what-if" hypothetical dataset which relies on estimation, which is imperfect and itself may present biases, though it is a "best guess" attempt to present what choices respondents are likely to have made, given their responses on other items (Garson, 2008).

the highest correlation coefficient with perceptions of corruption in the imputed dataset indicating a strong relationship at .496. They were followed by moderate correlations of perceptions regarding political pressure (Pearson correlation=.367), citizens' behavior (Pearson correlation=.362), the legal framework (correlation=.330), and civil service pay (correlation=.318). I observed a significant but rather weak relationship for perceptions based on pressure from the economic environment (correlation coefficient=.268).

5.2.2. Civil Servants' Data

Civil servants' perceptions about the extent of conflict of interest in the Romanian public administration show the strongest correlation with their perceptions of corruption¹⁹. The Pearson correlation of .714, $p=.000$ suggests that this is rather an alternative to the dependent variable than a predictor itself. It appears that Romanian civil servants view administrative corruption and conflict of interests as one and the same thing. This way they adopt a narrow definition of corruption which leaves room for interpretation (i.e. what exactly constitutes conflict of interests?), and excludes many of the things associated with a more legalistic understanding of corruption.

Civil servants' gender does not make a difference in their perceptions of corruption; neither does their hierarchical position (management vs. non-management). Their education (Pearson correlation=.117, $p=.000$), age (Pearson correlation=-.142, $p=.000$) and length of service to profession (correlation=-.109, $p=.001$) are all related to their perception of corruption. The signs of the coefficients follow expectations: the more educated the civil

¹⁹ I found no significant difference between original and imputed values for these data.

servants, the more corruption they perceive. The older they are and the longer they have worked in the civil service, the less corruption they perceive. One rationale may be that the older the civil servants are, the higher the probability that they have been absorbed into the system and have consequently had their perceptions of corruption altered.

Table 5-3 reports the significant correlates of corruption in descending order of magnitude of the Pearson coefficient. The signs of the coefficients follow expectations except civil servants' satisfaction with criteria used for annual evaluations. It appears that the more satisfied they are, the more corruption they perceive. This is an intriguing finding and it tells us that the ones that perceive the most corruption are the ones who are actually satisfied with the evaluations they receive.

The strongest correlate in Table 5-3 is the perceived level of corruption in the country. This item should not be confused with the dependent variable perceived corruption in the civil service. While the latter represents administrative corruption, the former refers to perceptions of the commonness of corrupt behaviors in Romania and additionally includes political or high-level corruption and private sector corruption²⁰. This variable is an indirect factor of corruption and it supports the dysfunctional social capital approach introduced at the beginning of this study. Respondents may view dishonest behavior in the civil service as intimately linked to the culture of corruption that exists in Romania. The gravity of this association rests in the fact that these perceptions affect generalized trust, i.e. trust in other people, and may likely turn into dysfunctional social attitudes in the long run. The more

²⁰ Similar variables have been used in previous research. For example, Tavits (2005) used public officials' perceptions of how widespread corrupt behavior is in Estonia as a measure of imitation in order to test social learning theory aspects in explaining corruption.

Table 5-3: Bivariate correlations with perceptions of corruption significant at .01 level (Civil Servants)

	Pearson correlation
Perceived level of corruption in the country	.403
Satisfaction with government reform to decrease corruption and increase transparency in the civil service	-.338
Perceptions that political factors influence hiring decisions in their institution	.333
Satisfaction with criteria used for awarding financial bonuses	-.306
Perceptions about the importance of gratitude expressed as gifts or money in the hiring process in local government	.282
Satisfaction with government anticorruption measures (general)	-.270
Satisfaction with government reform of recruitment, hiring, management and training in the civil service	-.235
Perceptions that their opinion matters in the institution	-.233
Satisfaction with promotion opportunities	-.222
Satisfaction with evaluation criteria	.200
Perceptions of government involvement in the fight against corruption in the country (general)	-.190
Satisfaction with government reform of the civil service pay system	-.176
Perceptions about the praise system	-.163
Satisfaction with salary	-.155

widespread the corrupt behavior is perceived to be the more acceptable it becomes, and the greater the likelihood of imitating it. The higher the civil servants' satisfaction with the government's efforts to decrease corruption and increase transparency in the civil service, the less widespread corruption they perceive. This is yet another ingredient for a vicious circle that supports dysfunctional social capital in Romania. When civil servants do not feel that the Government is taking effective steps to fight corruption, they become mistrustful of

government and cynical about their own capacities to act on public goods and purposes. This diminishes the horizons of collective actions.

Moving on Table 5-3, we see significant but moderate correlates of corruption. Besides cultural conditions that exist in Romania (showing gratitude in form of gifts or money), and perceived political pressure (politicized hiring process), civil servants' perceptions direct our attention to some institutional (internal) factors of corruption. Meritocratic promotion, the bonus system, evaluation criteria, the praise system, employee initiative and empowerment come before civil servants' salary satisfaction which is the weakest correlate of corruption (-.155).

In conclusion, preliminary evidence of the relationships in the data indicate that some of the conditions that exist in Romania and are likely to support dysfunctional social capital explain more variance in perceptions of corruption than (poor) civil service pay. Elected officials' perceptions direct our attention to civil servants' lack of morality. One should interpret results obtained with imputed values with care since correlations may have been inflated. Additionally, the probability of honest responses may have been lower in the civil servants' survey while elected officials were more likely to be candid in their external assessments. Either way, civil servants' lack of morality remains an interesting issue following from both original and imputed elected officials' data.

One possible rationale may be that un-civic mentality is a natural, though highly undesirable, consequence of the conditions that exist in Romania and support dysfunctional social capital. These are the very conditions that civil servants recognize as the most

important factors of corruption in the civil service: (1) widespread corruption in the country that has attained a state of normalcy; (2) government seems unwilling to fight corruption in the civil service and increase the transparency of the administrative process; (3) a non-meritocratic and politicized hiring process, and so forth. A vicious circle is thus reinforced, making corruption a systemic rather than individual problem. As Gerald E. Caiden and Naomi J. Caiden argued,

“Systemic corruption [is] a situation where wrong-doing has become the norm, and the standard accepted behavior necessary to accomplish organizational goals according to notions of public responsibility and trust has become the exceptions not the rule. ... Deviant conduct is so institutionalized that no individual can be personally faulted organizationally (not morally) for participating, and dysfunction is actually protected.”²¹

²¹ Gerald E. Caiden and Naomi J. Caiden, “Administrative Corruption”, *Public Administration Review*, Vol. 37, No. 3 (May-June 1977), pp 306.

CHAPTER VI: QUANTITATIVE FINDINGS

This chapter reports the findings of the multivariate analyses employed in this dissertation. The chapter is organized in two main parts, corresponding to the quantitative data sources used in this investigation: elected officials' and civil servants' data. Chapter VII addresses specific hypotheses and corresponding empirical conclusions, and contains a more in depth discussion of the implications of the findings.

6.1. Elected Officials' Data

The purpose of this section is to uncover the primary correlates for elected officials' perceptions of corruption. Several other questions will be examined also. First, whether elected officials' opinion about the ongoing civil service reform explains variance in their perceptions of corruption is investigated. Three measures will be used to address this question. A scale was developed from two survey items: (1) "Romanian public administration is undergoing a comprehensive reform process."; and (2) "Changes brought by reform meet your expectations."²² Another survey question will be used, i.e. whether respondents thought that public administration reform was headed in the right direction. The moderate correlation with the previously developed scale ($r = .326^{**}$) suggests that data are not redundant.

A second question addresses the decentralization process. Decentralization has been the primary goal of Romanian public administration reform (Profiroiu et al., 2005; Ghinea

²² Pearson correlation was $.674^{**}$ and Cronbach's Alpha was $.805$ suggesting that a reliable scale could be constructed.

and Moraru, 2002). Whether elected officials' perceptions about the transparency of the decentralization process explain variation in their perceptions of corruption is investigated.

A third question examines whether having institutional programs in place that monitor reform explains variation in elected officials' perceptions of corruption. It is expected that ongoing monitoring will lead to lower levels of perceived corruption, assuming that (i) corruption breeds from the implementation phase of the reform, and (ii) benevolent principals or honest agents are in charge of monitoring implementation of reform.

Management of the civil service in Romania will be examined also. The National Agency of Civil Servants (ANFP) is a specialized body of the central public administration responsible with management of the civil service in Romania. Whether elected officials' opinions about the current form of management explain variance in their perceptions of corruption is investigated.

The remainder of this section is organized in two parts. The first part uses logistic regression to tackle the research questions posited for these data. The second part employs path analysis with SEM software to provide insight into elected officials' perceptions of and linkages between forces of corruption and corruption in the civil service. Discussion of the implications of the findings will be dealt with more fully in Chapter VII.

6.1.1. Logistic Regression

This analysis employed logistic regression (discussed in Chapter III) and a model trimming approach where parameters that were not significant based on individual levels of

the Wald tests²³ have been sequentially dropped from the model (see Table 6-1). Table 6-2 contains significance tests and measures of effect size obtained from subsequent runs. The Cox-Snell R-squared and Nagelkerke R-squared are attempts to provide a logistic analogy to R-squared from OLS regression. They are not goodness of fit tests but rather approximations to R-squared, and measure the strength of the relationships in the data. Therefore they should not be interpreted as the actual percent of variance explained. The Hosmer and Lemeshow test is the recommended test for overall fit of a logistic regression model (Garson, 2008). A finding of non-significance corresponds to the researcher concluding that the model adequately fits the data (Garson, 2008). The overall percent of correct estimates predicted by the model is reported in order to assess the predictive power of the regression equation. However, this value should not be used as a goodness of fit measure because it ignores actual predicted probabilities and instead uses dichotomized predictions based on a cutoff (usually .5) (Garson, 2008). Nonetheless, comparing these numbers (Table 6-2) to the percent of correct estimates predicted by the baseline or intercept-only model which was 69.2 percent correct of blind estimates, suggests that elected officials' perceptions of corruption *can be differentiated* on the basis of the parameters included in the model.

Model 1 includes all the initial parameters as described in Table 6-1. It is a well fitted model overall ($p=.871$). Elected officials' perceptions based on political pressure (*politics*), economic pressure (*economics*), civil servants' lack of morality (*civil servants*) and citizens' behavior (*citizens*) significantly explain variation in their perceptions of corruption.

²³ If the Wald statistic is significant at the .05 level then the parameter is significant in the model.

Opinions about the current centralized form of management of the civil service (*centralized*) are significant too. However, the significance levels of the Wald tests suggest that some of the parameters are not significant and should be dropped from the model. Perceptions regarding civil service pay (*pay*) and the legal framework (*laws*) as forces of corruption are not significant, even though the correlations were significant in the bivariate analysis from Chapter V. That is because logistic coefficients are partial coefficients, controlling for other variables in the model, whereas correlation coefficients are uncontrolled. In order to make certain global statements about the significance of an independent variable, both the correlation and the parameter estimate should be significant (Garson, 2008).

Table 6-1: Significance tests of Wald statistics for individual parameters (Elected Officials)

<i>Variable name</i>	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>
reform1	.867		
reform2	.270		
transparent	.739		
monitor	.574		
centralized	.000	.001	.001
economics	.006	.179	
politics	.005	.003	.004
laws	.165		
pay	.995		
civil servants	.000	.000	.000
citizens	.002	.001	.001
education	.590		
gender	.998		

where: **reform1** → the Romanian public administration is undergoing a comprehensive reform which brings changes that meet my expectations; **reform2** → the public administration reform is headed in the right direction; **transparent** → the decentralization process is transparent; **monitor** → monitoring of reform exists in my institution; **centralized** → satisfaction with current centralized form of management of the civil service; **economics** → economic pressure causes corruption in the civil service; **politics** → political pressure causes corruption in the civil service; **laws** → the legal framework causes corruption in the civil service; **pay** → the civil service pay causes corruption in the civil service; **civil servants** → civil servants' lack of morality causes corruption in the civil service; **citizens** → citizens' behavior causes corruption in the civil service.

Whether elected officials believe that the Romanian public administration is undergoing comprehensive reform (*reform1*) and that reform is headed in the right direction (*reform2*) does not explain differing perceptions of corruption (Table 6-1). Monitoring in place (*monitor*) is not a significant parameter either. Furthermore, whether elected officials believe that decentralization process is transparent (*transparent*) does not explain variance in perceptions of corruption. Finally, neither elected officials' gender nor their education explains variation in their perceptions.

Model 2 drops the non-significant parameters from the first run. The model is a good fit for the data ($p=.551$). However, a closer look at Table 6-1 suggests that perceptions based on economic pressure as a corruption factor should be dropped based on the Wald test. The final model, Model 3 is the best model. It is a good fit for the data and it has decent explanatory power (59.2% approximation to R-squared). All the parameters included in this model are significant (see Table 6-1). Table 6-3 contains the logit coefficients and odds ratios for this final model (Model 3). Logistic or logit coefficients (labeled "B") correspond to the b (regression) coefficients from OLS regression. Odds ratios (labeled "Exp(B)") for an independent variable represent the factor by which the odds of the event change for a one-unit change in the independent variable.

Table 6-2: Overall tests of significance and measures of effect size (Elected Officials)

	Cox-Snell R²	Nagelkerke R²	Hosmer and Lemeshow test p-value	Overall percent correct predicted
<i>Model 1</i>	.550	.776	.871	89.6
<i>Model 2</i>	.424	.598	.551	82.4
<i>Model 3</i>	.420	.592	1.000	82.8

Elected officials’ opinions about the current centralized form of management of the civil service (*centralized*) have a positive logistic coefficient as expected. Since this variable is a dichotomy and was introduced as a simple variable - as opposed to categorical, the prediction will take into account the higher category, i.e. “unsatisfied with the current form of management”. Interpretation of the column Exp (B) from Table 6-3 indicates that the odds an elected official who thinks that the current centralized form of management of the civil service is “bad” perceives corruption as widespread in the civil service are around five times the odds of one who thinks management is “good”.

Moving on Table 6-3, findings indicate that each additional increase in elected officials’ perceptions that the lack of morality of civil servants causes corruption (*civil servants*) increases the odds of perceiving widespread corruption by a factor of about forty-nine, controlling for the other parameters in the model. The sign of the logit coefficient is positive, indicating that the more the elected officials believe that it is the civil servants’ lack of morality that causes corruption, the more widespread corruption they perceive.

Table 6-3: Logit coefficients and odds ratios (Elected Officials)

	B	Exp(B)
Centralized	1.580	4.856
Politics	1.440	4.222
Civil servants	3.908	49.811
Citizens	1.159	3.186

More specifically, what is this perceived “lack of morality”? Possible meanings are provided next, to address the perceived un-civic-ness of Romanian civil servants. To begin with, it is very likely that many of the civil servants do not view the acceptance of small

atentii (cultural term for bribe, otherwise called *spaga* in Romanian slang) as dishonest, but rather quite acceptable behavior - *atentii* are simply given according to tradition or to express appreciation. Nonetheless, it is clear that these *atentii* often have the characteristics of bribes (preferential treatment is sought). World Bank survey questions showed that many offers of gifts to civil servants are viewed as traditional or merely expressions of gratitude in Romania (World Bank, 2001). While the Civil Service Law prohibits civil servants from accepting gifts (article 46), such a blanket prohibition is likely to be resisted by those who believe it interferes with tradition. For example, a sector that touches nearly all Romanians is the public health sector. Forty-seven percent of Romanian households said that corruption is widespread in this sector and that the use of unofficial payments is common. More specifically, *atentie* was paid by 2 out of 3 respondents that had visits to the public hospitals and between 32 and 57 percent who had visited other types of public medical facilities (World Bank, 2001). When asked the reasons for unofficial payments, 21 percent said it is done out of tradition, and 11 percent reported that unofficial payments are made to express gratitude. It is interesting to mention that Romanian permissiveness when it comes to *atentii* is not unique, neither easy to explain by lack of education. A study of perceptions of corruption in Mexico had quite perplexing findings. The study showed that the most educated people from upper strata put more emphasis on culture when they were asked to explain *mordidas* (Mexico's term for *atentii*) than those with the least education, who chose weak state supervision and "necessity" as the primary causes (Bailey and Paras, 2006).

Furthermore, we should consider the cultural and habitual reasons for societal stances toward certain behaviors in Romania that may not be considered normalcy in other cultures. More specifically, when people live under a certain regime for many decades they continue their views related to bribing even after the regime's breakdown (Burduja, 2006). From this perspective Romania has a long history of legacies. The Ottoman Empire maintained sovereignty over Moldavia and Walachia - provinces that comprise roughly two thirds of Romania's territory, for several centuries until 1877. They popularized corrupt practices like bribing the civil servants (Burduja, 2006). This was most severe in the 19th century, when the extreme corruption of Ottoman-appointed rulers led to popular uprisings in Romania. More importantly, the forty-three years of Communist dictatorship (1946-1989) created certain norms for treatment of the civil servants (in Burduja, 2006). During the Communist period and especially the Ceausescu era (1965-1989), corruption became endemic in the Romanian society. At the top level, the dictator practiced "sultanism" or "dynastic Communism" by appointing close friends and relatives to powerful public office positions. These exclusivist elites had a privileged status in society, as did other members of *nomenklatura*. During the 1980s' chronic shortages many ordinary people were trying to win the favor of these elites so they can subsist. Corruption and bribery became deeply rooted in society and an everyday affair at all levels, from grocery store clerks to top party officials (in Burduja, 2006).

However, tradition and Communist legacies are not the only reason why nowadays, Romanian civil servants engage in dishonest behavior. Going back to Table 6-3, results

indicate that each additional increase in elected officials' perceptions that political pressure causes corruption (*politics*) increases the odds of perceiving widespread corruption by a factor of about 4.2. The sign of the logit coefficient is positive as expected, indicating that the more the elected officials believe that political pressure causes corruption, the more widespread corruption in the civil service they perceive. Many transitions experience rampant political instability. Moreover, the political environment in Romania has often been suspected of politicization of the administrative act (Moraru et al., 2003). Our findings seem to reinforce that fact that insulation of the civil service from political changes is highly recommended in Romania. However, insulation without accountability and practices that limit cronyism might have the opposite effect (World Bank, 2001).

Another significant parameter in the model is represented by perceptions based on citizens' behavior as a corruption factor (see Table 6-3, *citizens*). Each additional increase in the belief that citizens' behavior is a corruption factor increases the odds that elected officials perceive widespread administrative corruption by a factor of about three. This seems to suggest that lagging public opinion encourages the continuation of corruption. Lack of civic attitudes on the citizens' side and not only on the part of civil servants, may be the reason why the public insists bribes are necessary and treats civil servants as if they were all corrupt.

In conclusion, findings of this analysis advocate for a politically neutral civil service and decentralization of management of the civil service in Romania. Furthermore, great importance should be given to educating civic attitudes in Romanian civil servants and citizens as well. Education is linked to socialization by means of exposure to social models.

Unfortunately, this type of education may be problematic in Romania because of the many unethical social models produced by the transition years. The well-off people in present-day Romania accumulated vast wealth in difficult times of social disorganization. These “models” may encourage corrupt behaviors in a frustrated populace. Finally, findings suggest that remuneration is not a major factor in ethical behavior. Rather, effective implementation of merit-based employment practices would likely raise the quality and integrity of civil servants.

6.1.2. Path Analysis

The purpose of this section is to model elected officials’ perceptions of and linkages between forces of corruption and corruption using path analysis with SEM software. The building of alternative models followed suggestions derived from the literature and described in Chapter III. A model development approach was used whereby models have been perfected using SEM techniques such as significance of path coefficients and modification indexes. This process combined exploratory and confirmatory purposes and resulted in six alternative models that were supported by, and provided a good fit for the data. Table 6-4 reports the results obtained from the analysis.

Several measures are reported in Table 6-4 and discussed next. The likelihood ratio chi-square test (CMIN) also called the model chi-square test assesses the overall fit of the model and is the most common fit test (Garson, 2008). A finding of non-significance corresponds to an adequate model - one whose model-implied covariance matrix does not differ from the observed covariance matrix. Therefore, the significance level of the model

Table 6-4: Results from alternative models

	<i>Path specification</i>	<i>CMIN/p-value</i>	<i>NFI</i>	<i>RMSEA</i>	<i>AIC</i>	<i>PNFI</i>
<i>Scheme 1</i>	E → P P → L					
Model 1a	Pay → Citizens Civil servants → Citizens	CMIN = 27.615 p-value = .378	.948	.016	85.615	.547
Model 1b	Citizens → Civil servants	CMIN = 28.000 p-value = .411	.947	.012	84.000	.568
Model 1c	Civil servants → Citizens	CMIN = 27.236 p-value = .397	.948	.014	85.236	.548
<i>Scheme 2</i>	P → L P → E					
Model 2a	Pay → Citizens Civil servants → Citizens	CMIN = 27.810 p-value = .421	.947	.011	83.810	.568
Model 2b	Citizens → Civil servants	CMIN = 28.196 p-value = .454	.946	.005	82.196	.589
Model 2c	Civil servants → Citizens	CMIN = 27.431 p-value = .441	.948	.008	83.431	.569

where: E = economic pressure; P = political pressure; L = legal framework.

chi-square should be higher than .05 to in order to fail to reject the null hypothesis that the model fits the data. The normed fit index (NFI) reflects the proportion by which the proposed model improves fit compared to the null model. By convention, NFI values above .95 are good, between .90 and .95 acceptable, and below .90 indicate a need to re-specify the model (Garson, 2008). Root mean square error of approximation (RMSEA) is a popular measure of fit that is less affected by sample size. By convention there is good model fit if RMSEA is less than or equal to .05 (Garson, 2008). The Akaike Information Criterion (AIC) adjusts model chi-square to penalize for model complexity. AIC is commonly used to compare models and the lower AIC reflects the better-fitting model (Garson, 2008). The parsimony normed fit index (PNFI) is a goodness-of-fit measure which rewards parsimonious models, i.e. models with relatively few parameters to estimate in relation to the

number of variables and relationships in the model. By arbitrary convention, PNFI > .60 indicates good parsimonious fit though some authors use > .50 (Garson, 2008). Used when comparing models, the model with the higher PNFI is the better model (Garson, 2008).

A closer look at Table 6-4 indicates that, although all six models are similar in fit, Model 2b is the best fitting model. It has the lowest AIC (82.196). It also has the highest PNFI (.589) which shows that this is the better model even after penalizing for parsimony. Model 2b corresponds to the *pursuit of wealth through power* scenario discussed in Chapter III, where perceived political pressure affects the other four out of five causes of corruption directly. This suggests that elected officials think of political pressure as the root cause of administrative corruption in Romania. Even though it will not show the largest influence on perceived corruption itself (see Table 6-6, perceived political pressure comes second in terms of standardized total effects on perceptions of corruption, after perceived civil servants' lack of morality), political pressure stands out as the only *exogenous* perceived cause of corruption in elected officials' minds (see Figure 6-1, Table 6-5).

Due to the extreme data split²⁴ in *gender* it was advisable to run the model again having dropped this variable. Figure 6-1 depicts the final path model (without *gender*). For clarity purposes the disturbance terms associated with the endogenous variables (also called structural error terms) are not included in the diagram. All the paths in this model represent *positive* influences, except (1) the one between respondent's education and his perception of civil service pay as a corruption factor, and (2) the one between opinions about management

²⁴ The sample consisted of 245 male- and 8 female-elected officials, much above the maximum 90:10 ratio required for valid statistical inferences.

of the civil service and perceptions of citizens' behavior as a corruption factor, which represent negative influences in the model.

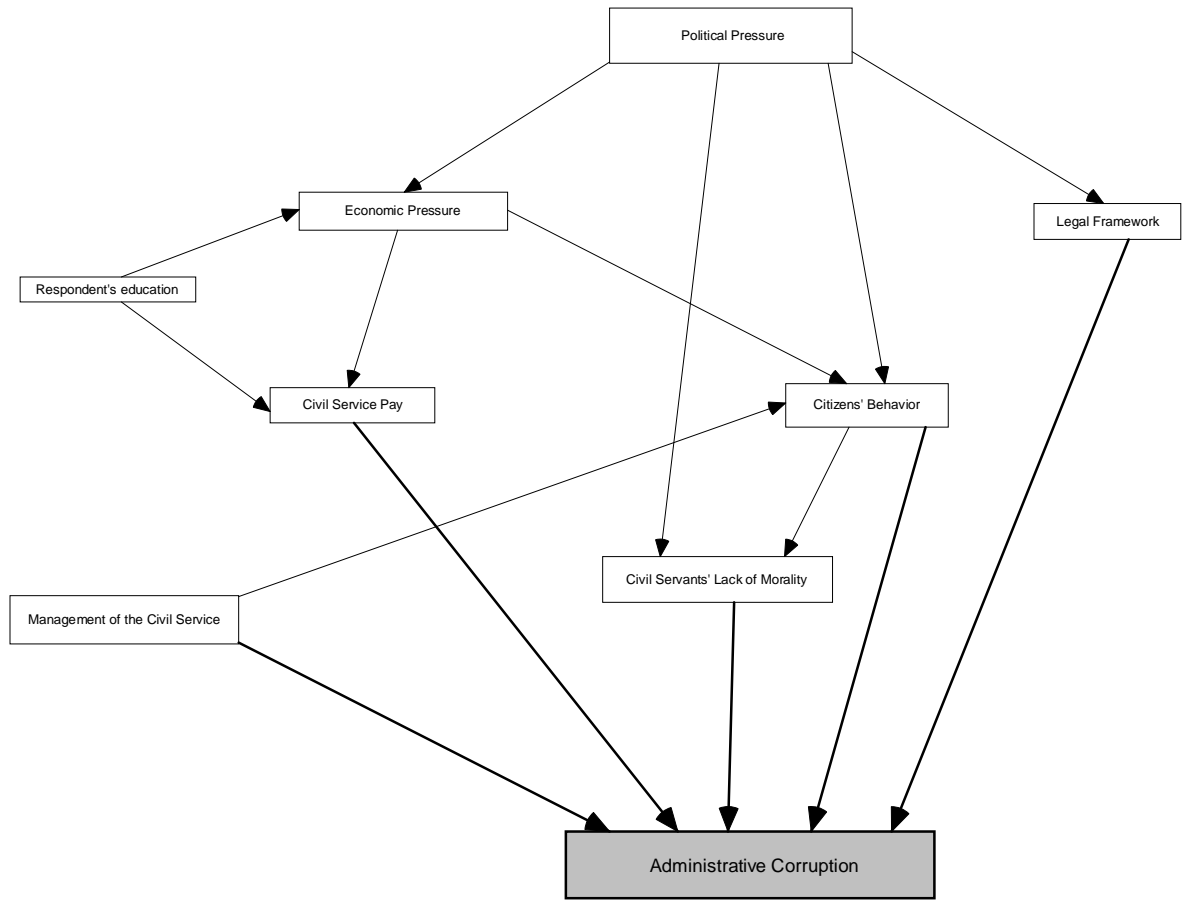


Figure 6-1: Final path model of elected officials' perceptions

where: **Management of the Civil Service** → satisfaction with current centralized form of management of the civil service; **Economic Pressure** → perceptions that economic pressure causes corruption in the civil service; **Political Pressure** → perceptions that political pressure causes corruption in the civil service; **Legal Framework** → perceptions that the legal framework causes corruption in the civil service; **Civil Service Pay** → perceptions that civil service pay causes corruption in the civil service; **Civil Servants' Lack of Morality** → perceptions that civil servants' lack of morality causes corruption in the civil service; **Citizens' Behavior** → perceptions that citizens' behavior causes corruption in the civil service.

Most analysts agree that corruption leads to private gains in form of power or wealth. Corruption increases the benefits of acquiring power²⁵. The path model from Figure 6-1 seems to suggest that the select private interests who constitute the motive of state capture serve some of the very state officials in Romania. This should not be surprising. In 1999, the *Business Environment and Enterprise Performance Survey* (BEEPS) assessed that Romania was the only EU candidate country affected by *both* high state capture and high administrative corruption. In 2001, a World Bank project stated that the links between state capture and administrative corruption are clear in Romania. A large number of Romanian enterprises were reporting being affected by state capture, especially by the misdirection of parliamentary votes in favor of select private interests (World Bank, 2001). Other studies showed that out of all the forms of corruption, in Romania political corruption is most severe. The 2002 *Global Corruption Barometer* documented that regarding political life, 71.9 percent of Romanians saw corruption as a *very significant* problem (Transparency International, 2003). In this context it seems reasonable to identify the phenomenon at the top of the diagram from Figure 6-1 as political corruption. Defined as “behavior [that] deviates from the formal duties of a public role (elective or appointive) because of private-regarding wealth or status gains” (Nye, 1967), political corruption manifests in our case through pursuit of wealth through power and abuse of office authority to further own private interests.

²⁵ For further discussion see Robin Theobald, *Corruption, Development, and Underdevelopment*. Durham: Duke University Press, 1990.

In this path model civil servants' lack of morality is perceived to be a by-product of political pressure and citizens' behavior. It should be noted that elected officials believe that it is the citizens' behavior and lagging public opinion that reinforce unethical conduct among civil servants and not the other way around. Other studies identified "cultural corruption" as a generalized phenomenon in Romania that is part of the people's mindset (Precupetu, 2007). Many Romanians believe that *atentii* are an expression of gratitude, not of corruption and should not be labeled as such. Some practices have become deeply rooted social customs that are difficult to comprehend:

"The need to be grateful to a doctor who did you a lot of good is different from bribe. Especially that we know some doctors [...] have such low salaries [...] this is why appears a natural need to give them a gift [...] It is like you don't feel well if you don't do it."²⁶

6.1.2.1. Model Evaluation

AMOS produces a number of goodness of fit statistics. The final path model (from Figure 6-1) has a chi-square of 18.102 with 20 degrees of freedom, $p=.581$ which suggests a good fit. That is, the difference between the data and the theoretical model is not statistically significant. An RMSEA of .000 indicates a good fit as well. The comparative fit index (CFI) is 1.000 and the NFI is .964. A rule of thumb for the CFI is that values greater than .90 indicate a reasonably good fit of the model (Hu and Bentler, 1999). The Tucker-Lewis index (TLI) also called the non-normed fit index (NNFI) is 1.007 in this model. Hu and Bentler (1999) have suggested $NNFI \geq .95$ as the cutoff for a good model fit and this is now widely

²⁶ Precupetu I., "Perceptions of Corruption in Romania: A Content Analysis of Interviews from Politics, Judiciary, Police, Media, Civil Society and Economy". Sixth Framework Programme of the European Commission. *Research Project: Crime and Culture*. Project no.: 028442. October 2007.

accepted (in Garson, 2008). Based on these statistics I conclude that there is a good fit between the model and the data.

6.1.2.2. Structural Coefficients

Table 6-5 reports the structural coefficients from this model in descending order of magnitude of absolute values. Also called path coefficients, they are necessary to assess the strength of the paths in the model. The path coefficient is the beta for the regression of the dependent or other endogenous variable on the other variables that have arrows to it (Garson, 2008). In this model all the path coefficients are significant at the .005 level or better. Table 6-5 highlights the influence exerted by the political realm on almost all the domains of society as the leading correlate of elected officials' perceptions of corruption. The interplay between politics and the economy is the strongest feature of the phenomenon, evidenced by the highest structural coefficient (.582). Even though it may seem counter-intuitive, there are reasons for this way of drawing the causal arrow between political pressure and economic pressure. As discussed in Chapter III, in settings of low institutional capacity like Romania distinct "corruption syndromes" may flow from the interaction of relative levels of political pressure and economic pressure, i.e. causal arrows may be drawn either way. Where political opportunities are relatively more plentiful than economic prospects, elites may pursue wealth through power, i.e. causal arrow from political pressure to economic pressure. Here, state power becomes a tool for extracting financial benefits from the economic resources available in the country (Johnston, 2002).

Table 6-5: Path coefficients

<i>Structural coefficients</i>	<i>Estimate</i>
Political pressure → Economic pressure	.582
Political pressure → Legal framework	.494
Civil servants' lack of morality → Corruption	.381
Citizens' behavior → Civil servants' lack of morality	.366
Political pressure → Civil servants' lack of morality	.306
Economic pressure → Civil service pay	.306
Civil service pay → Corruption	.245
Political pressure → Citizens' behavior	.222
education → Economic pressure	.217
education → Civil service pay	-.210
Centralized management of civil service → Citizens' behavior	-.210
Economic pressure → Citizens' behavior	.202
Centralized management of civil service → Corruption	.183
Citizens' behavior → Corruption	.161
Legal framework → Corruption	.151

Overall, results from Table 6-5 follow expectations from the logistic model. However, an element of novelty is that perceptions regarding civil service pay and the legal framework show a significant direct influence on perceptions of corruption. The more the elected officials believe that civil service pay causes corruption, the more widespread administrative corruption they perceive. The path from perceptions based on the legal framework to perceptions of corruption has the lowest structural coefficient in the model, and should be interpreted more in light of the *quality of implementation* of legislation rather than the lack of it. The argument is based on the fact that the strength of enforcement of rules and procedures is an important aspect of public administration that is associated with corruption. A project directed toward conflict of interests in the Romanian civil service showed that one of the most problematic aspects that the country has to deal with is not the absence of legislation, but its “real” implementation (Moraru et al., 2003). A climate of excessive or

poorly implemented regulation opens the door for corruption among Romanian civil servants called to implement and verify these regulations. Other studies showed that enterprises and public officials in Romania cite “immense bureaucracy” as an important cause of corruption (World Bank, 2001). The IRIS *Red Tape Analysis* similarly found that firms complained that legislation in Romania is subject to various interpretations (2000).

6.1.2.3. Direct and Indirect Effects

Table 6-6 reports the standardized estimates of the effects of the exogenous variable and the mediating endogenous variables on elected officials’ perceptions of corruption in descending order of magnitude of absolute values. A direct effect is unmediated by any other variable in the path diagram whereas indirect effects are mediated by at least one intervening variable and are calculated automatically by AMOS (SEM software) using the path multiplication rule (Garson, 2008). Results from Table 6-6 suggest that perceptions of civil servants’ lack of morality are the strongest correlate for elected officials’ perceptions of corruption (.381), followed by perceived political pressure (.336), and perceptions about the citizens’ behavior (.300).

The effect exerted by perceived political pressure on elected officials’ perceptions about civil servants’ mentality (.430, Table 6-7) reinforces the conjecture that it is in the political realm that we should look for the roots of perceived corruption in Romania.

Two negative influences in the model should be noted. On the one hand, respondents’ education has a direct negative effect on their perceptions regarding civil service pay as a corruption factor (Table 6-5). This suggests that the more educated elected

Table 6-6: Standardized effects on perceptions of corruption

	Political pressure	Economic pressure	Citizens' behavior
Economic pressure	.582		
Legal framework	.494		
Civil servants' lack of morality	.430	.074	.366
Citizens' behavior	.339	.202	
Civil service pay	.178	.306	

officials do not associate civil service pay with administrative corruption. Other studies documented wide variation in the levels of corruption across state bodies in Romania despite the fact that salary scales did not vary greatly between them (World Bank, 2001). Furthermore, at both levels of individual respondents and state institutions there was no statistical relationship between the level of corruption and the average level of salaries (World Bank, 2001). The negative influence of education on perceptions regarding the civil service pay, together with the large effect of perceptions based on civil servants' lack of morality suggest that informed advice should be directed toward the degree of meritocracy and not the salary level, to raise the quality of civil servants and provide support for reducing corruption in the Romanian civil service.

Table 6-7: Standardized total effects between perceptions regarding forces of corruption

Variable name	Direct effects	Indirect effects	Total effects
Lack of morality of civil servants	.381		.381
Political pressure		.336	.336
Citizens' behavior	.161	.139	.300
Civil service pay	.245		.245
Legal framework	.151		.151
Economic pressure		.136	.136
Centralized form of management of the civil service	.183	-.063	.120
Education		-.022	-.022

On the other hand and quite surprisingly, elected officials' education has an indirect negative effect on their perceptions of corruption (Table 6-6). This influence is very weak (-.022) but it indicates that the more educated elected officials perceive less widespread corruption in the civil service. One possible rationale is that the more educated elected officials may associate the enormous level of political pressure with high-level corruption. If this is true, they will show more tolerance toward administrative malfunctions which in turn will lead to lower perceptions of corruption. In any case, it is interesting to note that while administrative corruption can exist inside or outside state capture, its gravity may be overlooked when it is perceived as a mere consequence of a much more severe problem.

In conclusion, findings of this analysis indicate that elected officials perceive political pressure to have the largest influence on all the other perceived forces of corruption. Perceptions based on civil servants' lack of morality proved to be the strongest correlate of respondents' perceptions of corruption. Perceptions about citizens' behavior were an important player too, as they amplified perceptions about dishonest behavior among civil servants. Perceptions based on civil service pay and the legal framework showed less power, and perceived economic pressure was the least correlate of perceived corruption. It was interesting to notice that respondents' education had an indirect negative effect on their perceptions of corruption.

6.2. Civil Servants' Data

The purpose of this section is to uncover the primary correlates for civil servants' perceptions of corruption. Logistic regression will be employed (discussed in Chapter III)

along with a model trimming approach where parameters that are not significant based on individual levels of the Wald tests are sequentially dropped from the model. Table 6-8 reports the results of the analysis.

Model 1 includes all the initial parameters as described in Table 6-8. It is a well fitted model overall ($p=.093$, Table 6-9). However, individual Wald tests suggest that some variables are not significant and should be dropped from the model. More specifically, civil servants' satisfaction with security of employment (*security_satisf*), whether they had training (*training*), satisfaction with promotion opportunities (*promotion*) and the praise system (*praise*) are not significant contributors to the variance in perceptions of corruption. Salary satisfaction (*salary_satisf*) comes close ($p=.063$) and it will be included in the subsequent run. Whether civil servants believed that the government anticorruption measures were good or bad (*anticorruption*) is not statistically differentiating their perceptions of corruption.

Perceptions regarding the lack of morality (*morality*) and poor qualification of civil servants (*poor_qualif*) are not significant parameters in the model either. Surprisingly enough, perceptions based on civil service pay as an obstacle to ethics (*pay*) do not seem to explain variance in perceived levels of corruption. In terms of controls, *age* appears to be the only one that achieved significance ($p=.003$). Respondents' gender, education, management versus non-management position in the hierarchy (*position*), and length of service to profession (*service*) are not significant parameters in the model.

Table 6-8: Significance tests of Wald statistics for individual parameters (Civil Servants)

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>	<i>Model 5</i>
gender	.730				
age	.003	.009	.005	.006	.005
education	.910				
position	.434				
service	.103				
non_merit_hiring	.008	.006	.006	.004	.004
training	.725				
evaluation_satisf	.000	.000	.000	.001	.002
politics_hire	.000	.000	.000	.000	.000
bonus_system_satisf	.000	.000	.000	.000	.000
security_satisf	.604				
salary_satisf	.063	.094			
promotion	.524				
praise	.921				
matter	.009	.002	.002	.002	.002
corrupt_country	.000	.000	.000	.000	.000
govt_fight_corrupt	.023	.047	.060	.065	
anticorruption	.142				
reform_1	.049	.046	.041	.082	
reform_2	.033	.045	.108		
reform_3	.000	.000	.000	.000	.000
mission	.008	.025	.018	.018	.019
morality	.537				
pay	.315				
poor_qualif	.096				
leadership	.000	.000	.000	.000	.000
citizens	.001	.001	.001	.000	.000

where: **position**→ Management vs non-management position; **service**→ For how long have you been working in the civil service?; **non_merit_hiring**→ How important are gifts or money in the hiring process in the local government?; **training**→ Had training in the institution? **evaluation_satisf**→ Satisfaction with the criteria used for annual evaluations; **politics_hire**→ How often do politics influence the hiring decisions in your institution?; **bonus_system_satisf**→ Satisfaction with criteria to receive financial bonuses for work performance; **security_satisf**→ Satisfaction with job security; **salary_satisf**→ Satisfaction with pay; **promotion**→ Satisfaction with promotion opportunities; **praise**→ Satisfaction with praise; **matter**→ My opinion matters for this institution; **corrupt_country**→ How much corruption in Romania?; **govt_fight_corrupt**→ How much has the Government done to fight corruption in Romania? **anticorruption**→ How good were the Government' s anticorruption measures?; **reform_1**→ Satisfaction with governmental reform of recruitment, hiring and training of civil servants; **reform_2**→ Satisfaction with governmental reform of the civil service pay system; **reform_3**→ Satisfaction with governmental reform directed to decrease corruption and increase transparency in PA; **mission**→ Lack of a clear mission is the biggest obstacle to civil service ethics; **morality**→ Civil servants' lack of morality is the biggest obstacle to civil service ethics; **pay**→ Poor pay is the biggest obstacle to civil service ethics; **poor_qualif**→ Civil servants' poor qualification is the biggest obstacle to civil service ethics; **leadership**→ Lack of leadership support in making ethical considerations core values is the biggest obstacle to ethics; **citizens**→ Citizens' behavior toward civil servants is the biggest obstacle to ethics.

Models 2, 3 and 4 eliminate consecutively the parameters which drop significance below .05 (see Table 6-8). The final model, Model 5 is the best model. It is a well fitted model overall (p=.396, Table 6-9). It has a decent explanatory power as indicated by the 52% Nagelkerke R-squared. The percent of correct estimates predicted by the baseline model was 67.3 blind estimates. Compared to that number, the 80.1 overall percent correctly predicted by Model 5 indicates that civil servants' perceptions of corruption *can be differentiated* on the basis of the parameters included in the model.

All the parameters included in this model are significant at the .019 level (see Table 6-8). The impact of these predictors will be assessed in terms of the odds ratios (see Table 6-10).

Table 6-9: Overall tests of significance and measures of effect size (Civil Servants)

	Cox-Snell R ²	Nagelkerke R ²	Hosmer and Lemeshow test p-value	Overall percent correct predicted
<i>Model 1</i>	.385	.537	.093	81.2
<i>Model 2</i>	.379	.528	.357	80.4
<i>Model 3</i>	.377	.526	.147	79.4
<i>Model 4</i>	.376	.524	.367	79.9
<i>Model 5</i>	.372	.518	.396	80.1

From Table 6-10 we learn that each additional increase in civil servants' perceptions of the spread of corruption in the country (*corrupt_country*) increases the odds of perceiving widespread corruption in the civil service by a factor of about fourteen, controlling for the other parameters in the model. This is the strongest correlate of civil servants' perceptions of corruption. It has been previously discussed in this study that perceptions actually facilitate the negative or positive processes that take place in society, including corruption.

Table 6-10: Logit coefficients and odds ratios (Civil Servants)

	B	Exp(B)
age	-.028	.972
non_merit_hiring	.343	1.410
evaluation_satisf	.512	1.669
politics_hire	.744	2.104
bonus_system_satisf	-.875	.417
matter	-.384	.681
corrupt_country	2.615	13.668
reform_3	-.771	.462
mission	-.537	.585
leadership	-1.223	.294
citizens	-.808	.446

Moreover, the compliance of each depends on the compliance of others because decisions to engage in corrupt behavior are primarily influenced by a personal definition of corruption and individual perceptions of how widespread corrupt activities are (imitation). As such, findings from this analysis are worrisome, because perceptions of dysfunctional social capital and a climate of corruption in Romania may weaken civic attitudes and create further incentives for corruption.

The ability of the civil service to perform at a level sufficient to enhance its public image depends significantly on the quality of its human resource management, especially in the areas of recruitment and retention, reward and recognition, and employee empowerment. Public trust in civil servants is likely to be higher if the civil service is perceived to be non-partisan and professional. However, findings from this analysis seem to suggest that respondents perceive a politicized and non-meritocratic civil service. From Table 6-10 we learn that each additional increase in civil servants' perceptions that politics influence the hiring decisions in their institution (*politics_hire*) increases the odds of perceiving

widespread corruption in the civil service by a factor of about two. Moreover, an increase in their perceptions that gratitude expressed in form of gifts or money is important in the hiring process (*non_merit_hiring*) increases the odds of perceiving widespread corruption by about 1.4 (see Table 6-10). These findings advocate for implementation of meritocratic recruitment and hiring in the Romanian civil service, without influence of party politics in the management of personnel. Also, Romanians need to understand that showing gratitude in form of *atentii* is an outdated practice that needs to stop. The hiring system needs to be reformed in a way that clearly prohibits receiving such tokens of appreciation that are easily labeled as bribes.

But “civil service rules by themselves will not lead to good governance if they are not backed by political will and the preparedness of government to impose total adherence to these rules to promote public good.” (in *Case Evidence on “Ethics and Values in Civil Service Reforms”* - UNDP, 2007:2). Indeed, our findings indicate that the government is perceived by civil servants to be an important player in the anticorruption game. As expected, respondents’ satisfaction with the government reform to decrease corruption and increase transparency in the civil service (*reform_3*) has a significant negative impact on their perceptions of corruption (see Table 6-10). This suggests the need for clear-cut and permanent political commitment of the government and raising awareness of the government efforts to fight corruption. Without the government support it is clear that the anticorruption mechanisms lack the necessary impact and efficiency, at least in the eyes of civil servants.

In terms of institutional incentives, the signs of the logit coefficients follow our expectations. Table 6-10 indicates negative relationships between respondents' levels of satisfaction with (1) the bonus system - more specifically, with the criteria used for the selection of recipients (*bonus_system_satisf*), and (2) opportunities for initiative and representation (*matter*), and civil servants' perceptions of corruption. However, another significant parameter - satisfaction with criteria used for annual evaluations (*evaluation_satisf*) has a positive impact. This is rather surprising, one possible rationale being that civil servants who think that the criteria used for annual evaluations are "good" are the ones who receive good evaluations but also the ones who perceive more corruption. In any case, this finding seems to suggest that evaluation criteria should not be subject of scrutiny.

Finally, the model points to several other obstacles to administrative ethics. Civil servants' perceptions indicate that (1) lack of a clear mission, (2) lack of leadership support for making ethical considerations professional core values, and (3) citizens' behavior are significantly related to levels of perceived corruption. Logit coefficients from Table 6-10 should be interpreted in terms of the higher category ("yes, this is the biggest obstacle to ethics") because these parameters were dichotomies introduced as simple variables. In this context, the odds a civil servant who thinks that lack of a clear mission (*mission*) is the biggest obstacle to ethics perceives widespread corruption are around .6 times less than the odds of one who thinks it is not. One who thinks that lack of leadership support (*leadership*) is the biggest obstacle to ethics has .3 times less odds of perceiving widespread corruption

than one who thinks it is not. And finally, one who thinks that citizens' behavior (*citizens*) is the biggest obstacle to ethics has .4 times less odds of perceiving widespread corruption than one who thinks it is not. Though intriguing at first, these results may suggest that when civil servants perceive the causes of corruption to be outside of their control, they will be slightly²⁷ less inclined to think that civil service is intrinsically corrupt. While it is important that these factors were acknowledged as significant correlates of perceived corruption, a more interesting finding is the fact that inadequate civil service pay as an obstacle to ethics did not achieve significance as an obstacle to ethics when the model controlled for other factors (see Table 6-8, p=.315). This reinforces the fact that it is rather perception of a meritocratic and politically neutral recruitment and hiring, and not the pay system, which correlates with perceived corruption in the Romanian civil service.

In terms of controls, respondents' age seems to be the only variable with a significant effect on their perceptions of corruption. The logit coefficient is negative as expected, indicating that older civil servants perceive less corruption. It seems likely that older individuals, socialized by the Communist system of dysfunctional social capital, are more accepting of present-day corrupt practices.

In conclusion, findings of this analysis indicate that the perceived spread of corruption in the country was the strongest correlate of perceptions of corruption in the civil service. This is worrisome, because high perceptions of the state of corruption in the country affect the patterns of trust, cooperation and social interaction among Romanians. The spread

²⁷ Odds ratios are smaller than 1.

of corruption weakens the sense of loyalty to civil and organized society, and leads to negative social norms through which the community relates to public administration. The government is an important player in the anticorruption game, as evidenced by the significant linkage between respondents' satisfaction with the government reform aimed at decreasing corruption and increase transparency in the civil service and their perceptions of corruption. This indicates that the more the government shows it is willing to fight corruption, the less corruption will be perceived, and the less willing people will be to give and receive bribes. Therefore, it is recommended that the Romanian government enhances its anticorruption efforts and aggressively publicize new policies that promote civic-ness and the public good.

The quality of human resource management, especially in the areas of recruitment and retention, reward and recognition, and employee empowerment all proved to be significant correlates of perceived corruption. The criteria used to award financial bonuses for work performance should be revisited, along with broadening the channels through which civil servants can have a voice and generate innovations. Surprisingly, this analysis showed that neither salary satisfaction nor satisfaction with government reform of the civil service pay system is significantly correlated with civil servants' perceptions of corruption. Finally, civil servants' responses pointed to a lack of leadership, of a clear mission, and citizens' behavior as obstacles to administrative ethics. In the context of public service reform, ethical leadership will be vital to creating an ethical workforce in Romania.

To summarize, this chapter reported the findings of the multivariate analyses employed in this dissertation. The chapter was organized around the two data sources used for quantitative purposes in this investigation: elected officials' and civil servants' data. The first part of the chapter investigated the primary correlates for elected officials' perceptions of corruption. The only parameters that were significant throughout the analysis²⁸ were elected officials' perceptions of (1) political pressure, (2) civil servants' lack of morality, and (3) citizens' behavior, along with (4) their satisfaction with the centralized form of management of the civil service. The second part of the chapter investigated the primary correlates for civil servants' perceptions of corruption. The analysis showed that these are: (1) perceptions of the importance of gratitude expressed as gifts or money in the hiring process, (2) perceptions of the frequency of political interference with hiring decisions in their institution, (3) satisfaction with criteria used to award financial bonuses for work performance, (4) perceptions of echoes of initiative, (5) perceptions of spread of corruption in the country, and (6) satisfaction with government reform and legislation to decrease corruption and increase transparency in the civil service. Discussion of the implications of these findings is dealt with more fully in Chapter VII.

²⁸ Significant in both logistic regression and path analysis. Logistic versus path model discrepancies are explained in the beginning of the next chapter.

CHAPTER VII: CONCLUSIONS AND DISCUSSION

This chapter discusses the results and implications of the study findings. It is organized in five parts. The first part addresses the findings as they relate to the research questions through the hypotheses outlined in Chapter III. The second part summarizes the conclusions and the study's contribution to the literature. The third part discusses the limitations of the study. The fourth part addresses the implications of this study and the fifth part establishes directions for future research.

7.1. Research Questions and Hypotheses

7.1.1. Research Question 1

The first research question of this study examined the perceived spread of corruption in the Romanian civil service. Results of the surveys indicated that corruption was perceived to be widespread. Two-thirds of the elected officials and about a third of the civil servants believed that corruption was widespread. It is possible that civil servants' estimates of corruption were lower because civil servants feel constrained to give less candid responses because they are hired employees. Moreover, elected officials are more likely to represent the dominant view because they are more accountable to public opinion.

7.1.2. Research Question 2

The second research question of this study investigated expert opinion on perceptions of ethics and corruption in Romania. Elite interviews conducted by the author suggested that on the one hand, Romania has come a long way over the last decade and it has put in place the fundamental elements of a functioning system. Some observers believe that Romania is

now finally in a functional cycle of social capital, as outlined in Chapter II. On the other hand, it was emphasized that commitment to reform by Romania's key institutions and bodies is still perceived to be uneven and full respect for the rule of law is lagging behind.

7.1.3. Research Question 3

The third research question of this study investigated the primary correlates for Romanian elected officials' perceptions of corruption. The remainder of this section comprises a summary of the hypotheses posited for the elected officials' data and the corresponding empirical conclusions reached from the two types of analysis employed - logistic regression and path analysis with SEM software.

It should be noted that conclusions drawn from logistic regression and path analysis may differ. The primary reason for these discrepancies is that in the logistic model, any given independent is controlled for all other independents in the model whereas in the path model, independent variables are controlled only for incoming arrows and other independents not in the prior causal chain for the independent variable under consideration are not controlled. The outcome is that a given independent variable is less likely to be found significant in a logistic model than in a path model. Put another way, in a path model, where there is no arrow from one independent variable to a second independent variable, the researcher has posited that there is no control effect, whereas in a logistic model no such assumptions are made by the researcher who, in effect, is unable a priori to rule out any independent variable as a control for any other independent variable (Garson, 2008). The same observations would apply to a comparison of path models with OLS regression models.

Hypothesis 1: The more elected officials perceive inadequate pay as a cause of corruption, the higher their perceptions of corruption.

(1) Logistic regression: Not supported.

(2) Path analysis: Supported (standardized total effect=.245).

Conclusion: Partially supported.

Hypothesis 2: The more elected officials perceive political pressure as a cause of corruption, the higher their perceptions of corruption.

(1) Logistic regression: Supported (p=.004, B=1.440, Exp(B)=4.222).

(2) Path analysis: Supported (standardized total effect=.336).

Conclusion: Fully supported.

Hypothesis 3: The more elected officials perceive the legal framework as a cause of corruption, the higher their perceptions of corruption.

(1) Logistic regression: Not supported.

(2) Path analysis: Supported (standardized total effect=.151).

Conclusion: Partially supported.

Hypothesis 4: The more elected officials perceive civil servants' lack of morality as a cause of corruption, the higher their perceptions of corruption.

(1) Logistic regression: Supported (p=.000, B=3.908, Exp(B)=49.811).

(2) Path analysis: Supported (standardized total effect=.381).

Conclusion: Fully supported.

Hypothesis 5: The more elected officials perceive citizens' behavior as a cause of corruption, the higher their perceptions of corruption.

(1) Logistic regression: Supported ($p=.001$, $B=1.159$, $\text{Exp}(B)=3.186$).

(2) Path analysis: Supported (standardizes total effect=.300).

Conclusion: Fully supported.

Hypothesis 6: The more elected officials perceive pressures from the economic environment as a cause of corruption, the higher their perceptions of corruption.

(1) Logistic regression: Not supported.

(2) Path analysis: Supported (standardized total effect=.136).

Conclusion: Partially supported.

Hypothesis 7: The more elected officials perceive that civil service is undergoing comprehensive reform that is headed in the right direction, the lower their perceptions of corruption.

(1) Logistic regression: Not supported.

(2) Path analysis: N/A.

Conclusion: Not supported.

Hypothesis 8: The higher elected officials' satisfaction with management of the civil service, the lower their perceptions of corruption.

(1) Logistic regression: Supported ($p=.001$, $B=1.580$, $\text{Exp}(B)=4.856$).

(2) Path analysis: Supported (standardized total effect=.120).

Conclusion: Fully supported.

Hypothesis 9: The more elected officials perceive that the decentralization process is transparent, the lower their perceptions of corruption.

(1) Logistic regression: Not supported.

(2) Path analysis: N/A.

Conclusion: Not supported.

Hypothesis 10: Elected officials who have institutional programs in place for monitoring reform will perceive less corruption.

(1) Logistic regression: Not supported.

(2) Path analysis: N/A.

Conclusion: Not supported.

To summarize, Research Question 3 investigated the primary correlates for elected officials' perceptions of corruption. The only parameters that were *consistently* significant throughout the analysis were perceptions of (1) political pressure, (2) civil servants' lack of morality, and (3) citizens' behavior, along with (4) elected officials' satisfaction with the centralized form of management of the civil service.

In addition, the speculation that education will have a positive influence on elected officials' perceptions of corruption was not supported by the analysis. In the logistic model education was not a significant parameter, while in path analysis education showed a significant, but *negative* effect on perceptions of corruption (standardized total effect=-.022).

Finally, the speculation that women will perceive more corruption than men was not supported by the logistic model. We were unable to test this conjecture using path analysis

due to an inappropriate split in the data that would have altered the validity of statistical inferences had this parameter been included in the path model.

7.1.4. Research Question 4

The fourth research question of this study sought to investigate the primary correlates for Romanian civil servants' perceptions of corruption. The remainder of this section comprises a summary of the hypotheses posited for the civil servants' data and the corresponding empirical conclusions reached from the logistic regression employed.

Hypothesis 1: The more civil servants perceive poor pay as a cause of corruption, the higher their perceptions of corruption.

Conclusion: Not supported.

Hypothesis 2: The higher civil servants' satisfaction with official income and the performance-bonus system, the lower their perceptions of corruption.

(1) Satisfaction with salary: Not supported.

(2) Satisfaction with performance-bonus system: Supported ($p=.000$, $B=-.875$, $\text{Exp}(B)=.417$).

Conclusion: Partially supported.

Hypothesis 3: The more civil servants perceive the system of recruitment and hiring to be meritocratic, the lower their perceptions of corruption.

(1) Perception of non-meritocratic hiring: Supported ($p=.004$, $B=.343$, $\text{Exp}(B)=1.410$).

(2) Perception of politics influencing hiring decisions: Supported ($p=.000$, $B=.744$, $\text{Exp}(B)=2.104$).

Conclusion: Fully supported.

Hypothesis 4: The higher civil servants' satisfaction with institutional incentives, the lower their perceptions of corruption.

- (1) Satisfaction with promotion opportunities: Not supported.
- (2) Satisfaction with praise system: Not supported.
- (3) Satisfaction with job security: Not supported.
- (4) Satisfaction with criteria used for evaluations: Not supported ($p=.002$ but $B=.512$ indicating a positive impact).
- (5) Satisfaction with initiative: Supported ($p=.002$, $B=-.384$, $\text{Exp}(B)=.681$).

Conclusion: Weakly supported, in terms of initiative as institutional incentive.

Hypothesis 5: The more civil servants perceive that corruption is widespread in the country, the higher their perceptions of corruption in the civil service.

Conclusion: Fully supported ($p=.000$, $B=2.615$, $\text{Exp}(B)=13.668$).

Hypothesis 6: The higher civil servants satisfaction with the government anticorruption fight and with outcomes of the civil service reforms, the lower their perceptions of corruption.

- (1) Satisfaction with government efforts to fight corruption: Not supported.
- (2) Satisfaction with anticorruption measures: Not supported.
- (3) Satisfaction with reform of recruitment, hiring and training in the civil service: Not supported.
- (4) Satisfaction with reform of the civil service pay system: Not supported.
- (5) Satisfaction with legislation to decrease corruption and increase transparency in the civil service: Supported ($p=.000$, $B=-.771$, $\text{Exp}(B)=.462$).

Conclusion: Supported in terms of satisfaction with reform directed against corruption and transparency in the civil service.

Hypothesis 7: The more civil servants perceive lack of a clear mission as a cause of corruption, the higher their perceptions of corruption.

Conclusion: Not supported (p=.019 but B=-.537 indicating a negative impact).

Hypothesis 8: The more civil servants perceive lack of leadership support as a cause of corruption, the higher their perceptions of corruption.

Conclusion: Not supported (p=.000 but B=-1.223 indicating a negative impact).

Hypothesis 9: The more civil servants perceive poor quality of employees as a cause of corruption, the higher their perceptions of corruption.

(1) Perceptions based on civil servants' lack of morality: Not supported.

(2) Perceptions based on civil servants' poor qualifications: Not supported.

(3) Training to increase civil servants' quality: Not supported.

Conclusion: Not supported.

Hypothesis 10: The more civil servants perceive citizens' behavior as a cause of corruption, the higher their perceptions of corruption.

Conclusion: Not supported (p=.000 but B=-.808 indicating a negative impact).

To summarize, Research Question 4 investigated the primary correlates for civil servants' perceptions of corruption. The analysis showed that these are: (1) perceptions of the importance of gratitude expressed as gifts or money in the hiring process, (2) perceptions of the frequency of political interference with hiring decisions in their institution, (3)

satisfaction with criteria used to award financial bonuses for work performance, (4) perceptions of echoes of initiative, (5) perceptions of spread of corruption in the country, and (6) satisfaction with government reform and legislation to decrease corruption and increase transparency in the civil service.

In addition, the speculation that education will have a positive influence on civil servants' perceptions of corruption was not supported by the analysis. The speculation that women will perceive more corruption than men was not supported by the analysis either. The hypothesized relationship between length of service to profession and civil servants' perceptions of corruption (i.e. the longer the service the less widespread civil servants perceive corruption) was disproved. Investigation of Miles' Law in this context ("Where you stand depends on where you sit") showed that hierarchical position (management versus non-management) did not significantly differentiate between civil servants' perceptions of corruption. Finally, civil servants' age proved to be the only significant control for these data. As expected, older civil servants perceived less corruption ($p=.005$, $B=-.028$, $\text{Exp}(B)=.972$).

7.2. Conclusions and Discussion

This study has used both primary and secondary data sources to document perceptions of ethics and corruption in the Romanian civil service. The qualitative analysis indicated that institutional structures and anticorruption legislation have been put in place, but the foundation is still fragile. Expert opinion suggested that the fight against corruption

needs to be de-politicized in Romania, together with a strengthening of the public perception of respect for the rule of law.

The quantitative analysis was centered on the secondary data sources used in this study - elected officials' and civil servants' data. Analysis of elected officials' perceptions of corruption was undertaken first, and it indicated that their opinions about the current form of management of the civil service significantly explain variance in their perceptions of corruption. More specifically, the lower elected officials' satisfaction with management, the more widespread they perceived corruption in the civil service. The National Agency of Civil Servants (ANFP) is the centralized structure that manages the Romanian civil service. The Agency was set up by the law no. 188/1999 on the statute of civil servants as a specialized body of the central public administration. Initially, ANFP was directly subordinated to the central government. The emergency ordinance 63/2003 made the agency subordinated to the Ministry of Administration and Interior. Law 161/2003 introduced additional clarifications regarding the role and place of ANFP within the Romanian institutional system, nonetheless, to this day the Ministry of Administration and Interior continues to coordinate the Agency's activity. The findings of this study advocate the decentralization of management of the civil service in Romania.

Moreover, elected officials seemed to believe that fighting corruption is a matter of political will in Romania. The enormous influence that perceptions of political pressure showed on the other perceived forces of corruption suggests, among other things, that the extent of government involvement in the economy needs to be limited and the rule of law

needs to prevail as exemplified by a quality independent judicial system. Checks and balances in the political system, broadened formal channels of access to the state and enhanced oversight through participatory strategies may all promote collective action among countervailing interests.

Previous studies argued that cultural factors have a direct bearing on corruption, particularly the nature of social capital and the degree of trust existing in society (Bjørnskov and Paldam 2002, in Bjørnskov 2004; Uslaner 2001, 2003; La Porta et al. 1998). While this study employed no direct measure of social capital (for example, generalized trust, trust in institutions, willingness to cooperate), elected officials' perceptions seemed to point to negative levels of social capital existent in Romania, as evidenced by perceptions of civil servants' lack of morality and citizens' behavior as significant factors that reinforce perceptions of corruption. This indicates the vital need to build and maintain civic attitudes in Romania through investing in education and interest in society. To win the fight against corruption, the country needs to surpass outdated mentalities and legacies of the past and build strong and responsible citizenship.

Analysis of civil servants' data indicated that perceptions of the spread of corruption in the country had the strongest effect on the perceived level of corruption in the civil service. The analysis also indicated that the government is an important player in the anticorruption game. Therefore, it is recommended that the government enhances its anticorruption efforts. The perceived quality of human resource management in the civil service, especially in the areas of recruitment and retention, reward and recognition, and

employee empowerment all proved to be significant correlates of perceived corruption. Criteria used to award financial bonuses for work performance should be revisited, along with broadening the channels through which civil servants can generate initiative.

Examination of civil servants' perceptions reinforced findings from the qualitative analysis in indicating lack of leadership and of a clear mission, and citizens' behavior as obstacles to administrative ethics. Therefore, in the context of civil service reform, ethical leadership may be vital to creating an ethical workforce in Romania. Most employees look outside themselves to significant others for guidance in ethical dilemma situations, which should be provided by the leader of the organization (Treviño, 2007). The Romanian civil service needs leadership, more specifically ethical leadership. An ethical leader communicates an ethics and values message (Treviño, 2007). This role-model is trusted by employees and sets an example of how to do things the right way in terms of ethics.

Finally, providing the public with information about ongoing enforcement and institutional design efforts to curb corruption may greatly change the way that citizens act in Romania. Civilians need to act as allies in reform by resisting corrupt interactions. It is imperative that public education increases civilian confidence in public institutions in Romania, creating incentives to report corrupt transactions they witness and take an active role in anticorruption. Along with public education, moral education programs may be a good idea to develop attitudes and habits to support integrity efforts. In conclusion, public confidence must be restored in Romania, together with credibility in the fight against corruption and respect for the rule of law.

7.3. Limitations

This study contained numerous limitations that should be considered. The first limitation has to do with the generalizability of the findings. Primary data collection involved elite interviews that were conducted by the author on a panel of 17 individuals contended to be representative of expert opinion in Romania at the time. While findings from the qualitative analysis shed light on our understanding of perceptions of ethics and corruption in Romania, one concern that remains has to do with the small sample size. Moreover, one of the secondary data sources used in this study posed issues too. The elected officials' sample was contended to be nationally representative by the data collectors (Profiroiu et al., 2005), but it remained unclear to the author whether assumptions of random sampling have been met. Therefore, significance levels for elected officials' data have been reported throughout the study to follow social science convention, but coefficients should not be interpreted as if the sample were unequivocally random.

The second limitation of this study is the use of cross-sectional, as opposed to longitudinal data. This implies that cause and effect relationships can not be inferred from the findings reported here. Future research that uses a longitudinal methodology may be better suited to determine the causal status of the relationships examined in this study.

A third limitation has to do with the one of the survey instruments used in this study. It is widely accepted that self-report data lend themselves to common method variance (Spector, 2006), which is a common problem when researching constructs that are based on perceptions. Moreover, one might conjecture that a bias in civil servants' perceptions of

corruption might have posed a problem in this study. What if, the skeptic asks, the civil servants underreported the level of corruption, perhaps out of fear or perhaps as a reflection of collective delusion? Indeed, individuals may not be willing to disclose honest expression of certain opinions. However, the inclusion of additional sources of information and multiple perspectives strengthens the findings. This study was based on opinions of more than 1,200 civil servants, elected officials, politicians, EU representatives and leaders in the nongovernmental sector. Use of primary and secondary data and diverse perspectives has thus reduced concerns of common method variance.

A fourth limitation of this study has to do with the analytical procedure of path analysis with SEM software. On the one hand, researchers advise that a good fit does not mean the exogenous variables are causing the endogenous variables (Garson, 2008). Therefore, the good fit for the final path model obtained in Chapter VI should not be interpreted as revealing causal relationships, but rather the pattern of correlations found in the data. On the other hand, the problem with the model development approach employed in this study is that the final model that was confirmed was a post-hoc model. More specifically, the model may not be stable, having been created based on the uniqueness of the elected officials' dataset used in this study. Cross-validation studies in future research may address this problem.

7.4. Implications of the Study

This study employed social capital theory to investigate corruption in the Romanian civil service. The qualitative analysis suggests that the cultural and historical legacy of the

Communist regime resulted in general apathy and dysfunctional social capital in Romania. A weak sense of loyalty to organized society and a lack of civic virtue bred a vicious cycle of corruption in the civil service. The quantitative analysis reinforces this finding by showing that civil servants' lack of morality and citizens' un-civic behavior are significant correlates of perceived corruption. On a positive note, some observers now believe that a successful transition process is underway in Romania and the country is now finally in a functional cycle of social capital.

Policy Implications

This section will move beyond the data to examine some possible policy implications.

Citizen education. This study suggests that people's perceptions of corruption are influenced by what is considered widespread and approved behavior in the society. Therefore, great importance should be given to shaping civic attitudes in Romanian civil servants and citizens as well. Romanians need to understand that the practice of small *atentii* is outdated and needs to come to a stop.

System reform. While the last years brought about the development of an unprecedented arsenal of legal instruments of transparency and accountability in Romania, this study suggests that some of these changes still have to prove their usefulness. In particular, anticorruption agencies still have to prove their political independence and effectiveness. Promising new laws have been passed. However, the implementation of this new legal framework has been hampered by the prosecutors' and judges' lack of political independence.

Civil service reforms. The surveys suggest that remuneration of civil servants should not be seen as the focus of civil service reforms in Romania. Rather, effective implementation of merit-based employment practices would likely raise the quality and integrity of civil servants. Moreover, the study also suggests that reformers should revisit the systems for employee empowerment and rewards, especially the criteria used to award financial bonuses for work performance. Civil servants' responses point to a lack of leadership support and of a clear mission as obstacles to administrative ethics. Elected officials suggest that decentralizing civil service management may be the solution to these problems.

Positive information and social capital. Finally, this study suggests that the more the government shows it is willing to fight corruption, the less corruption will be perceived. Therefore, it is recommended that the Romanian government bolsters its anticorruption efforts. The government also needs to aggressively publicize these efforts because this study suggests that increased knowledge of these efforts may lead to a greater reservoir of positive social capital.

7.5. Future Research

Based on its findings, this study proposes several directions for future research. First, it should be noted that the data used to document perceptions of ethics and corruption came from 2004, 2005 and 2006. Much has changed in Romania since, and this suggests the need for up to date analysis.

To take one example of these changes, the number and variety of awareness campaigns undertaken by Romanian authorities within the past 18 months show a new willingness to act constructively to combat local corruption. For example, the Ministry of Justice conducted the *No Bribe* campaign (October 2007-February 2008). A variety of media, internet and direct information methods were used to target different sectors of the population with the overall message "do not bribe and do not accept bribes." In May 2007, the General Anticorruption Directorate of the Ministry of Interior and Administrative Reform re-launched the *Public Awareness Campaign*. The campaign consisted of radio and television segments portraying real life corruption scenarios, and encouraged citizens to call the Green Helpline (TELVÉRDE) to receive counseling and practical advice. Since May 2007 voice messages and calls to the Green Helpline have increased by 50%. Other efforts included youth training programs conducted by the National Integrity Center, an anticorruption caravan organized by the Ministry of Interior and Administrative Reform, and audio campaigns and manuals prepared by the Agency for Governmental Strategies. These campaigns have raised public awareness about corruption. Nonetheless, the latest European Commission *Regular Report* on Romania states that "independent information demonstrates that problems in public administration persist" (Commission of the European Communities, 2008b). A first direction for future research is to investigate the impact of the awareness campaigns and determine the public institutions that remain most vulnerable to corruption and the extent of the problem in those institutions. Once detected, measures could target

these institutions, for example reduce face to face contact with the staff and streamline procedures that remove the opportunities for corruption by civil servants.

A second direction for future research is to explore data on corruption offenses committed by civil servants at central and local level and sanctions received. Statistics on disciplinary measures taken against civil servants show a predominance of infringements of the code of conduct and very few cases of incompatibility or conflict of interest (Commission of the European Communities, 2008b). Accordingly, the sanctions given are usually lower-level penalties, consisting of warnings, reprimands or financial penalties. This raises questions relating to the investigating and sanctioning of the cases of corruption within public administration in Romania. Future research could explore the number of corruption notifications received by Romanian authorities, for example the disciplinary commission of the National Agency of Civil Servants, the number of files sent to the prosecutor's offices, the number of indictments, reprimands, financial penalties, disciplinary sanctions, etc.

A third direction for future research is to conduct a cross-country analysis of post-Communist EU member states. The analysis would involve full-range comparisons used to classify and present typologies on management styles and cultures in the civil service, features of maladministration, corruption, and unethical behavior. The aim of the country comparisons would be to systematically investigate the differences and similarities between national integrity systems. The in depth analysis could cover issues such as ethical values, ways of promoting integrity, standards of conduct, integrity offenses and future ethical challenges.

In conclusion, this study was a preliminary step of a more comprehensive analysis of ethics and corruption in the Romanian civil service. Further investigation is required to understand the patterns of corruption and act upon it. Longitudinal research will be a critical step to improve our understanding by investigating whether the effects of acting upon correlates of perceived corruption diminish perceptions of corruption over time. Ultimately, a cultural change is needed in Romania. Meanwhile, it is recommended that Romanian authorities develop an effective and comprehensive system to collect and, more importantly, follow-up corruption signals of diverse origins, a system that would restore public perceptions and confidence in the fight against corruption.

REFERENCES

- Abbink, K. (2000) Fair Salaries and the Moral Cost of Corruption. University of Bonn, Economic Discussion Papers, No. 1. Available at:
<http://www.nottingham.ac.uk/economics/cedex/papers/2002-05.pdf>
- Almond, G.A. and Verba, S. (1963) *The Civic Culture: Political Attitudes and Democracy in Five Nations*. Princeton University Press, Princeton
- Andvig, C. (1991) The Economics of Corruption: A Survey. *Studi Economici*, 43(1): 57-94
- Andvig, J.H.R. and Moene, K.O. (1990) How corruption may corrupt. *Journal of Economic Behavior and Organization* 13, 63-76
- Bailey, J. and Paras, P. (2006) Perceptions and Attitudes about Corruption and Democracy in Mexico. *Mexican Studies*, Winter 2006, Vol. 22, No. 1, 57–82
- Begović, B. (2005) Economic Inequality and Corruption. Center for Liberal-Democratic Studies, Working Paper No. 0106
- Besley, T. and McLaren, J. (1993) Taxes and Bribery: The Role of Wage Incentives. *The Economic Journal*, Vol. 103, No. 416, 119-141
- Bjørnskov, C. (2004) Corruption and Social Capital. Working Paper 03-13, Department of Economics, Aarhus School of Business. Available at:
http://www.hha.dk/nat/wper/03-13_chbj.pdf
- Bjørnskov, C. (2008) Corruption and Social Capital. Department of Economics, Aarhus School of Business. Working Paper 03-13. European Business Schools Librarians' Group (EBSLG). Available at: http://ebslgwp.hhs.se/aareco/abs/aareco2003_013.htm
- Brunetti, A. and Weder, B. (2003) A Free Press is Bad News for Corruption. *Journal of Public Economics* 87, 1801-1824
- Burduja, S.I. (2006) Assessing Corruption in Romania: An integrationist story. *Stanford's Student Journal of Russian, East European, and Eurasian Studies*. Spring 2006
- Čábelková I. and Hanousek, J. (2004) The Power of Negative Thinking: Corruption Perception and Willingness to Bribe in Ukraine. *Applied Economics* 36(4), 383-397

- Caiden Gerald E. and Caiden Naomi J. (1977) Administrative Corruption. *Public Administration Review*, Vol. 37, No. 3 (May-June 1977), 301-309
- Camp, R. A., Coleman K. M., and Davis C. L. (2000) Public Opinion about Corruption: An Exploratory Study in Chile, Costa Rica and Mexico. Paper presented at the Annual Meeting of the World Association of Public Opinion Research, Portland, Oregon, May 15-17
- Camp, R. A., Coleman K. M. and Davis C. L. (2004) Influence of Party Systems on Citizens' Perceptions of Corruption and Electoral Response in Latin America. *Comparative Political Studies* 37 (6): 677-703
- Carbonara, E. (1999) Corruption and Decentralization. World Bank Policy Research Working Paper, 342
- Carvajal, R. (1999) Large-Scale Corruption: Definition, Causes and Cures. *Systemic Practice and Action Research* 12(4), 335-353
- Center for Institutional Reform and the Informal Sector (IRIS) (2000) *Red Tape Analysis: Regulation and Bureaucracy in Romania*
- Civil Society Development Foundation (2001) *Perception of Corruption in the Municipality of Bucharest.*
- Coleman, J. (1990) *Foundations of Social Theory.* The Belknaap Press of Harvard University Press, Cambridge, MA
- Commission of the European Communities (2002) *2002 Regular Report on Romania's Progress towards Accession.* SEC(2002) 1409. Brussels, 9.10.2002
- Commission of the European Communities (2004) *2004 Regular Report on Romania's Progress towards Accession.* SEC(2004) 1200. Brussels, 6.10.2004
- Commission of the European Communities (2008a) *Report from the Commission to the European Parliament and the Council on Progress in Romania under the Co-operation and Verification Mechanism.* SEC(2008)2349. Brussels, 23.7.2008
- Commission of the European Communities (2008b) *Supporting Document Accompanying the Report from the Commission to the European Parliament and the Council on Progress in Romania under the Co-operation and Verification Mechanism. Romania: Technical Update.* SEC(2008)2349/2. Brussels, 23.7.2008

- Delhey, J. and Newton, K. (2005) Predicting Cross-National Levels of Social Trust: Global Pattern or Nordic Exceptionalism? *European Sociological Review* 2005 21(4):311-327
- Del Monte, A. and Papagni, E. (2007) The Determinants of Corruption in Italy: Regional Panel Data Analysis. *European Journal of Political Economy* 23 (2007): 379-396
- De Pauw, W. (2007) Expert Report on the Fight against Corruption/Cooperation and Verification Mechanism. Available at:
<http://www.economist.com/media/pdf/romaniacorruption.pdf>
- Della Porta, D. (2000) Social Capital, Beliefs in Government, and Political Corruption. In *Disaffected Democracies: What's Troubling the Trilateral Countries?* Eds. Susan J. Pharr and Robert D. Putnam. Princeton: Princeton University Press
- Dollar, D., Fisman, R. and Gatti, R. (2001) Are Women Really the “Fairer” Sex? Corruption and Women in Government. *Journal of Economic Behavior and Organization* 46, 423-429
- Freedom House, Inc. (2008) Corruption Ratings 2008. Country Reports. In *Nations in Transit*. Available at:
<http://www.freedomhouse.org/template.cfm?page=436&year=2008>
- Freedom House, Inc. (2005) The Anticorruption Policy of the Romanian Government Assessment Report. Commissioned by the Romanian Ministry of Justice. Available at:
http://www.just.ro/Portals/0/Lupta%20impotriva%20coruptiei/Documente/Audit%20SNA/FH_Audit_EN_16_031.pdf
- Garson, G. David. (2008) Chapter 4: Cleaning up your Act: Screening Data prior to Analysis. From *Statnotes: Topics in Multivariate Analysis*. Available at:
<http://www2.chass.ncsu.edu/garson/pA765/tabachnick.htm>
- Garson, G. David. (2008) Data Imputation for Missing Values. From *Statnotes: Topics in Multivariate Analysis*. Available at:
<http://www2.chass.ncsu.edu/garson/pa765/missing.htm>
- Garson, G. David. (2008) Curve Estimation. From *Statnotes: Topics in Multivariate Analysis*. Available at: <http://www2.chass.ncsu.edu/garson/pa765/curve.htm>
- Garson, G. David. (2008) Structural Equation Modeling. From *Statnotes: Topics in Multivariate Analysis*. Available at:
<http://www2.chass.ncsu.edu/garson/pa765/structur.htm>

- Garson, G. David. (2008) Testing of Assumptions. From *Statnotes: Topics in Multivariate Analysis*. Available at: <http://www2.chass.ncsu.edu/garson/pa765/assumpt.htm>
- Garson, G. David. (2008) Logistic Regression. From *Statnotes: Topics in Multivariate Analysis*. Available at: <http://faculty.chass.ncsu.edu/garson/PA765/logistic.htm>
- Garson, G. David. (2008) Ordinal Regression. From *Statnotes: Topics in Multivariate Analysis*. Available at: <http://faculty.chass.ncsu.edu/garson/PA765/ordinalreg.htm>
- Ghinea, A. and Moraru, A. (2002) Aspects Regarding Decentralization Process in Romania. The Administrative-Territorial Reform. Institute for Public Policy, Romania. Available at: http://www.ipp.ro/altmateriale/Aspects_regarding_the_Decentralization_Process.pdf
- Goetz, K.H. and Wollmann, H. (2001a) Governmentalizing Central Executives in Post-Communist Europe: A Four-Country Comparison. *Journal of European Public Policy* 8, no. 6, 864-887
- Goetz, K.H. and Wollmann, H. (2001b) The Transformation of Central Executives in Post-Communist Central and Eastern Europe: Comparing Emergent Configurations. *International Review of Public Administration* 6, no. 2, 39-49
- Gokcekus, O. and Mukherjee, R. (2002) Public Sector Corruption and Gender: Perceptions of Public Officials from Six Developing and Transition Countries. Available at: <http://www1.worldbank.org/publicsector/anticorrupt/gender%20&%20corruption%200618.doc>
- Goorha, P. (2000) Corruption: Theory and Evidence through Economies in Transition. *International Journal of Social Economics*, Vol. 27, No. 12
- Goudie, A.W. and Stasavage, D. (1998) A Framework for the Analysis of Corruption. *Crime, Law and Social Change* 29, 113-159
- Grannoveter, M. (1985) Economic Action and Social Structure: the Problem of Embedness. *American Journal of Sociology*, No. 91
- Grødeland, Å.B., Miller, W.L. and Koshechkina, T.Y. (1999a) Post-communist officials talk about bribery. *NISPACE News*, Vol. VI, No. 4, 1-3
- Grødeland, Å.B., Miller, W.L. and Koshechkina, T.Y. (1999b) What is to be done about corrupt officials? Public opinion in Ukraine, Bulgaria, Slovakia and the Czech Republic. *International Journal of Administrative Sciences*, Vol. 65, No. 2, 235-250

- Hochschild, J. L. (2001) Where you stand depends on what you see. *Citizens and politics*. J. Kuklinski. New York, Cambridge University Press
- Hofstede, G. (1991) *Cultures and Organizations*. McGraw-Hill International Ltd, UK
- Holmes, L. (1997) Corruption and the Crisis of Post-Communist State. *Crime, Law & Social Change* 27, 275-297
- Inglehart, R. (1990) *Culture Shift in Advanced Industrial Society*. Princeton: Princeton University Press
- Japaridze, D. (2003) The Impact of Corruption on Political, Economic and Business Development in Georgia. Robert Kennedy College. A Dissertation Submitted in Partial Satisfaction of the Requirements for the Degree of Doctor of Business Administration. Available at: <http://www.traccc.cdn.ge/resources/dissertations.html>
- Johnston, M. (1986) Systematic Origins of Fraud, Waste, and Abuse. In *Fraud, Waste, and Abuse in Government: Causes, Consequences, and Cures*. Eds. Jerome B. McKinney and Michael Johnston. Philadelphia: ISHI Publications
- Johnston, M. (2002) Comparing Corruption: Participation, Institutions, and Development. In *Corruption: Private and Public*. Eds. John J. Kleinig and William Heffernan, Lanham, MD: Rowman and Littlefield
- Johnston, M. (2006) From Thucydides to Mayor Daley: Bad Politics, and a Culture of Corruption? *Political Science & Politics*, volume 39, No. 4
- Kaminski, A.Z. and Kaminski, B. (2001) Governance and Corruption in Transition: The Challenge of Subverting Corruption. Paper prepared for the Spring Seminar of the UN Economic Commission Europe, Geneva, May 7, 2001
- Kaufmann D, Kraay A, Mastruzzi M. (2006) Measuring Corruption: Myths and Realities. Working Paper, The World Bank. Available at: http://siteresources.worldbank.org/INTWBIGOVANTCOR/Resources/1740479-1149112210081/2604389-1167941884942/6_Myths_Measurement.pdf
- Kingston, C. (2005) Social Capital and Corruption: Theory, and Evidence from India. Working Paper. Amherst College. July 18, 2005. Available at: <http://www.amherst.edu/~cgkingston/India.pdf>
- Konold, C. (2007) Perceived Corruption, Public Opinion, and Social Influence in Senegal. Afro Barometer Working Papers, Working Paper No. 85

- Kornai, J. and Rose-Ackerman, S. (2004) Preface. In *Creating Social Trust in Post-Socialist Transition*. Eds. Kornai, J., Rothstein, B. and Rose-Ackerman, S. Palgrave Macmillan
- Kramer, J.M. (2000) Anti-Corruption Research concerning Eastern Europe and the Former Soviet Union: A Comparative Analysis. MSI Centre for Governmental Integrity, Technical Note 2. Paper commissioned by Management Systems International (MSI) for USAID. Reference Centre, Anti-Corruption Documents. Anti-corruption Gateway for Europe and Eurasia
- Lambsdorff, G. (1998) Corruption in Comparative Perception. In *Economics of Corruption* Ed. Jain, A.K. Boston MA: Kluwer Academic Publishers, 81-103
- Lambsdorff, J.G. (2007) *The Institutional Economics of Corruption and Reform: Theory, Evidence and Policy*. Cambridge, UK: Cambridge University Press
- LaPorta, R., Lopez-Silanes F., Schleifer A. and Vishney, R.W. (1998) The Quality of Government. *Journal of Law Economics & Organization* 15 (1): 222-279
- Levi, M. and Stoker, L. (2000) Political Trust and Trustworthiness. *Annual Review of Political Science* 3: 475-507
- Little, R.J.A. and Rubin, D. B. (1987) Statistical Analysis with Missing Data, Wiley Series. In *Probability and Mathematical Statistics*. Wiley and Sons, New York
- Mauro, P. (1995) Corruption and Growth. *The Quarterly Journal of Economics* 110 (3): 681-712
- Mauro, P. (1996) The Effects of Corruption on Growth, Investment, and Government Expenditure. IMF Working Paper, WP/96/98
- McCann, J. A. and Redlawsk, D. P. (2006) As Voters Head to the Polls, Will They Perceive a “Culture of Corruption”? *Political Science & Politics*, Vol. 39, No. 4
- Meny, Y. and de Sousa, L. (2001) Corruption: Political and Public Aspects. *International Encyclopedia of the Social and Behavioral Sciences*, 2824-2830
- Meyer-Sahling, J-H. (2004) Civil Service Reform in Post-Communist Europe: The Bumpy Road to Depoliticization. *West European Politics*, Vol.27, No.1: 71–103
- Miller, W.L., Grødeland Å.B. and Koshechkina, T.Y. (2001) *A Culture of Corruption*:

Coping with Government in Post-Communist Europe. Budapest: Central European University Press

- Mishler, W. and Rose, R. (1997) Trust, Distrust, and Skepticism: Popular Evaluation of Civil and Political Institutions in Post-Communist Societies. *Journal of Politics* 59(2): 418-51
- Moraru, A., Baboi-Stroe, A., Badila, A. and Popescu, C.L. (2003) Conflict of Interests at Local Governments: Country Report – Romania. Institute for Public Policy, Romania. Available at:
<http://www.ipp.ro/altmateriale/Conflict%20of%20interest%20OSI%20Romania.pdf>
- Moraru, A. and Iorga, E. (2004) Romanian Civil Service Barometer: Summary. Institute for Public Policy, Romania. Available at:
<http://www.ipp.ro/altmateriale/Summary%20of%20Romanian%20Civil%20Service%20Barometre.pdf>
- Morris, S.D. (1991) *Corruption and Politics in Contemporary Mexico*. Tuscaloosa: University of Alabama Press
- Mungiu-Pippidi, A. (2002) Culture of Corruption or Accountability Deficit? *East European Constitutional Review*, Volume 11/12, Number 4/1
- Mungiu-Pippidi, A. (2003) State into Public: The Failed Reform of State Broadcasting in Eastern Europe. In *East European Media after 1989*. Ed. Suskod, M. Budapest, CEU Press
- Mungiu-Pippidi, A. (2005) Romania. In *Nations in Transit*, Country Reports. Freedom House, Inc. Available at: <http://www.freedomhouse.hu/pdfdocs/romania2005.pdf>
- Müller, A. (2007) Romania: A Wealth of Poverty. Café Babel, European current affairs magazine: comments and analysis from Europe. Bucharest, 18.1.2007. Available at:
www.transparency.org/content/download/14421/151663/version/1/file/romania_a_wealth_of_poverty.pdf
- Nielsen, R.P. (2003) Corruption Networks and Implications for Ethical Corruption Reform. *Journal of Business Ethics* 42, 125-149
- Nye, J. (1967) Corruption and Political Development: A Cost Benefit Analysis. *American Political Science Review*. Vol. 61, June 1967. 417
- Open Society Institute (2002) *Monitoring the EU Accession Process: Corruption and Anti-*

- corruption Policy*. EU Accession Monitoring Program (EUMAP) Report. Available at: <http://www.eumap.org/reports/2002/corruption>
- Open Society Institute (2007) *Selected Stories*. Available at: http://www.soros.org/resources/articles_publications/publications/selected_20071217/osisstories_20071217.pdf
- Park, H. (2003) Determinants of Corruption: A Cross-National Analysis. *Multinational Business Review*, Vol. 11, No. 2, 29-48
- Pradhan, S., Anderson, J., Hellman, J. et al. (2000) *Anticorruption in Transition: A Contribution to the Policy Debate*. World Bank.
- Precupetu I. (2007) Perceptions of Corruption in Romania: A Content Analysis of Interviews from Politics, Judiciary, Police, Media, Civil Society and Economy. Sixth Framework Programme of the European Commission. *Research Project: Crime and Culture*. Project no.: 028442. October 2007
- Profiroiu, M., Andrei, T., Carp, R. and Dinca, D. (2005) Public Administration Reform in the Perspective of Romania's Accession to the European Union. European Institute of Romania. Pre-accession impact studies III, Study no. 3. Available at: http://www.ier.ro/EN/index_en.html
- Putnam, R.D. (1993) *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press, Princeton, NJ
- Randma, T. (2001) A Small Civil Service in Transition: The Case of Estonia. *Public Administration and Development* 21, 41-51
- Rauch, J.E. and Evans, P.B. (1999) Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries. Department of Economics, UCSD. Paper 1999-06. Available at: <http://repositories.cdlib.org/ucsdecon/1999-06>
- Rauch, J.E., and Evans, P.B. (2000) Bureaucratic Structure and Bureaucratic Performance in Less Developed Countries. *Journal of Public Economics* 75, 49-71
- Romanian Academic Society (2007) Romanian anti-graft drive at risk, campaigners warn. June 24. Available at: <http://www.sar.org.ro/index.php?page=articol&id=204>
- Rose-Ackerman, S. (1999) *Corruption and Government: Causes, Consequences and Reform*. Cambridge: Cambridge University Press
- Rose-Ackerman, S. (2001a) Trust, Honesty and Corruption: Reflections on the State

- Building Process. *European Journal of Sociology* 42: 27-71
- Rose-Ackerman, S. (2001b) Trust, Honesty, and Corruption: Theories and Survey Evidence from Post-Socialist Societies. Toward a Research Agenda for a Project of the Collegium Budapest. Available at: <http://www.colbud.hu/honesty-trust/rose/pub01.PDF>
- Rose-Ackerman, S. (2006) *International handbook on the economics of corruption*. Edward Elgar Publishing
- Rothstein, B. (2000) Trust, Social Dilemmas and Collective Memories: On the Rise and Decline of the Swedish Model. *Journal of Theoretical Politics*, 12: 477-501
- Rothstein, B. (2004a) Social Capital and Honesty in Government: A Causal Mechanisms Approach. In *Creating Social Trust in Post-Socialist Transition*. Eds. Janos Kornai, Bo Rothstein, and Susan Rose-Ackerman. Palgrave Macmillan
- Rothstein, B. (2004b) Introduction: Creating Social Trust. In *Creating Social Trust in Post-Socialist Transition*. Eds. Janos Kornai, Bo Rothstein, and Susan Rose-Ackerman. Palgrave Macmillan
- Rothstein, B. and Uslaner, E.M. (2005) All for All: Equality, Corruption, and Social Trust. *World Politics*, Vol. 58, October 2005, 41-72
- Sandholtz, W. and Koetzle, W. (2000) Accounting for Corruption: Economic Structure, Democracy, and Trade. *International Studies Quarterly* 44 (1): 31-50
- Scholz, J.T. (1998) Enforcement Policy and Corporate Misconduct: The Changing Perspective of Deterrence Theory. *Law and Contemporary Problems*, 60:253-268
- Scholz, J.T. and Lubell, M. (1998a) Adaptive Political Attitudes: Duty, Trust, and Fear as Monitors of Tax Policy. *American Journal of Political Science* 42 (3): 903-920
- Scholz, J.T. and Lubell, M. (1998b) Trust and Taxpaying: Testing the Heuristic Approach to Collective Action. *American Journal of Political Science* 42 (2): 398-417
- Seldadyo, H. and de Haan, J. (2006) The Determinants of Corruption: A Literature Survey and New Evidence. Paper Prepared for the 2006 EPCS Conference, Turku, Finland, 20-23 April. Available at: http://congress.utu.fi/epcs2006/docs/D1_seldadyo.pdf
- Seligson, M.A. (2002) The Impact of Corruption on Regime Legitimacy: A Comparative Study of Four Latin American Countries. *Journal of Politics* 64(2): 408-433

- Shleifer, A. and Vishny, R.W. (1993) Corruption. *Quarterly Journal of Economics*, Vol. 108, 3, 599-617
- Soares, R.R. (2004) Crime Reporting as a Measure of Institutional Development. *Economic Development and Cultural Change*, 52(4), 851-871
- Spector, P.E. (2006) Method Variance in Organizational Research. *Organizational Research Methods*, 9 (2), 221-232
- Sung, H.E. (2003) Fairer Sex or Fairer System? Gender and Corruption Revisited. *Social Forces*, Vol. 82 (2): 703-723
- Swamy, A., Knack, S., Lee, Y. and Azfar, O. (2000) Gender and Corruption. Working Paper. Williams College. Available at:
http://www.williams.edu/Economics/wp/Swamy_gender.pdf
- Taagepera, R. (2002) Baltic Values and Corruption in Comparative Context. *Journal of Baltic Studies*, Vol. 33, No. 3
- Tanzi, V. (1998) Corruption around the World - Causes, Consequences, Scope, and Cures. International Monetary Fund Staff Papers 45 (4): 559-594
- Tavits, M. (2005) Causes of Corruption: Testing Competing Hypotheses. Working Paper, Nuffield College, University of Oxford. Available at:
<http://www.nuffield.ox.ac.uk/Politics/papers/2005/Tavits%20Nuffield%20WP.pdf>
- Theobald, R. (1990) *Corruption, Development, and Underdevelopment*. Durham: Duke University Press
- The Economist (2008) *Corruption in Romania: In Denial*. Brussels and Bucharest. July 3rd 2008. Available at:
http://www.economist.com/world/europe/displaystory.cfm?story_id=11670671
- Transparency International. (2003) *Global Corruption Barometer*. A 2002 Pilot Survey of International Attitudes, Expectations and Priorities on Corruption. Available at:
http://www.transparency.md/Docs/TI_GCB2003_en.pdf
- Treisman, D. (2000) The Causes of Corruption: A Cross-National Study. *Journal of Public Economics* 76: 399-457
- Treisman, D. (2006) What Have We Learned about the Causes of Corruption from Ten Years

- of Cross-National Empirical Research? Working Paper, Department of Political Science, University of California, Los Angeles. Available at:
http://www.sscnet.ucla.edu/polisci/faculty/treisman/what_have_we_learned.pdf
- Treviño, L. (2007) The Key Role of HR in Organizational Ethics. Ethics Resource Center.
<http://www.ethics.org/erc-publications/staff-articles.asp?aid=1084>
- Tyler, T.R. (1990) *Why People Obey Law?* New Haven: Yale University Press
- Tyler, T.R. (1998) Trust and Democratic Government. In *Trust and Governance*. Eds. Valerie Braithwaite and Margaret Levi. New York: Russell Sage Foundation
- United Nations Development Programme (2007) Case Evidence on “Ethics and Values in Civil Service Reforms.” Capacity Development Action Briefs
- United States Agency for International Development (USAID) (2005) *Anticorruption Strategy*. PD-ACA-557. Available at:
http://www.usaid.gov/our_work/democracy_and_governance/publications/pdfs/ac_strategy_final.pdf
- Urrea, F-J. (2007) Assessing Corruption. An Analytical Review of Corruption Measurement and its Problems: Perception, Error and Utility. Working Paper, Edmund A. Walsh School of Foreign Service, Georgetown University. Available at:
<http://topics.developmentgateway.org/governance/rc/filedownload.do?itemId=1114356>
- Uslaner, Eric M. (2001) Volunteering and Social Capital: How Trust and Religion Shape Civic Participation in the United States. In *Social Capital and Participation in Everyday Life*. Eds. Paul Dekker and Eric M. Uslaner. London: Routledge
- Uslaner, E. (2003) Trust and Civic Engagement in East and West. In *Social Capital and the Transition to Democracy*. Eds. Gabriel Badescu and Eric M. Uslaner. London: Routledge, pp. 81-94
- Uslaner, E.M. (2004) Trust and Corruption. In *The New Institutional Economics of Corruption*. Eds. Johann Graf Lambsdorff, Markus Taube, and Matthias Schramm. London: Routledge
- Uslaner, E. (2007) Inequality and Corruption. In *Advancing Development: Core Themes in Global Economics*. Eds. George Mavrotas and Anthony Shorrocks. London: Palgrave, pp. 100-122

- Uslaner, E.M. and Badescu, G. (2003) Legacies and Conflicts: The Challenges to Social Capital in the Democratic Transition. In *Social Capital and the Democratic Transition*. Eds. Gabriel Badescu and Eric M. Uslaner, London: Routledge, pp. 219-232
- Uslaner, E.M. and Badescu, G. (2004a) Making the Grade in Transition: Equality, Transparency, Trust, and Fairness. Memo. University of Maryland-College Park. Available at: <http://www.bsos.umd.edu/gvpt/uslaner/uslanerbadescumakingthegrade.pdf>
- Uslaner, E.M. and Badescu, G. (2004b) Honesty, Trust, and Legal Norms in the Transition to Democracy: Why Bo Rothstein Is Better Able to Explain Sweden than Romania. In *Creating Social Trust: Problems of Post-Socialist Transition*. Eds. Janos Kornai, Susan Rose-Ackerman, and Bo Rothstein. New York: Palgrave, pp. 31-52
- Van Rijckeghem, C. and Weder, B. (1997) Corruption and the Rate of Temptation: Do Low Wages in the Civil Service Cause Corruption? IMF Working Paper No. 97/73 Available at: <http://ssrn.com/abstract=882353>
- Van Rijckeghem, C., and Weder, B. (2001) Bureaucratic Corruption and the Rate of Temptation: Do Wages in the Civil Service Affect Corruption, and by How Much? *Journal of Development Economics*, Vol. 65, Issue 2, August, 307-331
- Verheijen, T. (1998) Public Management in Central and Eastern Europe: The Nature of the Problem. In *Innovations in Public Management: Perspectives from East and West Europe*. Eds. Verheijen, T., Coombes, D. Cheltenham: Edward Elgar, 207-219
- Verheijen, T. (2000) Administrative Capacity Building for EU Membership, a Race Against Time? Study Commissioned by the Dutch Scientific Council for Government Policy, WRR, the Hague 2000. Available at: <http://www.ut.ee/SOAH/kursused/w107.pdf>
- Verheijen, T. (2001) Public Administration Reform: A Mixed Picture. In *Diversity in Action: Local Public Management of Multi-Ethnic Communities in Central and Eastern Europe*. Eds. Biró, A-M and Kovác, P. Budapest: Open Society Institute, 19, 26
- Verheijen, T. and Rabrenovic, A. (1999) Politico-Administrative Relations in Central and Eastern Europe: An Irresolvable Stalemate?. Paper presented at the NISPAcee Annual Conference, Sofia, March 1999. Available at: <http://unpan1.un.org/intradoc/groups/public/documents/NISPAcee/UNPAN005792.pdf>

- Verheijen, T. and Rabrenovic, A. (2001) The evolution of Politico-Administrative relations in Post-communist states: Main Directions. In *Politico-Administrative Relations: Who Rules?* Ed. Verheijen, T. NISPAcee, Bratislava, 410-426
- Warren, M.E. (2001) Social Capital and Corruption. Paper presented at Social Capital: Interdisciplinary Perspectives: A Euroconference. September 15-20, 2001. Exeter, United Kingdom. Available at:
<http://www.huss.ex.ac.uk/politics/research/socialcapital/papers/warren.pdf>
- Warren, M.E. (2006) Political Corruption as Duplicitous Exclusion. *Political Science & Politics*, volume 39, No. 4
- Weber, M. (1947) *The Theory of Social and Economic Organization*, London: The Free Press of Glencoe
- Wei, S-J. (1999) Corruption in Economic Development: Beneficial Grease, Minor Annoyance, or Major Obstacle? The World Bank, Development Research Group, Public Economics, Policy Research Working Paper 2048
- Wike, R. (2008) Where Trust is High, Crime and Corruption are Low: Since Communism's Fall, Social Trust Has Fallen in Eastern Europe. Pew Global Attitudes Project. Available at: <http://pewresearch.org/pubs/799/global-social-trust-crime-corruption>
- World Bank. (1997) *World Development Report 1997: The State in a Changing World*. Oxford University Press. Full-text available online at:
http://books.google.com/books?hl=en&id=si3tUGjTERAC&dq=world+bank's+world+development+report+1997&printsec=frontcover&source=web&ots=j0M7ucu3oz&sig=qWw1d00t-pKp5Bje57pnJ_XA-tw#PPA1,M1
- World Bank. (1998) Corruption in Latvia: Survey Evidence. Report. Available at:
http://www.worldbank.org/wbi/governance/pdf/guide_pdfs/latvia.pdf
- World Bank. (2000a) Corruption in Slovakia: Results of Diagnostic Surveys. Prepared at the request of the Government of the Slovak Republic by the World Bank and the United States Agency for International Development. Available at:
http://www.worldbank.org/wbi/governance/pdf/guide_pdfs/slovrep44.pdf
- World Bank. (2000b) Anticorruption in Transition: A Contribution to the Policy Debate. Available at: <http://www.worldbank.org/wbi/governance/pdf/contribution.pdf>
- World Bank. (2001) Diagnostic Surveys of Corruption in Romania. Available at:
<http://www1.worldbank.org/publicsector/anticorrupt/romenglish.pdf>

You, J-S. (2005) Corruption and Inequality as Correlates of Social Trust: Fairness Matters More Than Similarity. The Hauser Center for Nonprofit Organizations and the John F. Kennedy School of Government Harvard University, Working Paper No.29

You, J-S. and Khagram, S. (2005) A Comparative Study of Inequality and Corruption. *American Sociological Review*, Vol. 70 (February:136–157)

APPENDIX

LIST OF INTERVIEWS

Mircea Ciumara. General Director, National Institute for Economic Research, National Academy of Romania; Finance Minister 1996–2000.

Bogdan Cocioaba. Principal Commissary, General Commissariat, Financial Guard of Romania.

Enrico D'Ambrogio. Head, Information Bureau in Romania, The European Parliament.

Radu Filipescu. President, Group for Social Dialogue.

Jürgen Henkel. Head, Romanian Office, Hanns Seidel Society.

Nicolae Idu. General Director, European Institute of Romania.

Alexandra Ionescu. Assistant Dean, Institute for Political Research, University of Bucharest.

Elena Iorga. Program Coordinator, Institute for Public Policy.

Mioara Mantale. Prefect of Bucharest.

Andrei Micu. Head, EU Integration Affairs, Prime Minister Chancellery.

Sorana Pascariu. Counsellor, Secretariat for External Affairs.

Marius Profiroiu. Head, Administration and Public Management, The Bucharest Academy of Economic Studies; Public Administration Minister 2001–2004.

Dorel Sandor. Director, Center for Political Studies and Comparative Analysis.

Onno Simons. Acting Head of Delegation, Delegation of the European Commission in Romania.

Adrian Sorescu. Research Director, Center for Studies on Democracy, Pro Democracy Association.

Eugenia Stanciu. Task Manager Public Administration, Delegation of the European Commission in Romania.

Raimar Wagner. Executive Director, Transylvania Academy; Local Council of Sibiu.