## ARTICLE



# The impact of government size on corruption: A meta-regression analysis

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# Abstract

Government size-the degree of participation by governments in the economy-has been considered a potential breeding ground for corruption. However, heterogeneity in reported findings- reflecting different viewpoints on the role of large governments-makes it difficult to assess the size of the effect and, consequently, the design of anti-corruption measures. To address this issue, we perform a meta-regression analysis (MRA) of the literature on government size and corruption, examining 450 empirical estimates retrieved from 44 primary papers published from 1998 to 2022. We find that the considerable heterogeneity in results depends mainly on whether or not the paper is published, if it accounts for endogeneity, and whether it uses panel or cross-sectional data. There is evidence of bias in favor of publishing studies reporting a positive effectsize estimate. However, after controlling for publication selection bias, a negative or zero mean effect remains, which overturns the conventional wisdom. Moreover, the type of measures of corruption has a significant impact on the sign of the relationship with government size. Finally, several robustness checks confirm our main results.

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K E Y W O R D S corruption, government size, meta-analysis, public expenditure, survey

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## 1 | INTRODUCTION

In 2018, the UN Secretary-General António Guterres, citing estimates by the World Economic Forum, said the global cost of corruption amounted to at least \$2.6 trillion, or 5% of global GDP. In addition, businesses and individuals paid more than \$1 trillion in bribes every year.<sup>1</sup> Although the credibility of corruption statistics has been questioned (Wathne & Stephenson, 2021), there is general agreement that the cost of corruption is greater than the sum of money lost: according to Mauro (2021), distortions in spending priorities caused by corruption undermine the ability of the state to promote sustainable and inclusive growth, diverting public resources away from education, healthcare and infrastructure, the types of investments that typically improve economic performance and living standards.

Since the 1990s, when data became more widely available, a large body of literature has investigated the causes and consequences of corruption, defined as the exploitation of a public office for personal benefit (Mauro, 1995; Rose-Ackerman, 1999, 2007). As a result, several surveys have reviewed the achievements and the missing points in the literature (e.g., Aidt, 2003; Jain, 2001; Lambsdorff, 2006; Rose-Ackerman, 1999; Tanzi, 1998; and Treisman, 2007). In particular, the causes of corruption have received a great deal of attention. They fall into several groups, including economic variables (economic development, government size, openness to international trade, state intervention in the economy, the endowment of natural resources), sociocultural variables (legal system, colonial heritage, religion, ethnolinguistic fragmentation, education) and political variables (basic political rights, uninterrupted democracy, freedom of information, the spread of mass media, federalism, the electoral system, political instability).

Among these, government size—the degree of participation by governments in the economy has been considered a potential breeding ground for corruption. A relevant point in the literature that analyzes the link between corruption and government size concerns the definition and, as strictly linked to the latter, the measurement of government size. The term refers to public intervention in the form of spending decisions and employment (bureaucracy). The first hinges on public budgets and, therefore, the size of public expenditure. The second concerns the number of bureaucrats and/or the related expenses, such as wages and salaries (see Niskanen, 1971).<sup>2</sup> Empirical models on the relationship between government size and corruption have produced mixed results, reflecting different viewpoints on the role of large governments. Most of the literature considers that while a certain degree of government intervention is instrumental in remedying market failures, excessive intervention (an increase in government size) provides more opportunities for political rent-seeking (more resources can be stolen from the public budget), leading politicians and monopolist bureaucrats into corruption, inhibiting market competition and generating government failures (e.g., Rose-Ackerman, 1999). Hence, larger governments may increase the risk of predatory behavior by government agents. This view is directly related to the "crime and punishment" model (Becker, 1968), which suggests that big governments increase the expected



benefits (payoffs) of illegal activities and therefore incentivize them, including corruption. This is especially the case in spending areas characterized by low competition, high technological content (such as defense spending), and/or discretionary and therefore less transparent spending (Gupta et al., 2002; Adsera et al., 2003; Glaeser & Shleifer, 2003). Nevertheless, differing explanations and controversial results for the linkage under investigation are rather common (e.g., Alesina & Angeletos, 2005; Billger & Goel, 2009; Kotera et al., 2012; Méon & Sekkat, 2005). For example, some prominent studies suggest that increasing government size should reduce corruption since a larger government can establish a system of checks and balances (i.e., improved oversight) and strengthen voice and accountability. This view is based on the evidence that longestablished economically-developed liberal democracies generally have larger governments and are less corrupt than developing countries, since large governments are better able to provide public goods, such as education and services, which in turn boost human capital and the quality of life (Berry & Lowery, 1987), encouraging entrepreneurship and efficient capital markets (e.g., Audretsch et al., 2015), as well as providing citizens with more tools to monitor corrupt activities (e.g., Billger & Goel, 2009; La Porta et al., 1999; Lipset, 1959). Given these empirical results, it is unclear whether large governments enhance corruption. This makes it difficult for researchers and policymakers to draw unambiguous conclusions about the effect of the former on the latter, which in turn has significant consequences in terms of the policy design of anti-corruption measures.

This paper aims to provide the first meta-regression analysis (henceforth MRA) of the government size/corruption nexus, filling the evidence gap in the literature. Specifically, we (i) provide a statistical synthesis of the existing research on government size as a driver of corruption; (ii) assess the competing claims about the impact of government size on corruption; (iii) explore the sensitivity of the reported empirical results; and (iv) investigate and correct the evidence base for publication and misspecification biases. To this end, we select 44 articles (for 450 observations/estimations) using quantitative methods to evaluate the impact of government size on corruption. Our sample mirrors the diversity in the literature. As indicated above, most of the existing literature points to a positive effect of government size on corruption; however, we found articles that suggest the opposite and others that rule out any link between the two. A closer look at these divergent findings shows that they depend on the sample of countries analyzed, the measures adopted for corruption and government size, estimation methods, data structure, and the model specifications used by scholars.

Within this framework, meta-analysis provides an objective and verifiable means to synthesize the evidence and explain why the results systematically differ in and between the various studies (Cooper et al., 2019; Hedges & Olkin, 1985). Meta-analysis embodies a rigorous approach combining heterogeneous outcomes in a single estimation. It also ensures objectivity and the replicability of the results, following a peer-reviewed and prepublished systematic protocol specifying the search, inclusion/exclusion, and data extraction criteria.

By applying MRA to a wide set of observations, we address several relevant issues. The first concerns whether the sample size, measures, estimation methods, data structure, and specification of the models used in the primary papers influence the estimated impact of government size on corruption. Since all of these factors refine the focus of the problem, they can create heterogeneity in the reported estimates, making it difficult for traditional narrative reviews to draw robust and valid inferences. Moreover, taking into account the country to which the primary paper refers, MRA includes corruption defined at the country level. This country variable is intended to capture how the context in which the countries operate affects heterogeneity in the government size/corruption nexus.

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Overall, our results indicate that a positive relationship exists between government size and corruption and that there is evidence of bias in favor of publishing studies that tend to report positive effect-size estimates. However, after controlling for publication selection bias, precision-effect and after carrying out funnel asymmetry tests to quantify the publication selection bias and to verify if a genuine effect exists beyond bias, the findings show a negative or zero effect of government size on corruption, indicating a possible "research revision effect" (see Gechert et al., 2024).

By contributing to the debate on methodological issues, we indirectly add to the broad discussion concerning the various proxies for corruption, particularly the divergence between perceived—Transparency International or World Bank—and experience-based measures of bribery—the International Crime Victims Survey—(see, e.g., Gutmann et al., 2020; Kurtz & Schrank, 2007; Svensson, 2005; Treisman, 2007). Our paper also indirectly sheds light on the policy implications raised by the analyses of the government size/corruption nexus. Indeed, the positive or negative sign of government size in relation to corruption helps to answer the question of whether larger government intervention can remedy market failures and promote economic development without increasing corruption.

The paper is organized as follows: Section 2 briefly introduces meta-analysis techniques. Section 3 describes the primary literature. Section 4 illustrates the empirical strategy, and Section 5 presents the empirical results. Section 6 concludes.

## 2 | META-REGRESSION ANALYSIS IN BRIEF

Since the contributions of Glass (1978) and Stanley and Jarrell (1989), meta-analyses have become increasingly popular. Several new techniques have emerged in recent years, and a sort of gold standard procedure has been codified (Havránek et al., 2020; Irsova et al., 2024). More than 1100 MRA papers in Economics from 1980 to 2020 were published, with exponential growth in the 2000s.

In this paper, we propose MRA to analyze the literature on government size as a determinant of corruption. MRA offers several advantages over a qualitative survey.<sup>3</sup> A meta-regression analysis is a statistical method that uncovers more about a phenomenon studied in a large set of empirical works. By investigating the relationship between the dependent variable (i.e., the efficiency scores of primary studies) and some features of each paper, MRA provides a systematic synthesis of a substantial number of studies and quantifies the role that specific aspects of original papers play in explaining the heterogeneity of the results (Glass, 1976; Glass et al., 1981; Stanley, 2001; Stanley & Jarrell, 1989).

Specifically, it evaluates the relationship between the dependent variable (i.e., the main result of the analyzed studies) and numerous features in each paper. The dependent variable is the "effect size" of the original papers. In other words, by modelling all the relevant differences between studies of a given subject, MRA fosters an understanding of the role of each varying factor in determining the heterogeneity of outcomes. Briefly, it resolves the difficulty of comparing the results of empirical works. As in any other survey, selecting the studies to be meta-reviewed is an important research phase. The selection is driven by a set of criteria to be satisfied and tends to cover all the literature without restrictions based on the reviewer's judgement. This ensures that meta-studies suffer less than qualitative reviews from potential bias when reviewing the literature on a specific topic.



FIGURE 1 The PRISMA of corruption-government size literature. PRISMA, preferred reporting items for systematic reviews and meta-analyses. [Colour figure can be viewed at wileyonlinelibrary.com]

# 3 | DATASET COLLECTION

To conduct a reliable MRA, we collect the primary papers from numerous archives: Google Scholar, Scopus, Mendeley, ABI Inform, and references from qualitative reviews (Gusenbauer & Haddaway, 2020). In addition, cross-paper searches were carried out. Some journal archives are available from the University of Calabria library system (including via *Proxy* service). The dataset assembling process is shown in Figure 1, which sets out the PRISMA<sup>4</sup> chart

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(Havránek et al., 2020) and illustrates details of the different steps followed to collect the primary papers.

We carried out the paper search using various criteria. First, the words "corruption" and "government size" or "public spending" were used to search for the title of the paper, abstract, and keywords. Google Scholar turned up 9980 results, while in scientific databases the number was significantly lower: 69 in Scopus, 274 in Mendeley, and 1164 in ABI Inform (the latter including theses).

Second, the search was refined by looking for "estimation" and "empirical analysis" in the titles, abstracts, and keywords. The main journals in the field were consulted manually, and papers were further selected with a focus on the impact of government size on corruption. References from the qualitative survey of Dimant and Tosato (2018) were subsequently scanned. Before filtering this sample of papers, we verified that they (a) included empirical analyses and (b) were published in English in a journal or as a discussion paper. Up to this step, the process resulted in the selection of 84 papers and was concluded on February 28, 2023.

We then checked the papers to see if they (a) focused on the direct impact of government size on corruption, (b) did not investigate the reverse relationship, and (c) did not appear twice in the sample. As a result, 31 contributions were withdrawn, resulting in a sample of 53 papers and 466 observations.

Finally, 9 papers (and 16 observations) were removed because they did not provide the essential data required for the meta-analysis (the estimated outcome and its standard error). Hence, the search yielded a sample of 44 papers (including 5 working papers) published from 1998 to 2022 with 450 observations (Figure 1).<sup>5</sup> In the Appendix, Table A1 sets out the primary papers collected.

# 4 | EMPIRICAL STRATEGY

## 4.1 | The partial correlation index and estimation technique

Since different studies use different units of measurement, their estimates are not directly comparable. To summarize and compare the results from various studies, it is necessary to compute standardized effect sizes. We, therefore, calculate the partial correlation coefficients (PCCs), which measure the association between corruption and government size, while other explanatory variables are held constant. PCCs are comparable because they are unrelated to the metrics used to measure the independent and dependent variables.

The partial correlation index (PCC) is defined as follows (see, among others, Ugur, 2014; Valickova et al., 2015; and Doucouliagos et al., 2022):

$$PCC_{ij} = \frac{t_{ij}}{\sqrt{t_{ij}^2 + df_{ij}}} \tag{1}$$

where *i* indicates the single estimation in the *j*th primary paper, *t* is the test statistic for the significance of  $\beta$ , and *df* is the degrees of freedom for estimating  $\beta$ .

The standard error for the PCC is:

$$SE_{ij} = \frac{PCC_{ij}}{t_{ij}} \tag{2}$$

To run our MRA on the impact of government size on corruption, we use the following model:

$$PCC_{ij} = \beta_0 + \beta_1 SEr_{ij} + \sum_k \beta_k X_{kij} + \varepsilon_{ij} + u_i$$
(3)

where  $\varepsilon_{ij} \sim N(0, \sigma_{ij}^2)$  is the within-study disturbance and  $u_i \sim N(0, \tau^2)$  is the deviation due to residual nonobservable heterogeneity (between-study variance). The parameter  $\tau^2$  is a measure of between-study variability and is estimated as in Harbord and Higgins (2008). The group of variables  $X_{kij}$  comprises the explanatory variables summarizing various model characteristics in each study.

We adopt a two-step procedure as proposed by Gallet and Doucouliagos (2014) and applied in Aiello and Bonanno (2018, 2019). A random effect maximum likelihood (REML) regression is run in the first step, and in the second step, a WLS regression in which the weights include  $SEr_{ij}$  to correct the default heteroskedasticity and the value of  $\tau^2$  retrieved from the first step. This ensures that the estimates are robust to clustering at the study level.

# 4.2 | Assessing heterogeneity in the literature on the corruption/government size nexus

An MRA can be run where there is heterogeneity in the literature. The sources of the heterogeneity must be included in the regressions as explanatory variables. Figure 2 and Table 1 show the sources of heterogeneity in the study of government size and corruption, complementing the regression analysis shown in Section 5.

After reporting the kernel density for the whole sample, it is useful to investigate the different sources of heterogeneity.<sup>6</sup> The first is the type of contribution (published/not published). Therefore, we estimate the kernel density of the two types of paper. Figure 2 shows a clear difference in the density estimates for the two types. The result is confirmed when testing for differences in means, as shown in Table 1 (5% significance level).

A second source of heterogeneity is the data type employed in the studies, either panel or crosssection data. The kernel density estimates for the two types of data tend to differ substantially. Testing for differences in means confirms the results (5% significance level; see Table 1).

A third possible source of heterogeneity lies in the techniques used in the studies and whether or not they check for endogeneity among the variables of interest. The kernel density estimates for these two types and the results point toward the existence of differences between them. The difference in means test rejects the null hypothesis at the 10% significance level (Table 1).

The primary papers we analyzed show significant heterogeneity (variability) in both the proxies used to measure corruption and government size.<sup>7</sup> In this case, the tests for the presence of differences in means also provide strong and significant results, as shown in Table 1.

## 4.3 | Variables and descriptive statistics

After showing heterogeneity in our MRA sample, which is preparatory to the regression analysis, we set out in detail all the variables used in the models. Table 2 shows descriptive statistics and definitions of all variables included in the regressions.<sup>8</sup> Tables A2 and A3 in the Appendix



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**FIGURE 2** Kernel density estimates for investigation of the presence of heterogeneity. [Colour figure can be viewed at wileyonlinelibrary.com]

show respectively the correlation matrix and a detailed analysis of sample heterogeneity. The Supplemental Material also provides evidence of heterogeneity.

In detail, we employ a dummy variable equal to 1 for estimations retrieved from peer-reviewed papers, and 0 for estimations retrieved from working papers (*Published*). *Panel* is equal to 1 if the primary papers refer to estimations on panel data and 0 for cross-sectional data. Regarding the estimation method, we include two binary variables that capture the estimations obtained through the Ordinary Least Square technique and methods accounting for the endogeneity (*Least square* and *Endogeneity*, respectively). The control group comprises all estimations obtained from the other methods used in the primary papers.

After checking all the factors deemed to be study design variables, we use a set of regressors capturing specific characteristics of the literature. In particular, we include *Perceived corruption* (i.e., data not measuring corruption itself, only opinions about its prevalence) and *Charges for corruption* to investigate the role of the type of proxy for corruption used in the primary papers; other proxies for corruption (*Other measures*) are the control group.

Our focus is solely on the direct effects of government size on corruption. Primary studies draw upon 44 main sources of corruption data, which consist of scores based on perceived levels of corruption as well as on one objective measure of corruption. The scores have different scales, ranging from 0 to 6 for ICRG data, from -2.5 to +2.5 for World Governance Indicators data, from 0 to 12 for TI data, and different ranges in *Other corruption data sources*.<sup>9</sup> Except for Transparency International data, the higher the score, the less the corruption. To ensure consistency, most original

#### TABLE 1 Sources of heterogeneity in the corruption-government size literature.

	Mean	SD	Obs.
Full sample	0.031	0.286	450
Publication status			
Unpublished	-0.092	0.188	55
Published	0.048	0.293	395
Test on the difference in means ( <i>p</i> -value)	.000		
Data type			
Cross-section	-0.116	0.256	79
Panel	0.062	0.283	371
Test on the difference in means ( <i>p</i> -value)	.000		
Estimation approach			
Endogeneity	0.002	0.251	99
Least square	0.051	0.315	230
Other	0.017	0.252	121
Test on the difference in means ( <i>p</i> -value)	.067		
Proxy for corruption			
Perceived corruption	-0.035	0.262	260
Charges for corruption	0.188	0.302	102
Other	0.043	0.265	88
Test on the difference in means ( <i>p</i> -value)*	.000		
Proxy for Government size			
Government size—Expenditure	-0.018	0.259	325
Government size—Employment	0.253	0.283	87
Other	-0.059	0.270	38
Test on the difference in means ( <i>p</i> -value)*	.000		

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*Note*: Authors' elaboration on collected data. Means are unweighted. *t*-test for difference in means: the bold *p*-values mean that the difference is statistically significant.

\*All t-tests are carried out by comparing the category versus all others.

studies transform corruption indices, so a higher score indicates increased corruption. Regarding the objective measure of corruption, *Charges for Corruption* is the most commonly used indicator in our sample.

Similarly, *Govsize employment* and *Govsize expenditure* are used to check for the different measurements of government size. In this case, we use the two variables alternatively since they are strongly correlated. Another control includes the time trend based on the year of publication.

Finally, we add two further variables as robustness checks. The first is the degree of corruption at the country level, namely *Countries corruption*, to take into account the specific effects of each country included in the samples of primary papers (Aiello & Bonanno, 2018; 2019; Doucouliagos et al., 2022). The rationale is that MRA can provide evidence on whether studies on the corruption-government size nexus in countries characterized by high corruption yield results that differ from those obtained when focusing on less corrupt countries. We use *Control of Corruption* as a control variable defined at the country level. It is retrieved from the World Bank DataBank website, capturing perceptions of the extent to which public power is exercised for private gain. The index uses a scale of -2.5 to 2.5, where low values denote high corruption.<sup>10</sup>



		,				
Variables	Description	Obs	Mean	St. dev.	Min	Max
Dependent variable						
PCC	Partial correlation coefficient as in Equation (1).	450	0.0309	0.2861	-0.9603	1
Study design						
Ser	Standard error of PCC as in Equation (2).	450	0.0904	0.0795	0.0013	0.78
Precision effect (1/SEr)	The inverse of SEr.	450	38.29	76.28	1.28	750.44
Published	Dummy equal to 1 for estimations retrieved from peer-reviewed papers, and 0 otherwise.	450	0.8778	0.3279	0	1
Panel	Dummy equal to 1 for estimations on panel data, and 0 otherwise.	450	0.8244	0.3809	0	1
Year of publication_trend	Time trend based on the year of publication.	450	17.74	6.6032	1	26
Estimation approach						
Endogeneity	Dummy equal to 1 for estimations obtained using methods accounting for endogeneity, and 0 otherwise.	450	0.2200	0.4147	0	1
Least Square	Dummy equal to 1 for estimations obtained using least square method, and 0 otherwise.	450	0.5111	0.5004	0	1
Specific variables						
Perceived corruption	Dummy equal to 1 if the measure for corruption in the primary paper refers to data that do not measure corruption itself but only opinions about its prevalence, and 0 otherwise.	450	0.5778	0.4945	0	1
Charges for corruption	Dummy equal to 1 if the measure for corruption in the primary paper refers to the number of charged people for corruption issues, and 0 otherwise.	450	0.2267	0.4191	0	1
Govsize expenditure	Dummy equal to 1 if the measure of government size in the primary paper is related to expenditure, and 0 otherwise.	450	0.7222	0.4484	0	1
Robustness checks						
Govsize employment	Dummy equal to 1 if the measure of government size in the primary paper is related to employment, and 0 otherwise.	450	0.1933	0.3954	0	1
Countries corruption	Degree of corruption of the country to which the primary paper estimate refers.	450	0.4829	0.7615	-0.6105	2.2340
Dummy_ABS (Quality of journals)	Dummy variable equal to 1 if the primary paper is published in a 3- or 4-star ABS journal, and 0 otherwise.	450	0.1422	0.3497	0	1

**TABLE 2** Descriptive statistics of the variables included in the regressions.

Note: Authors' elaboration on collected data.

The second variable, namely *Dummy\_ABS*, measures the quality of journals where primary papers are published. *Dummy\_ABS* is a dummy variable equal to 1 if the primary paper is published in a 3- or 4-star ABS journal, and 0 otherwise.

# 5 | EMPIRICAL RESULTS

This section delves into the empirical outcomes of our MRA analysis. Initially, we set out findings pertinent to the investigation of publication bias within primary papers. Subsequently, we analyze results from the estimated models and carry out some robustness checks. Finally, in the last subsection we show the outcomes derived from the regression of various conditional models.

#### 5.1 | Investigation of publication bias

Studies with statistically significant findings are more likely to be published and are published more quickly than studies with null results. This is the issue of publication selection bias, whereby some researchers report only statistically significant results or results consistent with their priors (Christensen & Miguel, 2018). The publication bias distorts meta-averages, inflating them by a factor of 2 or more (Ioannidis et al., 2017).

To address this issue, we carry out the funnel-asymmetry test and precision-effect test (FAT-PET) (Stanley, 2008; Stanley & Doucouliagos, 2007) by estimating the following equation:

$$r_{ij} = \beta_0 + \beta_1 SEr_{ij} + e_{ij} \tag{4}$$

Corrected for heteroskedasticity this becomes (dividing by  $SEr_{ij}$ ):

$$t_{ij} = \beta_1 + \beta_0 1 / SEr_{ij} + \varepsilon_{ij} \tag{5}$$

The FAT involves the test for  $\beta_1 = 0$  and the PET tests for  $\beta_0 = 0$  (funnel asymmetry and precision effect tests, respectively).<sup>11</sup>

Although the FAT is known to have low power—which means a low probability of rejecting the null hypothesis when the latter is false—it has the advantage of testing for the presence of a genuine effect when publication selection bias is controlled for (Ugur, 2014). Additionally, the direction of the bias is positive, given that the estimation of  $\beta_1$  is positive and significant.

We also employed the FAT-PET-PEESE equation, namely the precision-effect estimation with standard errors test, which includes the square of SEr, to test for the presence of a nonlinear effect between the PCC and its SEr (Doucouliagos et al., 2022). The PEESE enables us to obtain a corrected estimate of  $\beta_{SEr}$  (replacing  $\beta_1$  in the FAT-PET). This test demonstrates a considerable positive bias given that the estimated coefficient is greater than 1, confirming the presence of publication bias. The PEESE equation is as follows:

$$t_{ij} = \beta_{SEr}SEr + \beta_0 1/SEr_{ij} + v_{ij}$$
(6)

Table 3 presents the results of the analyses testing for the presence of publication bias using FAT-PET and FAT-PET-PEESE regressions. The table displays coefficients and standard errors for each model. In the FAT-PET regression, the coefficient  $\beta_1$  associated with bias is estimated at

	(1) FAT-PET with robust SE	(2) FAT-PET-PEESE with robust SE
$\beta_1$ (Bias)	0.7751***	
	(0.2135)	
$\beta_0$ (Precision term)	-0.0369**	0.0059
	(0.0179)	(0.0130)
$\beta_{\rm SEr}$ (SEr)		1.7308***
		(0.6359)
Observations	450	450
$\operatorname{Prob} > F$	0.000	0.000
Adjusted R square	4.08%	1.31%

<b>FABLE 3</b> Testing the presence of publication bias: FAT-PET and FAT-PET-PI	PRESE regressions
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*Note*: Authors' elaboration on data collected. The dependent variable of the models is the partial correlation coefficient (PCC). Significance levels and standard errors result from the WLS procedure proposed by Gallet and Doucouliagos (2014). Significance levels: \*\*\*p < .01 \*\* p < .05 \* p < 0.1.

0.7751 and statistically significant at 1%, indicating evidence of publication bias. Additionally, the precision term ( $\beta_0$ ) is estimated at -0.0369 with a significance level of 5%.

In the FAT-PET-PEESE regression, the coefficient for the standard error term ( $\beta_{SEr}$ ) is estimated at 1.7308 and is statistically significant at 1%, while the precision term ( $\beta_0$ ) is not significant. The publication bias may indeed be present in the dataset, as shown by the significant coefficients associated with bias in both models. However, further investigation may be needed to understand the specific mechanisms driving this bias and to assess the robustness of the results.

Overall, we find a positive and often highly statistically significant  $\beta_1$  in many of our specifications. This means that the literature seems to overstate the positive effect of government size on corruption. Additionally, we find a negative and statistically significant mean beyond bias ( $\beta_0$ ) in many of our specifications (in particular for FAT-PET, but also partly for FAT-PEESE full models reported in Table A4). This is a highly significant finding in relation to our research question. Obviously, the uncorrected simple mean of the PCC is slightly positive. However, after controlling publication bias, there remains a negative or zero effect of government size on corruption, overturning conventional wisdom. This is in line with examples of "research revision" detected by several meta-analyses (Gechert et al., 2024; Paldam, 2022) showing that after correcting for observable biases, the empirical economic effects are typically much closer to zero and sometimes switch signs.

Furthermore, Figure 3, alongside Table 3, reveals a consistent asymmetry in the distribution of the partial correlation coefficients, as shown in the Funnel plot. This asymmetry strongly suggests the presence of publication selection bias, given that literature devoid of such bias would typically exhibit a symmetrical funnel shape.

## 5.2 | Estimated models and robustness checks

In this section, we present the multivariate MRA carried out to establish the extent to which differences in some moderating variables account for variations in the effect-size estimates.

The results shown in Table 4 start from the FAT-PET regression and describe the evolution of information on the funnel-asymmetry test.<sup>12</sup> Column 2 shows a regression including only the

TABLE 4 Main meta-regres.	ssions on corruptio	n and government	size.				
	(1)	(2)	(3)	(4)	(5)	(9)	(7)
	<b>Baseline mode</b>	ls			Robustness check	S	
	FAT-PET	Study design	Estimation method	Specific variables	Govsize employment	Countries observables	Quality of journal
$\beta_1$ (Bias)	0.7751***	$0.7430^{***}$	0.7065***	$0.4541^{**}$	0.3612	0.3291	0.4825**
	(0.2135)	(0.2229)	(0.2284)	(0.2305)	(0.2380)	(0.2470)	(0.2375)
$eta_0( ext{Precision term})$	-0.0369**	$-0.1904^{***}$	$-0.1774^{***}$	$-0.1398^{***}$	-0.2584***	-0.1721***	-0.1095**
	(0.0179)	(0.0477)	(0.0498)	(0.0506)	(0.0489)	(0.0514)	(0.0520)
Published		0.0638**	0.0659**	0.0523*	0.0238	0.0556*	0.0619*
		(0.0305)	(0.0307)	(0.0312)	(0.0327)	(0.0307)	(0.0347)
Panel		0.1383***	0.1396***	0.0982***	0.0899**	0.1007***	0.0921**
		(0.0347)	(0.0350)	(0.0363)	(0.0352)	(0.0369)	(0.0377)
Year of publication_trend		-0.0008	-0.0011	0.0057**	0.0061**	0.0062**	0.0047*
		(0.0023)	(0.0023)	(0.0025)	(0.0024)	(0.0025)	(0.0026)
Endogeneity			-0.0306	-0.0323	-0.0249	-0.0430	-0.0363
			(0.0332)	(0.0333)	(0.0329)	(0.0344)	(0.0340)
Least square			-0.0023	0.0044	0.0210	-0.0018	0.0002
			(0.0294)	(0.0277)	(0.0279)	(0.0282)	(0.0279)
Perceived corruption				-0.0661*	-0.0322	-0.0410	-0.0769**
				(0.0341)	(0.0352)	(0.0388)	(0.0366)
Charges for corruption				0.1063**	0.1169**	0.1107**	$0.0898^{*}$
				(0.0472)	(0.0458)	(0.0478)	(0.0508)
Govsize expenditure				$-0.1067^{***}$		$-0.1051^{***}$	$-0.1064^{***}$
				(0.0316)		(0.0313)	(0.0320)
Govsize employment					$0.2157^{***}$		
					(0.0388)		
							(Continues)

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	(1)	(2)	(3)	(4)	(5)	(9)	(2)
	<b>Baseline model</b>	S			Robustness check	S	
		Study	Estimation	Specific	Govsize	Countries	Quality of
	FAT-PET	design	method	variables	employment	observables	journal
Countries corruption						0.0387**	
						(0.0194)	
Dummy_ABS							-0.0412
							(0.0443)
Observations	450	450	450	450	450	450	450
Ц	7.083	10.24	7.510	9.242	12.93	8.54	8.57
$\operatorname{Prob} > F$	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Vote: Authors' elaboration on collected	d data. The depender	nt variable in the mod	dels is the partial correla	tion coefficient (PCC	(). Significance levels an	nd standard errors are de	rived from WLS

a \$ estimations conducted as the second step, following the procedure proposed by Gallet and Doucouliagos (2014).

Significance levels: \*\*\*p < .01 \*\* p < .05 \* p < .1.





dummies related to the study design used in the primary paper. Column 3 adds the variables related to the estimation method, and column 4 includes literature-specific variables. Columns from 5 to 7 present robustness checks.

Before discussing the results, it is worth noting that at the bottom of the table, the diagnostics of the models (*F*-statistics) are set out, guaranteeing the suitability of our estimation setting.

As far as the study design is concerned, *Published* shows a slightly significant positive effect in columns 2–4 and 6, although it turns out not to be significant in the robustness models 5 and 7.

Interestingly, when the estimated results of the primary papers are set out on panel data, the effect of government size on corruption increases, since the estimated coefficients of *Panel* are always positive and equal to about 0.13 (except for column 4, where the coefficient is equal to about 0.1). This result is in line with an issue raised in the literature. Transparency International, provider of probably the most commonly used perception index (CPI), warned against the use of the index over time (TI, 2011). Treisman (2007) and Andersson and Heywood (2009) have critically discussed this use. Moreover, from an econometric point of view, these indices exhibit limited variation over time, not only on a year-by-year basis but also over more extended periods (Heywood & Rose, 2014). These authors call for the use of 10-year averages to analyze the evolution of corruption over time. Therefore, the positive effect of *Panel* may be an artifice of the data rather than a genuine outcome. The time trend based on the year of publication is significant only in column 7. Also, in this case the estimated sign is positive.<sup>13</sup>

Examining the estimation methods, neither of the variables used (*Least Square* and *Endo-geneity*) enable us to disentangle any change in the effect size compared to other estimation techniques. The conclusion confirms that method types do not matter for the understanding of the relationship between corruption and government size.

Results are inconsistent when referring to the proxy for corruption used in the primary regressions. *Perceived corruption* has a significantly negative impact on the effect size, while *Charges for corruption* has a positive impact, although at a lower level. The latter positive effect may be related to the higher number of public officials in countries with large governments, increasing the potential for crime (Glaeser & Saks, 2006).<sup>14</sup> Nevertheless, we do not find these results surprising. The literature is characterized by a long-standing debate on the measurement of corruption, a challenging issue due to the secretive nature of the phenomenon. Perception indices are the most commonly used but suffer from several limitations. Treisman (2007, p. 212) warns that subjec-

tive indices may capture "not observations of the frequency of corruption but inferences made by experts and survey respondents based on conventional understandings of corruption". In addition, perceptions have been shown not to predict the actual experience of corruption. Experience-based indicators, which deal with individual incidents of corruption and are included in the "Other" group in our analysis, have been proposed. However, these indicators are based on what respondents remember and how they assess whether an official expects a bribe, which hardly makes them an objective measure.

Gutmann et al. (2020) have shown that perceived- and experience-based indicators are not correlated and that variations in individual corruption perception cannot be explained by experience alone but are also affected by respondent and country characteristics. Finally, judicial statistics—such as *Charges for corruption*—strongly depend on a country's cultural characteristics and criminal policy, and therefore are unsuitable for cross-country comparison. Overall, our results point toward the risk of over/under-estimating the effect of government size on corruption, using different corruption measures.

Our main meta-regressions include the dummy *Govsize expenditure* since more than 70% of our sample uses this proxy for government size. The variable has a significantly negative impact.

Finally, the last three columns of Table 4 set out robustness checks. In detail, when we use *Gov*size employment as a robustness check, replacing *Govsize expenditure*, the measure of government size is significantly positive, and all other results are quite robust. In addition, with regard to the positive coefficient associated with *Countries corruption*, high index values (i.e., low corruption in the country) lead to a higher effect size. As already pointed out, our dependent variable is a partial correlation coefficient. Although this makes it unsuitable for an economic interpretation, it does provide some hints. In this light, the latter finding is interesting, though unsurprising. A stream of literature maintains that higher-income countries tend to overestimate corruption, while the opposite happens in poorer countries (Gutmann et al., 2020), possibly because in rich countries the expectation for greater accountability is somehow frustrated.

The last column in Table 4 includes the variable *Dummy\_ABS*. This variable, added to control for the quality of journals where primary papers are published, is not significant.

#### 5.3 | Conditional models

Despite some differences with the overall analysis shown in Table 4, a number of interesting results are obtained from the conditional MRA (Table 5). Some evidence appears quite robust, particularly with reference to significant coefficients estimated in Table 4. For example, *Panel* has a positive and significant impact in almost all models; *Govsize expenditure* shows a negative impact in many models. However, it is worth noting that when we use only observations for which the measure of corruption used in the primary papers is the number of charged people for crimes of corruption, *Panel* has a negative sign while in the sub-sample related to all the other measures of corruption the coefficient is not significant. Furthermore, examining the methodology block in Table 5, estimation techniques evidently matter, unlike the results of Table 4, and there are some noticeable differences compared to the overall analysis. When methods accounting for endogeneity are used to obtain the primary estimates, a higher PCC is found when the paper is published in a peer-reviewed journal compared to working papers. In addition, the time trend has a negative sign.

Focusing on the two groups related to data types, a few results drive the overall findings. While the estimated coefficients associated with the time trend and *Govsize expenditure* for the group of

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TABLE 5 Conditional	MRA on corru	ption and gove	ernment size.							
	Measures fo	or corruption		Methodology			Data type		Geographic	al context
	Perceived corruption	Charges for corruption	Other measures	Endogeneitv	Least square	Other methods	Panel	Cross section	One Country	More Countries
$eta_1$ (Bias)	0.4097	-2.3832***	2.4862***	0.1663	0.3519	$1.1880^{*}$	0.8848***	-2.6218***	-0.2174	0.7863**
	(0.3981)	(0.5498)	(0.8818)	(0.7294)	(0.3167)	(0.6108)	(0.2674)	(0.7791)	(0.5175)	(0.3673)
$eta_0$ (Precision term)	$-0.2362^{***}$	0.5075***	-0.0706	$0.2493^{*}$	$-0.1437^{*}$	-0.0359	-0.0424	-0.1224	-0.0225	$-0.2707^{***}$
	(0.0795)	(0.1316)	(0.1896)	(0.1339)	(0.0789)	(0.1193)	(0.0641)	(0.1346)	(0.1000)	(0.0940)
Published	0.0218	I	0.0713	0.2012*	-0.0352	-0.0013	0.0710	0.0736	-0.0526	0.0320
	(0.0507)		(0.0476)	(0.1099)	(0.0574)	(0.0327)	(0.0471)	(0.0579)	(0.0577)	(0.0438)
Panel	$0.1827^{***}$	-0.2202**	-0.0309	0.0024	0.1068	$0.2420^{***}$			0.0536	$0.2098^{***}$
	(0.0564)	(0.0973)	(0.0628)	(0.0887)	(0.0679)	(0.0908)			(0.0741)	(0.0563)
Year of publication_trend	0.0000	0.0366***	-0.0042	$-0.0168^{***}$	$0.0101^{***}$	0.0007	0.0052**	0.0033	0.0113***	0.0015
	(0.0032)	(0.0058)	(0.0114)	(0.0047)	(0.0034)	(0.0064)	(0.0025)	(0.0092)	(0.0041)	(0.0032)
Endogeneity	-0.0234	-0.2200**	-0.2076***				-0.0492	0.0628	0.0133	-0.0518
	(0.0479)	(0.0891)	(0.0749)				(0.0407)	(0.0855)	(0.0619)	(0.0457)
Least square	-0.0025	-0.2625***	-0.1493				-0.0354	0.0742	0.0541	-0.0212
	(0.0311)	(0.0948)	(0.1005)				(0.0340)	(0.0813)	(0.0796)	(0.0337)
Perceived corruption				0.0290	$-0.1181^{**}$	-0.0682	-0.0295	$0.1086^{*}$	I	-0.0259
				(0.0836)	(0.0567)	(0.0558)	(0.0411)	(0.0628)		(0.0608)
Charges for corruption				-0.0221	$0.1303^{*}$	-0.0837	$0.0811^{*}$	0.5664***	$0.1418^{**}$	$0.2708^{***}$
				(0.0854)	(0.0728)	(0.1408)	(0.0488)	(0.1295)	(0.0658)	(0.1020)
Govsize expenditure	0.0026	-0.3727***	0.1482	-0.1819*	-0.0508	-0.2183***	$-0.1470^{***}$	0.0073	-0.2274***	-0.0106
	(0.0487)	(0.0518)	(0.0909)	(0.0918)	(0.0587)	(0.0631)	(0.0398)	(0.0559)	(0.0693)	(0.0493)
Observations	260	102	88	66	230	121	371	79	145	305
F	3.421	17.11	13.52	6.069	6.588	4.317	8.631	9.393	7.521	5.358
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<i>Note:</i> Authors' elaboration on c coefficient (PCC). Significance l Significance levels: *** $p < .01$ ***	ollected data. The evels and standa p < .05 * p < .1.	he dependent va urd errors are den " Dropped for o	riable of the mo rived from WLS collinearity.	dels is the partial estimations cond	l correlation co ucted as the see	efficient (PCC). cond step, follov	The dependent ving the procedu	variable in the tre proposed by	models is the I Gallet and Dou	artial correlation couliagos (2014)

primary estimates obtained for panel data are the same as those in column 4, Table 4, these coefficients are not significant for the complementary group of estimates obtained for cross-sectional data.

Finally, mixed results emerge for the sample broken down into the number of countries analyzed in the primary papers (the last two columns in Table 5). *Published* shows a negative coefficient when a single country is considered, but the impact is not significant when more countries are analyzed. The parameter of *Panel* is significant only for the second group of primary estimates. By the same reasoning, the coefficients associated with the year of publication (trend) and the parameter of *Govsize expenditure* are significant only for 1-country-estimations (positive and negative, respectively).

After conducting these analyses, it may be useful to estimate a "best practice model" to calculate the average effect of PCC. Considering the full specification reported in column 4 of Table 4, a "best practice" approach could involve assuming the absence of publication bias (setting  $\beta_1 =$ 0 and  $\beta_0 = 1$ ), along with values for key variables: *Published* = 1, *Panel* = 1, *Endogeneity* = 1, *Least Square* = 0, *Govsize Expenditure* = 1, and the mean value of the *Year of publication\_trend* (17.74).

As discussed above, there is no clear reason to prefer either *Perceived Corruption* (more frequently used in empirical analyses) or *Charges for Corruption* as indicators. Therefore, we start from the "best practice" estimate, and derive two scenarios:

- a. For Perceived corruption = 1 and Charges for corruption = 0, we obtain  $PCC_{Perceived} = -0.0933$ .
- b. For Perceived corruption = 0 and Charges for corruption = 1, we obtain  $PCC_{Charges} = 0.0791$ .

The opposite results are unsurprising since in Tables 4 (and to a lesser extent 5) the two variables showed opposite signs. This outcome further strengthens the crucial nature of the choice of the proxy for corruption.

#### 6 | CONCLUDING REMARKS

Does the size of the government affect corruption? This paper seeks to answer the question by collecting 450 observations from 44 primary studies published over the period 1998–2022, using a meta-analysis to evaluate the possible impact of government size on corruption in primary studies. Overall, our results show substantial heterogeneity in the estimates and identify several sources of variability. First, the coefficients of the impact of government size on corruption in published papers are significantly higher than in unpublished papers. Furthermore, the bias is to publish papers finding a positive relationship between government size and corruption. This may partially reflect publication bias, as explored in recent studies (e.g., Brodeur et al., 2023). However, after controlling for publication selection bias precision-effect and funnel asymmetry tests to quantify the bias and to verify if a genuine effect exists beyond bias, the negative or zero effects of government size on corruption reverse the conventional wisdom for effect size, indicating a possible "research revision effect" (see Gechert et al., 2024).

Second, when estimates are made by methods that correct for endogeneity, the impact of government size on corruption is significantly lower. Third, the use of panel data yields significantly higher government size impacts on corruption, but, as we argued above, this is probably the result of the low variability in the corruption data over time.

Finally, our MRA concludes that the results are sensitive to the measures used in the primary papers, an outcome that reinforces the issue of the reliability of data on corruption as raised after

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the initial publication of papers on corruption, including in leading journals. This remains an open question, and our results suggest that the challenge of future research will be to refine the measures of both government size and corruption in order then to examine the patterns they reveal. This is not merely a scholarly issue. As UNDP (2008, 8) stated: "To put it plainly, there is little value in a measurement if it does not tell us what needs to be fixed," therefore actionable indicators need to be developed which, in turn, lead to policy decisions that can reduce the levels of corruption.

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#### CONFLICT OF INTEREST STATEMENT

The authors declare no conflicts of interest.

#### DATA AVAILABILITY STATEMENT

Data are available upon request from the authors.

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# ENDNOTES

#### <sup>1</sup>https://press.un.org/en/2018/sc13493.doc.htm

- <sup>2</sup>Niskanen (1971) defines government bureaucrats as agents seeking to maximize the size of their budgets and points out that they have no incentive to be efficient.
- <sup>3</sup>Traditional systematic reviews provide qualitative analyses of a stream of literature, and usefully summarize a topic, tending to focus on statistical significance testing to determine whether there is an effect, but involve two shortcomings. First, significance testing is not well suited to the task because it depends significantly on sample size. Second, the comparability of studies can be problematic because it may not be easy to establish which studies are indeed the same.
- <sup>4</sup>PRISMA stands for preferred reporting items for systematic reviews and meta-analyses.
- <sup>5</sup>Additional details on the dataset construction process are available upon request.
- <sup>6</sup>This type of graph enables us to show the heterogeneity in the effect size for different groups, which means drawing separate kernels for the different values of categorial variables able to capture variety. This analysis is very popular in the MRA literature and justifies the use of some regressors (Aiello & Bonanno, 2018, 2019).
- <sup>7</sup>Several measures of corruption are used. For instance, the Corruption Perception Index (CPI) is compiled from various sources, including TI (Transparency International), GCR-WEF (The Global Competitiveness Report—World Economic Forum), EUBusSurvey (Eurobarometer Businesses' Attitudes toward Corruption), WGI (Worldwide Governance Indicators), Enterprise Surveys from the World Bank, Corruption Index from



ICRG (International Country Risk Guide), and World Bank data. Other proxies involve tracking individuals charged with corruption and documented cases of corruption. Additionally, corruption may be measured by indicators such as Corruption Experience, corruption risks, and the legal processes initiated, investigated, and adjudicated. When examining government size, the most commonly used measure is Government's final consumption expenditures as a percentage of GDP. However, other measures, such as Government's investment expenditures as a share of GDP and the number of public employees, are also utilized.

- <sup>8</sup>We use Stata commands "meta forestplot" and "meta summarize" to graphically and analytically show the presence of significant heterogeneity in our sample, both within and between studies.
- <sup>9</sup>Other corruption data sources include: Business Environment Risk Intelligence at http://www.beri.com/; Dreher et al. (2007) index at http://129.3.20.41/eps/pe/papers/0406/ 0406004.pdf; the Economist Intelligence Unit Country Risk Service and Democracy Index at http://www.eiu.com/public/#; and the Sachs and Warner (1997) index at http://jae.oxfordjournals.org/ content/6/3/335.full.pdf}html.
- <sup>10</sup>We employ this country-level observable only as an additional robustness check although we are aware that the use of this variable has some limitations. For example, when the primary estimation refers to a group of countries or to panel data, its value is the average corruption level for the entire group. Nonetheless, including *Countries corruption* emphasizes that all other estimated coefficients appear quite robust.
- <sup>11</sup>Since many primary papers provide very few estimations (see Table A1 in the Appendix), we cannot compute clustered standard errors.
- <sup>12</sup>Empirical results of FAT-PET-PEESE are shown in the Appendix where full models are also shown. Findings are quite robust (see Table A4 in the Appendix).
- <sup>13</sup>We re-estimated the same models replacing the time trend based on the year of publication with the year of estimation. The results are quite robust and available on request from the authors.
- <sup>14</sup>Our dependent variable is PCC; hence, direct economic interpretations are excluded. However, some general indications can be drawn.

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#### APPENDIX

Adsera et al. (2003)4ICRG, OtherWorld Bank, OtherPositive <sup>a</sup> Yes, noAli and Isse (2002)1TIOtherPositiveYesAmegavi (2022)6OtherWorld bankNegativeYesAmegavi et al. (2022)6OtherWorld bankPositive <sup>a</sup> YesAmirzadi and Khosrozadeh3TIWorld bankNegative <sup>a</sup> YesAngelopoulos and Philipopoulos (2005) <sup>h</sup> 2ICRGOtherNegative <sup>a</sup> YesAriva (2020)1OtherOtherPositiveYesAriva (2020)1OtherOtherPositiveYesArvate et al. (2010), and Miessi Sanches (2010)1OtherPositiveYesAswar et al. (2011), and (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIWorld bankPositive <sup>a</sup> YesSergh et al. (2012, and Ohrvall (2012)9OtherOtherNegativeYes, noBergh et al. (2017, and Ohrvall (2017)8OtherOtherNegativeYes, noBillger and Goel (2009)12TIWorld bankNegativeYes, no	Studies	Number of estimates	Corruption data	Government size data	Sign of the estimated coefficients	Significant
Ali and Isse (2002)1TIOtherPositiveYesAmegavi (2022)1ICRGWorld bankNegativeYesAmegavi et al. (2022)6OtherWorld bankPositive <sup>3</sup> YesAmirzadi and Khosrozadeh3TIWorld bankNegative <sup>4</sup> YesAngelopoulos and philippopoulos (2005) <sup>b</sup> 2ICRGOtherNegative <sup>4</sup> YesArvia (2020)1OtherOtherPositiveYesArvia (2020)1OtherOtherPositiveYesArvate et al. (2010), and Miessi Sanches (2010)1OtherNegative <sup>4</sup> YesAswar et al. (2011), and Nopiyanti (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIGCR-WEF, EUBusSurvey, OtherPositive <sup>4</sup> Yes, noBergh et al. (2012), and Ohrvall (2012)9OtherOtherNegativeYes, noBergh et al. (2017), and Ohrvall (2017)8OtherOtherNegativeYes, noBilger and Goel (2009)12TIWorld bankNegativeYes	Adsera et al. (2003)	4	ICRG, Other	World Bank, Other	Positive <sup>a</sup>	Yes, no
Amegavi (2022)1ICRGWorld bankNegativeYesAmegavi et al. (2022)6OtherWorld bankPositive³YesAmirzadi and Khosrozade3IIWorld bankNegative³YesAngelopoulos and Philipopoulos (2005)b2ICRGOtherNegative³YesArvia (2020)1OtherOtherPositiveYesArvate et al. (2010), and Miessi Sanches (2010)4OtherNegative³YesAswar et al. (2011), and Nopiyanti (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8IIWorld bankPositive³YesSerf, Colleg Other3OtherPositive, Norgative?YesYesBergh et al. (2012), and (2012)9OtherOtherNegative, Norgative?Yes, noSergh et al. (2012), and Other8OtherOtherNegative, NegativeYes, noSergh et al. (2017), and Other8OtherNegative, NegativeYes, noSergh et al. (2017), and Other1TWorld bankNegative, NegativeYes, noSergh et al. (2009)12TWorld bankNegative,	Ali and Isse (2002)	1	TI	Other	Positive	Yes
Amegavi et al. (2022)6OtherWorld bankPositiveªYesAmirzadi and Khosrozadeh3TIWorld bankNegativeªYes(2015)1ICRGOtherNegativeªYesAniva (2020)1OtherOtherPositiveYesArvate et al. (2010), and Miessi Sanches (2010)4TIWorld bankNegativeªYesAswar et al. (2011), and Nopiyanti (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIWorld bankPositiveªYesBel (2022)30TI, GCR-WEF, EUBusSurvey, OtherPositive, negativeNo, yes negativeNo, yes negativeBergh et al. (2017), and Öhrvall (2017)9OtherOtherNegativeYes, noBillger and Goel (2009)12TIWorld bankNegativeYes, no	Amegavi (2022)	11	ICRG	World bank	Negative	Yes
Amirzadi and Khosrozadeh 3TIWorld bankNegativeªYesAngelopoulos and philippopoulos (2005)*2ICRGOtherNegativeªYesAriva (2020)1OtherOtherPositiveYesAriva (2020)1OtherOtherPositiveYesArvate et al. (2010), and Miessi Sanches (2010)4TIWorld bankNegativeªYesAswar et al. (2011), and Nopiyanti (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIWorld bankPositiveªYesBaklouti and Boujelbene (2018)8TI, GCR-WEF, UBusSurvey, OtherPositive, negativeNo, yesBel (2022)30ChherStrostatPositive, negativeNo, yesBergh et al. (2017), and Ohrrall (2017)8OtherStrostatNegativeYes, noBilger and Goel (2009)12TIWorld bankNegativeYes	Amegavi et al. (2022)	6	Other	World bank	Positive <sup>a</sup>	Yes
Angelopoulos and philipopoulos (2005) <sup>b</sup> ICRGOtherNegative <sup>a</sup> YesAriva (2020)1OtherOtherPositiveYesArvate et al. (2010), and Miessi Sanches (2010)4TIWorld bankNegative <sup>a</sup> YesAswar et al. (2011), and Nopiyanti (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIWorld bankPositive <sup>a</sup> YesBel (2022)30TI, GCR-WEF, EUBusSurvey, OtherFurstarPositive, negativeNo, yesBergh et al. (2017), and Öhrvall (2017)9OtherOtherNegativeYes, noBillger and Goel (2009)12TIWorld bankNegativeYes	Amirzadi and Khosrozadeh (2015)	3	TI	World bank	Negative <sup>a</sup>	Yes
Ariva (2020)1OtherOtherPositiveYesArvate et al. (2010), and Miessi Sanches (2010)4TIWorld bankNegative <sup>a</sup> YesAswar et al. (2011), and Nopiyanti (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIWorld bankPositive <sup>a</sup> YesBel (2022)30TI, GCR-WEF, EUBusSurvey, OtherFurostatPositive, negativeNo, yesBergh et al. (2012), and Öhrvall (2012) <sup>b</sup> 9OtherOtherNegativeYes, noBergh et al. (2017), and Öhrvall (2017)8OtherOtherNegativeYes, noBillger and Goel (2009)12TIWorld bankNegativeYes	Angelopoulos and Philippopoulos (2005) <sup>b</sup>	2	ICRG	Other	Negative <sup>a</sup>	Yes
Arvate et al. (2010), and Miessi Sanches (2010)TIWorld bankNegativeªYesAswar et al. (2011), and Nopiyanti (2022)1OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIWorld bankPositiveªYesBel (2022)30TI, GCR-WEF, 	Ariva (2020)	1	Other	Other	Positive	Yes
Aswar et al. (2011), and Nopiyanti (2022)OtherOtherPositiveYesBaklouti and Boujelbene (2018)8TIWorld bankPositiveªYesBel (2022)30TI, GCR-WEF, EUBusSurvey, OtherFurostatPositive, negativeNo, yesBergh et al. (2012), and Ohrvall (2012)^b9OtherOtherNegativeYes, noBergh et al. (2017), and Ohrvall (2017)8OtherOtherNegativeYes, noBillger and Goel (2009)12TIWorld bankNegativeYes	Arvate et al. (2010), and Miessi Sanches (2010)	4	TI	World bank	Negative <sup>a</sup>	Yes
Baklouti and Boujelbene8TIWorld bankPositiveªYes(2018)30TI, GCR-WEF, EUBusSurvey, OtherEurostatPositive, negativeNo, yesBergh et al. (2012), and 	Aswar et al. (2011), and Nopiyanti (2022)	1	Other	Other	Positive	Yes
Bel (2022)30TI, GCR-WEF, EUBusSurvey, OtherEurostatPositive, negativeNo, yesBergh et al. (2012), and 	Baklouti and Boujelbene (2018)	8	TI	World bank	Positive <sup>a</sup>	Yes
Bergh et al. (2012), and Ohrvall (2012)b9OtherOtherNegativeYes, noBergh et al. (2017), and Ohrvall (2017)8OtherOtherNegativeYesBillger and Goel (2009)12TIWorld bankNegativeYes	Bel (2022)	30	TI, GCR-WEF, EUBusSurvey, Other	Eurostat	Positive, negative	No, yes
Bergh et al. (2017), and Öhrvall (2017)8OtherNegativeYesBillger and Goel (2009)12TIWorld bankNegativeYes	Bergh et al. (2012), and Öhrvall (2012) <sup>b</sup>	9	Other	Other	Negative	Yes, no
Billger and Goel (2009)12TIWorld bankNegativeYes	Bergh et al. (2017), and Öhrvall (2017)	8	Other	Other	Negative	Yes
	Billger and Goel (2009)	12	TI	World bank	Negative	Yes

**TABLE A1** An overview of the papers included in our meta-dataset.

(Continues)

#### TABLE A1 (Continued)



	Number of	Corruption	Government size	Sign of the estimated	
Studies	estimates	data	data	coefficients	Significant
Corrado and Rossetti (2018)	4	Other	ISTAT	Positive, negative	Yes, no
Del Monte and Papagni (2007)	18	Other	Other	Positive, negative	Yes, no
Fiorino et al. (2015), and Padovano (2015)	19	TI, WGI	IMF	Positive, negative <sup>a</sup>	Yes, no
Glaeser and Saks (2006)	26	Other	Other	Positive, negative	Yes, no
Goel (2014)	34	Other	Other	Positive	No, yes
Goel and Budak (2006)	4	TI	EBRD	Positive <sup>a</sup>	Yes
Goel and Korhonen (2009) <sup>b</sup>	13	TI	World bank	Negative	Yes
Goel and Nelson (1998)	12	Other	Other	Positive, negative	Yes, no
Goel and Nelson (2007)	18	Other	Other	Negative <sup>a</sup>	Yes
Goel and Nelson (2010)	5	TI	World bank	Negative	Yes
Goel and Nelson (2021)	23	TI, ICRG	World bank	Positive, negative	Yes
Goel et al. (2012), and Rajh (2012)	8	Other	Other	Negative	Yes, no
Goel et al. (2021), and Ram (2021) <sup>b</sup>	22	Enterprise Surveys	World bank	Negative	Yes
Goel et al. (2022), and Ram (2022)	20	Enterprise Surveys	World bank	Negative	Yes
Khan and Majeed (2018)	14	ICRG	World bank	Positive <sup>a</sup>	Yes
Khodapanah et al. (2022), and Shojaeian (2022)	6	TI	World bank	Negative, positive <sup>a</sup>	Yes
Kiswanto and Fitriani (2019)	2	Other	Other	Positive, negative	Yes
Kotera et al. (2010), and Samreth (2010) <sup>b</sup>	9	TI	Other	Positive, negative	Yes, no
Kotera et al. (2012)	22	TI, WGI	World bank	Positive, negative	Yes
Lash and Batavia (2013)	5	TI	World bank	Negative <sup>a</sup>	Yes
Montinola and Jackman (2002)	7	BI	Penn World Table	Positive <sup>a</sup>	Yes
O'Connor and Fischer (2012)	3	Other	World bank	Positive <sup>a</sup>	Yes, no

(Continues)

#### TABLE A1 (Continued)

Studies	Number of estimates	Corruption data	Government size data	Sign of the estimated coefficients	Significant
Paiva et al. (2021), and Gomes (2021)	4	Other	Other	Negative	Yes
Saha and Ali (2017)	15	ICRG	Penn World Table	Positive	Yes
Shabbir and Butt (2014)	6	TI	World bank	Positive, negative	Yes
Themudo (2014)	8	TI	Frasier Institute	Negative	Yes
Treisman (2000)	6	TI	Other	Negative	Yes, no
Visković et al. (2021), and Herman (2021)	2	WGI	Penn World Table	Negative <sup>a</sup>	Yes
Zhou and Tao (2009)	10	Other	Other	Positive	Yes
Zhao and Xu (2015)	5	TI	World bank	Positive <sup>a</sup>	Yes
TOTAL 44	450				

Note: Authors' processsingelaboration.

Abbreviations: GCR-WEF, The Global Competitiveness Report—World Economic Forum; EUBusSurvey, Eurobarometer Businesses' Attitudes toward Corruption; ICRG, International Country Risk Guide; TI, Transparency International; WGI, Worldwide Governance Indicators; Enterprise Surveys from the World Bank.

<sup>a</sup>Indicates the primary papers that consider higher values of the corruption variable as the lack of corruption. <sup>b</sup>Stands for working paper.

ummy_ABS													
Countries corruption D											1	0.3490 1	
Govsize employment										1	0.3718	0.284	
Govsize expenditure									1	-0.7894	-0.4228	-0.202	
Charges for corruption								1	-0.5175	0.4339	0.3965	-0.0381	
Perceived corruption							1	-0.4756	0.3347	-0.3620	-0.3700	-0.2445	
Least Square						1	0.0550	0.0198	-0.1698	0.0285	0.0903	-0.0091	
Endogeneity					1	-0.5430	-0.0673	0.0712	0.0898	-0.0291	0.0707	-0.0627	
Year of pub_trend				1	-0.0054	-0.1451	0.2568	-0.3717	0.4198	-0.3120	-0.3462	-0.5032	
Panel			1	0.2965	0.0336	0.0044	0.0194	0.1103	-0.0254	0.0632	-0.0588	-0.3473	
Published		1	0.2201	-0.0319	0.0180	0.0287	-0.0443	0.2020	-0.0951	0.1827	0.0522	0.1519	
Precision effect (1/Ser)	1	-0.3184	0.1249	0.3866	0.0655	-0.2974	0.0147	-0.1906	0.2087	-0.1640	-0.2276	-0.1478	ation.
	Precision effect (1/Ser)	Published	Panel	Year of publication_trend	Endogeneity	Least square	Perceived corruption	Charges for corruption	Govsize expenditure	Govsize employment	Countries corruption	Dummy_ABS	Note: Authors' elabor

**TABLE A2** Correlation matrix (obs = 450).

BONANNO ET AL.



#### TABLE A3 Heterogeneity summary.

		Year of						
Study	Authors	publication	df	Q	p > Q	$ au^2$	% I2	H2
1	Adsera et al.	2003	3	1.64	.65	0	0	1
2	Ali and Isse	2002	0	0		0		•
3	Corrado and Rossetti	2018	3	5.36	.147	0.005	43.81	1.78
4	Del Monte and Papagni	2007	17	42.72	.001	0.003	59.62	2.48
5	Fiorino et al.	2015	18	69.42	0	0.027	79.46	4.87
6	Glaeser and Saks	2006	25	74.15	0	0.051	65.49	2.9
7	Goel et al.	2021	21	2.60E+05	0	0.053	99.97	3115.36
8	Goel and Nelson	1998	11	150.12	0	0.077	90.96	11.06
9	Kotera et al.	2012	21	190.66	0	0.032	90.38	10.4
10	Saha, S., Ali	2017	14	8.96	.833	0	0	1
11	Montinola and Jackman	2002	6	6.99	.322	0.002	10.88	1.12
12	Treisman	2000	5	0.26	.998	0	0	1
13	Billger and Goel	2009	11	22.06	.024	0.01	50.1	2
14	Goel and Korhonen	2009	12	23.4	.024	0.009	48.75	1.95
15	Goel et al.	2022	19	2.40E+05	0	0.055	99.97	3773.02
16	Kotera et al.	2010	8	39.85	0	0.007	81.92	5.53
17	Zhou and Tao	2009	9	139.62	0	0.03	93.26	14.84
18	Amegavi et al.	2022	5	49.86	0	0.08	90.42	10.44
19	Zhou and Xu	2015	4	2.32	.678	0	0	1
20	Amegavi	2022	10	12.07	.281	0	17.02	1.21
21	Amirzadi and Khosrozadeh	2015	2	0	1	0	0	1
22	Aswar et al.	2022	0	0		0		
23	Themudo	2014	7	15.5	.03	0.047	55.58	2.25
24	Baklouti and Boujelbene	2018	7	12.89	.075	0.005	45.18	1.82
25	Bel	2022	29	35.32	.194	0	0	1
26	Bergh et al.	2017	7	0.39	1	0	0.04	1
27	Shabbir and Butt	2014	5	63.92	0	0.081	91.98	12.47
28	Arvate et al.	2010	3	17.89	0	0.032	78.91	4.74
29	Paiva et al.	2021	3	6.42	.093	0	51.79	2.07
30	Bergh et al.	2012	8	5.58	.694	0	0.04	1
31	Lash and Batavia	2013	4	38.24	0	0.05	93.38	15.1
32	Khodapanah et al.	2022	5	28.86	0	0.028	82.62	5.75
33	Ariva	2020	0	0		0	•	
34	Goel and Budak	2006	3	0.21	.977	0	0	1
35	Goel et al.	2012	7	7.53	.376	0	6.63	1.07
36	Goel and Nelson	2021	22	41.27	.008	0	0	1
37	Khan and Majeed	2018	13	76.63	0	0.021	96.64	29.77
38	Angelopoulos and Philippopoulos	2005	1	0.03	.874	0	0.01	1

(Continues)



#### TABLE A3 (Continued)

Study	Authors	Year of publication	df	Q	p > Q	$ au^2$	% I2	H2
39	Goel and Nelson	2007	17	79.44	0	0.078	81.62	5.44
40	O'Connor and Fischer	2012	2	3.4	.183	0.012	41.46	1.71
41	Visković et al	2021	1	0	.966	0	0	1
42	Kiswanto et al.	2019	1	2.98	.084	0.036	66.43	2.98
43	Goel	2014	33	130.73	0	0.06	70.85	3.43
44	Goel and Nelson	2010	4	0.17	.996	0	0.01	1
Overall			449	5.50E+05	0	0.06	99.75	407.39

*Note*: Authors' elaboration. Test of group differences:  $Q_b = chi^2(43) = 1246.51$ ;  $Prob > Q_b = 0.000$ . *df* stands for degrees of freedom; columns 5–9 report statistics and tests to account for heterogeneity within and between studies (Higgins & Thompson, 2002).

TABLE A4 PET-FAT-PE	ESE and full models.						
	(1)	(2)	(3)	(4)	(5)	(9)	(7)
	<b>Baseline models</b>				<b>Robustness check</b>	S	
	FAT-PET-	Study	Estimation	Specific	Govsize	Countries	Quality of
	PEESE	design	method	variables	employment	observables	journal
$SEr^2$	$1.7307^{***}$	$1.4630^{**}$	$1.3307^{**}$	0.6653	0.4201	0.4282	0.7186
	(0.6359)	(0.6035)	(0.6220)	(0.7298)	(0.7855)	(0.7969)	(0.7253)
$eta_0$ (Precision term)	0.0059	$-0.1280^{***}$	-0.1236***	$-0.1017^{**}$	$-0.2320^{***}$	$-0.1494^{***}$	-0.0758
	(0.0130)	(0.0411)	(0.0462)	(0.0485)	(0.0486)	(0.0501)	(0.0532)
Published		0.0838***	0.0852***	0.0650**	0.0335	0.0650**	$0.0732^{**}$
		(0.0303)	(0.0301)	(0.0311)	(0.0329)	(0.0307)	(0.0353)
Panel		0.1370***	0.1379***	0.0945***	0.0868**	$0.0984^{***}$	$0.0895^{**}$
		(0.0341)	(0.0342)	(0.0359)	(0.0347)	(0.0367)	(0.0374)
Year of		-0.0027	-0.0029	0.0047*	0.0052**	0.0055**	0.0039
publication_trend		(0.0021)	(0.0022)	(0.0025)	(0.0024)	(0.0024)	(0.0026)
Endogeneity			-0.0314	-0.0326	-0.0254	-0.0446	-0.0358
			(0.0336)	(0.0336)	(0.0333)	(0.0347)	(0.0344)
Least square			0.0088	0.0114	0.0278	0.0024	0.0083
			(0.0288)	(0.0272)	(0.0270)	(0.0278)	(0.0273)
Perceived corruption				-0.0617*	-0.0284	-0.0348	-0.0702*
				(0.0341)	(0.0349)	(0.0379)	(0.0365)
Charges for corruption				$0.1104^{**}$	$0.1212^{***}$	$0.1140^{**}$	$0.0972^{*}$
				(0.0470)	(0.0453)	(0.0474)	(0.0503)
Govsize expenditure				$-0.1154^{***}$		$-0.1111^{***}$	$-0.1155^{***}$
				(0.0311)		(0.0305)	(0.0314)
Govsize employment					0.2229***		
					(0.0381)		

(Continues)

	(1)	(2)	(3)	(4)	(5)	(9)	(2)
	<b>Baseline models</b>				<b>Robustness checks</b>		
	FAT-PET- DEFESE	Study design	Estimation	Specific	Govsize	Countries observables	Quality of
		Ingrean	IIICIIIM	VallaUICS	curproyuncur	CODOLI VAULOS	Journal
Countries corruption						0.0435**	
						(0.0188)	
Dummy_ABS							-0.0332
							(0.0436)
Observations	450	450	450	450	450	450	450
ц	4.762	9.887	7.038	8.949	12.62	8.209	8.332
$\operatorname{Prob} > F$	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Note: Authors' elaboration. The dej	pendent variable of the mo	dels is the partial corr	elation coefficient (PC	C). Significance level	s and standard errors are	derived from WLS estin	nations conducted

# TABLE A4 (Continued)

as the second step, following the procedure of Gallet and Doucouliagos (2014). Significance levels: \*\*\*<br/> p < 0.01, \*\*p < 0.5, \*<br/> p < 0.1.