GROUP LIES: Experimental evidence of greater dishonesty in groups than among individuals – even when the group doesn't benefit from the lie

Groups of people that talk to each other before deciding how to act are 50% more likely to behave dishonestly than individuals acting alone. They are also more pessimistic about other people’s honesty. These are among the conclusions of an experimental study by Lisa Spantig and colleagues, to be presented at the annual congress of the European Economic Association in Geneva in August 2016.

Previous experiments have shown that groups are often more dishonest than individuals, but this research finds that communication produces a ‘dishonesty shift’ in members, whether other members of the group benefit from the lie or not. The research team used a laboratory experiment in which groups saw videos of dice rolling, and were paid according to the score each person reported. Allowing groups to chat anonymously among themselves for five minutes before reporting privately increased the amount of dishonesty, even though the individual, rather than the group, benefitted.

The authors conclude: ‘Even though the task is very simple and abstract, comparable versions of it have been found to be related to dishonest behaviour in real life, such as corruption of public workers or business people cheating on customers.’

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Prior research on dishonesty has shown that dishonesty tends to be more prevalent in groups than among individuals, but it remained unclear why this is the case. It has been shown that groups behave more rationally than individuals and thereby may lie more when lying is profitable. Further, deciding in groups allow individuals to disguise dishonest acts. Finally, lying in groups often refers to a situation in which immoral individual behaviour benefits other group members.

This team of three economists provides novel evidence that even in the absence of these group features, individuals are about 50% more likely to behave dishonestly when they communicate in a group before deciding on a (dis)honest action. The size of this ‘dishonesty shift’ does not depend on whether other group members benefit from lying or not. Implementing additional experimental conditions, the authors can also rule out that deliberation alone explains the dishonesty shift.

Recent years have provided several prominent examples of unethical behaviour in groups and organisations. The study by Lisa Spantig and her co-authors shows that communication within groups or organisations is likely to explain why unethical behaviour such as lying, dishonesty and corruption prevails in many real world organisations: it allows group members to adjust their own moral standards.

Since naturally occurring groups are usually allowed and often even encouraged to communicate, institutions might want to take into account the downside of communication that the researchers document. The study paves the path for future research that could investigate mitigating effects of codes of conduct, exogenous monitoring (and punishment) and their interactions with communication in the short run and, in particular, the long run.
The findings of the research team are based on laboratory experiments, using an innovative computerised version of the so-called ‘die-roll-paradigm’, a simple reporting task in which participants trade off honesty and real monetary payments: they see a video of a die roll, are asked to report this number, but are paid according to the number they report, not the number they see.

Even though the task is very simple and abstract, comparable versions of it have been found to be related to dishonest behaviour in real life, such as corruption of public workers or business people cheating on customers.

In the study, groups were formed randomly and were allowed to chat for five minutes before every participant enters his or her report privately. The chat communication is the only difference between groups and individuals in the experiment. Participants receive detailed instructions on the decision-making situation, but remain anonymous in the chat as anonymity helps to exclude possible uncontrollable factors (like personal ties or gender) from influencing the results.

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'I lie? We lie! Why? Experimental evidence on a dishonesty shift in groups’ by Martin Kocher, Simeon Schudy and Lisa Spantig, CESifo Working Paper No. 6008:

https://www.cesifo-group.de/DocDL/cesifo1_wp6008_0.pdf

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