

BRIBERY: BEHAVIORAL DRIVERS OF DISTORTED DECISIONS

Uri Gneezy

University of California San Diego
and University of Amsterdam

Silvia Saccardo

Carnegie Mellon University

Roel van Veldhuizen

WZB Berlin Social Science Center

Abstract

We experimentally investigate behavioral drivers of bribery, focusing on the role of self-interest, reciprocity, and moral costs associated with distorting judgment. In our laboratory experiment, two participants compete for a prize; a referee picks the winner. Participants can bribe the referee. When the referee can keep only the winner's bribe, bribes distort her judgment. When the referee keeps the bribes regardless of the winner, bribes no longer influence her decision. An experiment in an Indian market confirms these results. These findings imply that our participants are influenced by bribes out of self-interest, and not because of a desire to reciprocate. Further evidence shows that self-interest guides decisions to a greater extent when referees have scope for avoiding the moral costs associated with distorting judgment. As a result, limiting referees' ability to form self-serving evaluations can significantly reduce the effectiveness of bribes. (JEL: D73, C91, K42)

The editor in charge of this paper was Paola Giuliano.

Acknowledgments: We would like to thank Thomas Buser, Thomas de Haan, Karsten Theil Hansen, Alex Imas, Menusch Khadjavi, Paul Smeets, Justin Valasek, Florian Zimmermann, seminar participants at numerous universities, the editor and four anonymous referees for valuable comments. Roel van Veldhuizen gratefully acknowledges financial support from the German Research Foundation (DFG) through CRC TRR 190. This research was conducted under IRB#110022 and benefited from financial support of internal funds at Rady School of Management, UCSD. A previous version of this paper circulated under the title "Bribery: Greed versus Reciprocity".

E-mail: ugneezy@ucsd.edu (Gneezy); ssacard@andrew.cmu.edu (Saccardo);
roel.vanveldhuizen@wzb.eu (van Veldhuizen)