



Context-dependent cheating: Experimental evidence from 16 countries



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ABSTRACT

Policy makers use several international indices that characterize countries according to the quality of their institutions. However, no effort has been made to study how the honesty of citizens varies across countries. This paper explores the honesty among citizens across 16 countries with 1440 participants. We employ a very simple task where participants face a trade-off between the joy of eating a fine chocolate and the disutility of having a threatened self-concept because of lying. Despite the incentives to cheat, we find that individuals are mostly honest. Further, international indices that are indicative of institutional honesty are completely uncorrelated with citizens' honesty for our sample countries.

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1. Introduction

Imagine yourself on a university campus. You see the following announcement: “*Is this your lucky day? Flip a coin and win a Chocolate*”. You approach the desk and receive the opportunity to win a delicious and beautifully wrapped Lindt Lindor chocolate truffle by flipping a coin with a black and a white side. You flip the coin in a box at a nearby table; the box protects your anonymity. You win a chocolate if you report that the white side came up and nothing if you report black. If you actually rolled black, the only thing keeping you from enjoying the truffle is your moral compass. You face a tradeoff between the joy of eating a fine chocolate and the individual disutility of having a threatened self-concept because of lying. There is no social shaming or ostracism. We ran this experiment (three treatments) in 16 countries to test how some regular citizens around the world behave in such a situation. Interestingly, we did not find any significant differences across an otherwise very heterogeneous set of countries.

Most studies about cultural differences regarding dishonest behavior have used the survey methodology. Transparency International reports large differences in corruption around the world and the World Value Survey documents cross-cultural differences in opinions regarding how “justifiable” it is to cheat on taxes or public transportation fares. However, corruption indices measure perceptions and not actual behaviors. Further, variations across countries in academic dishonesty (Rawwas et al., 2004) and tax evasion (Alm et al., 1995; Cummings et al., 2009) reinforce the impression that cheating is both abundant and diverse around the world. In the same line, recent research in behavioral and experimental economics has shown that a large fraction of individuals are prone to cheating (Ariely, 2012; Gneezy, 2005). An exception to this trend is Abeler et al. (2014) who report a phone-based incentivized experiment with a representative sample in Germany. They find that most people report honestly after flipping a coin in absolute privacy with a 50% chance of getting a payoff of 15 euros in cash or through an Amazon gift certificate. Abeler and colleagues also complemented their study with a laboratory experiment and find that there is a slightly higher level of dishonest reporting in this setting.

The dominant view in the literature is that individuals engage in dishonest behavior as long as they can maintain a positive self-image while obtaining the maximum payoffs from their dishonesty (Mazar et al., 2008). Further, research has shown that creating a justification of a positive self-image while behaving dishonestly is context specific (Fosgaard et al., 2013; Gino and Galinsky, 2012; Pascual-Ezama et al., 2013).

In this paper, we examine precisely this. That is, whether cheating per se differs across different countries and whether the context¹ influences this behavior. We conducted an experiment in which participants reported the outcome of a coin toss to win a prize. We replicated the experiment in a diverse set of 16 countries around the world with 1440 subjects, 90 in each country (30 per treatment). We used a simple cheating task based on Bucciol and Piovesan (2011). We took great care to run each session under similar conditions. The location of the experiment was always a busy common areas on university campuses (see Table 1 for an overview). Participants had to flip a black/white coin; if the outcome was reported white, they obtained a red Lindt Lindor Truffle; if reported black, they obtained nothing. As our sample includes substantial cultural variation – including participants from Anglo-Saxon, Latin, Germanic, Nordic and Asiatic countries – one would expect substantial heterogeneity in cheating. In addition, and consistent with a social constructionist view, the effects of culture depend on the specifics of the choice context (Gelfand et al., 2013; Kramer and Messick, 1995).

In the first treatment (the *Self-Reported Treatment*, SRT) each participant flipped a coin in a private area without the presence of the researchers or other participants. Afterwards the subject filled a report sheet – indicating sex and the white/black coin-toss result. It was clearly indicated that the filled form should be left in the box nearby. No interaction with the experimenters occurred in this task.

Taking into account that there are heterogeneous types of dishonest people (Gneezy et al., 2013), this task is a good measure of dishonesty for several reasons. Firstly, as a growing body of research suggests that in completely anonymous settings, where the risk of being caught is inexistent, finding 100% cheating is not unusual (Pascual-Ezama et al., 2013; Shu et al., 2012), however, people may also restrict the amount of cheating (Ayal and Gino, 2011; Gneezy, 2005).

In our task there is no possibility to restrict the amount of cheating, the decision is simply to be honest or not (report black or white). Further, decision making is immediate and intuitive, instead of deliberative and meditative in a cognitive dual system (Bazerman and Tenbrunsel, 2011; Kahneman, 2011). In our experiment, cheating is an automatic response and the need for justification matters only when people have enough time to deliberate (Shalvi et al., 2012). Finally, the reward is a simple chocolate that gives instant gratification.

The two other treatments were the Written and the Verbal Reported Treatments (WRT and VRT, respectively). In WRT, participants completed a report sheet in private and submitted it to the experimenter. The experimenter made a note of the reported outcome, and, if due, handed the chocolate to the participant. In VRT, participants were not asked to fill any form. They verbally reported the outcome of the coin flip to the experimenter. If reported white, the experimentalist handed a chocolate to them.

Our different treatments allow us to understand how the level of cheating is shaped by context, i.e. the differences in reporting across treatments. Building on the theory of self-image maintenance (Mazar et al., 2008), we predict that our three treatments will have different implications with regard to the moral processes of reporting incorrect outcomes. We

¹ The context defines the strength of the moral compass in our experiment.

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