



Unethical behavior in the field: Demographic characteristics and beliefs of the cheater



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ABSTRACT

What are the individual demographic characteristics that correlate with unethical behavior? To answer this question we randomly interviewed 541 passengers who used the bus in Reggio Emilia (Italy). Exploiting the high level of fare evasion (43% without a valid ticket) we find that young individuals, males and non-European immigrants in our sample are more likely to travel without a ticket. Interestingly, traveling with other people correlates with the probability of holding a valid ticket but its effect depends on who the passenger and the others are. Finally, we find that all passengers' beliefs on fine costs, ticket inspection frequency, and percentage of passengers without a ticket are surprisingly close to actual figures. However, cheaters perceive inspections as more frequent than those traveling with a valid ticket.

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1. Introduction

Large scale corporate frauds such as Enron, Parmalat, Tyco and WorldCom have recently captured the headlines of the newspapers as well as the attention of the public opinion.¹ However, it is the small scale cheating of ordinary people that has the largest social and economic consequences²: the “ordinary Joes” cheat on taxes, over-charge clients, steal from the workplace, illegally download music and movies from the Internet, or use public transportation without paying the fare. The empirical evidence in social psychology confirms that this widespread dishonesty is the result of the actions of many people who cheat a little, rather than from the actions of few people who cheat a lot (Gino et al., 2009; Mazar and Ariely, 2006; Mazar et al., 2008). Ariely (2012) proposes his interpretation to this small scale – but mass – cheating: people want to benefit from cheating and get as much money (and glory) as possible, but at the same time they want to view themselves as honest and honorable people.

Research on (un)ethical behavior has attracted scholars across various disciplines – psychologists, philosophers, economists and even neuroscientists – and their findings are often counterintuitive but always fascinating (Gneezy, 2005;

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¹ See for instance: <http://www.forbes.com/2002/07/25/accountingtracker.html>.

² Graham et al. (2002) estimated that corporate frauds in one year accounted for an estimated \$37–42 billion loss to the U.S. gross domestic product. Even if this amount is huge is just a small share of the economic consequences caused by ordinary people. For instance, the report to the Nation on Occupational Fraud and Abuse (ACFE, 2008) inform that ordinary people are responsible for an estimated \$994 billion of annual losses due to occupational fraud.

Greene and Paxton, 2009; Houser et al., 2011; Mazar et al., 2008; Shu et al., 2012).³ However, there has been scarce attention to identify the demographic characteristics (age, gender, ethnicity, etc.) that correlate with the propensity toward unethical behavior. Implicitly, researchers have assumed that these variables are not relevant or their effects can be neutralized by proper randomization.⁴

We instead believe that it is crucial to sketch the *profile* of a cheater – i.e., detecting the demographic characteristics of who is more likely to cheat. For this reason more data should be collected in the field with real and more heterogeneous subjects and without affecting their (honest or dishonest) behavior with researchers' intervention. This data collection should be complementary (and not a substitute) of the evidence collected in the laboratory and should bring new light on whom the cheaters and non-cheaters are.

Participants in our study are citizens of the town of Reggio Emilia (Italy) who used the bus with or without paying the bus fare. We chose this setting because the cost of a bus ticket is small (1.2 EUR) and therefore cheating subjects have just a small benefit, in line with most of the experimental evidence reported above. We chose a country, Italy, where bus tickets have to be bought before getting on the bus, and enforcement is carried out at random by *ad hoc* personnel (ticket inspectors). This opens the possibility for passengers to take a ride without actually buying the ticket, and thus to cheat. In addition, Italy is steadily one of the top European countries in terms of shadow economy, non-compliance with fiscal rules and corruption (Slemrod, 2007; Del Monte and Papagni, 2007). Fare evasion is not an exception, as documented for instance by the various blogs and forums on the Internet that provide suggestions on the best way to erase the stamp from a ticket, as well as tricks to follow when traveling without a ticket.⁵ Finally, we chose the town of Reggio Emilia because it is in a region (Emilia Romagna) that is well known to have a high social capital (Sabatini, 2007)⁶ and high norm compliance compared to other regions of Italy.⁷

In our study we randomly approached passengers when they were getting off the bus and we rewarded with a free ticket all those that handled a valid document for the ride (either stamped ticket or monthly pass). For all approached passengers (with or without ticket) we recorded a set of basic observable information (in particular on gender, age class, place of origin, whether they were traveling alone and eventually with whom). To a subsample of passengers we also asked to fill in a questionnaire, regarding further self-reported information (among others on income class, employment status, education, opinions on the bus service, and beliefs related to ticket inspection). Interviewers were not perceived as policemen or ticket inspectors, and passengers had no reason to run away from them or to hide their fare evasion. This gives us the possibility to estimate the *actual* rate of fare evasion and depict the profile of a cheater, controlling (jointly) for many variables that the previous literature ignored. We are also able to measure the marginal effect of each variable and shed new light of which demographic variables correlate with the act of cheating.

This paper represents our attempt to investigate if unethical behavior is spread homogeneously in the population or, rather, there is some heterogeneity and specific demographic variables correlate with a propensity for unethical behavior. Our paper is a first step into the direction of capturing some of the heterogeneity present in the real world but that is often absent in the lab. One can claim that bus passengers are not representative of the whole population: buses are used primarily by some categories of passengers (e.g., commuting students from the suburbs or immigrants that cannot afford a car). We agree. Notice, however, that the composition of our dataset is rather heterogeneous, and to be emphasized in the sample are those characteristics (age, gender) that commonplace would suggest correlating with cheating. This variability in terms of demographic characteristics, together with the size of our sample (541 individual observations) and the neutrality of data collection (after the decision to have or not a valid ticket was made) allows us to estimate and measure jointly the effect of individual characteristics on the probability to hold a valid bus ticket.

Our results show that even in Reggio Emilia there is a high rate of fare evasion (43% of the passengers we interviewed did not have a valid ticket). More interestingly, we are able to sketch a “profile” of the typical cheater: young individuals, males and non-European immigrants in our sample are more likely to travel without a ticket. Moreover, we find evidence that cheating has a *social* component: while traveling with relatives increases the probability to hold a valid ticket, traveling with friends has no bearings on unethical behavior, unless it concerns males at around noon time (mostly students). We also find that those without ticket are more frequently unemployed, little concerned with risk, take short trips and are occasional passengers, and they interact with people that have already been fined for the lack of a valid ticket. Finally, we

³ For instance, it has been shown that moral reminders, asking to place a signature and using honor pledges increase honesty; on the contrary, ex post rationalization, having committed previous immoral acts, or the presence of other cheaters increase dishonesty. For a survey of recent findings, see Ariely (2012) and Gino and Galinsky (2011).

⁴ Some papers have investigated which personality characteristics of people are related to the propensity to cheat. For example, DeAndrea et al. (2009) find that cheaters are usually more sensation-seeking whereas Ashton and Lee (2005) proposed adding an Honesty-Humility factor to the Big Five personality measures.

⁵ For instance see the Italian section of Yahoo! Answers on this topic: http://it.answers.yahoo.com/question/index;_ylt=AgA1tofWiW7oUHx5Ye8rFt1ZEAx.;_ylv=3?qid=20080730101815AAeiWya.

⁶ Sabatini (2007) measures social capital along four dimensions: strength of family networks (e.g., family composition, spatial proximity, quality of the relationship among relatives), strength of friendship networks (e.g., frequency of meetings with friends), civic engagement (e.g., participation in voluntary organization), and political participation (e.g., direct support to political parties). After combining all these measures Emilia Romagna turns out to be the third region with the largest endowment of social capital.

⁷ For instance see the study reported by the newspaper “Il Sole 24 Ore”, according to which Emilia Romagna shows the lowest tax evasion rate in Italy: <http://www.corriereinformazione.it/2012082721254/fisco-e-previdenza/evasione-lemilia-romagna-e-la-regione-piu-fedele-al-fisco.html>.

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