

Research Report

Running head: Collectivism and Bribery

The final, definitive version of this paper has been published in Psychological Science, 22

(7), July 2011, by SAGE Publications, Inc., All rights reserved. ©

The article can be found at: <http://pss.sagepub.com/content/22/7.author-index>

Greasing the Palm: Can Collectivism Promote Bribery?

Nina Mazar and Pankaj Aggarwal

University of Toronto

Corresponding Author:

Nina Mazar, University of Toronto, Joseph L. Rotman School of Management, 105 St.

George St., Toronto, Ontario, Canada M5S 3E6, E-mail: nina.mazar@rotman.utoronto.ca

Abstract

Why are there national differences in the propensity to bribe? To investigate this question, we conducted a correlational study with cross-national data and a laboratory experiment. We found a significant effect of the degree of collectivism versus individualism present in a national culture on the propensity to offer bribes to international business partners. Furthermore, the effect was mediated by individuals' sense of responsibility for their actions. Together, these results suggest that collectivism promotes bribery through lower perceived responsibility for one's actions.

Keywords

morality, corruption, bribery, culture, collectivism, individualism, cross-national, moral disengagement, diffusion of responsibility

Received 11/05/10; Revision accepted 3/14/11

There is remarkable consensus transcending national boundaries that bribery is a morally repugnant business practice (Husted, Dozier, McMahon, & Kattan, 1996). Yet over \$1 trillion, or 3% of the world gross domestic product (GDP), are paid annually in bribes, stymieing economic growth and threatening democratic and moral values (The World Bank, 2004). Furthermore, cross-national data, such as Transparency International's Bribe Payers Index (BPI), which rates countries on the perceived willingness of their companies to bribe abroad, suggest substantial variability across national cultures in the propensity to initiate bribes (Riaño & Hodess, 2008).

Given the proliferation of bribery and the fact that it represents one of the biggest threats to nations' welfare, worldwide efforts are being conducted to curb it, primarily by improving governance and transparency (Wu, 2005). What has not been sufficiently considered, however, is whether and how national culture might shape the propensity to initiate bribes (Martin, Cullen, Johnson, & Parboteeah, 2007; Triandis et al., 2001).

Collectivism and Moral Disengagement

Because bribery is considered morally repugnant, a decision to offer a bribe typically involves a conflict of interest: a dilemma between upholding one's moral standards and enjoying unfair benefits from bribing, such as winning a contract. The standard theories of moral agency suggest that individuals desire to live in accordance with their moral standards and refrain from bribery through motivated self-regulatory mechanisms that help them to exercise moral agency. Recent theories in social cognition and morality suggest, however, that there are several psychological processes by which individuals can selectively disengage internal moral control to permit detrimental conduct without violating their moral standards. In particular, self-sanctions can be disengaged by

reinterpreting one's actions or the negative consequences of one's actions, vilifying the target of one's actions, and, most strongly, by obscuring personal causal agency through diffusion or displacement of responsibility (Bandura, Barbaranelli, Caprara, & Pastorelli, 1996; Mazar, Amir, & Ariely, 2008). Thus, the easier it is for individuals to employ any of these mechanisms and deactivate moral control, the more likely they are to engage in immoral behavior, such as initiating a bribe.

One of the prominent dimensions of a national culture is its degree of collectivism, or the extent to which individuals in that culture see themselves as interdependent and part of a larger group or society (Hofstede, 1980; House, Hanges, Javidan, Dorfman, & Gupta, 2004). According to previous research, individuals in collectivist cultures, relative to those in individualist cultures, tend to hold more favorable attitudes toward sharing responsibilities (Hui, 1988), perceive risky actions as less risky as they see their group or society as providing a "cushion" that would hold them if they "fell" (Hsee & Weber, 1999), make situational rather than dispositional attributions, and have a weaker sense that they themselves—rather than society—determine who they are (Triandis, 2001). Together, these characteristics should make it easier for individuals to selectively disengage regulatory self-sanctions from detrimental conduct through diffusion or displacement of responsibility and, thus, result in a higher likelihood to engage in detrimental conduct without violating their own moral standards.

Consequently, we hypothesized that individuals in collectivist cultures would show a higher propensity to bribe abroad than those in individualist cultures and that this effect would be mediated by collectivists' lower perceived responsibility for their actions. We

tested this premise with two studies: one cross-national correlational study and one laboratory experiment.

Study 1: Cross-National Analysis

In the first study, we tested the correlation between the degree of collectivism present in a national culture and the propensity of that country's companies to offer bribes abroad while controlling for different levels of national wealth. To conduct the analysis, we used three independent measures: (a) Transparency International's 2008 BPI scores (Riaño & Hodess, 2008), (b) the In-Group Collectivism Practices scores from the Global Leadership and Organizational Behavior Effectiveness (GLOBE) study (House et al., 2004), and (c) countries' per capita GDP adjusted by purchasing power parity (Central Intelligence Agency, 2009).

Transparency International's 2008 BPI rated 22 of the world's leading exporting countries in 2006 according to the tendency of those countries' firms to bribe abroad. The combined global exports and outflows of foreign investment of these 22 countries represented 75% of the world total in 2006. BPI scoring was based on surveys of 2,742 senior business executives from 26 major importing countries that have commercial relationships with the 22 rated countries. In particular, the executives were asked to assess the frequency with which companies from these 22 countries offer bribes when operating in the executives' countries—in effect controlling for the demand side of the bribes. Higher scores indicate a lower tendency to offer a bribe (Riaño & Hodess, 2008).

The GLOBE In-Group Collectivism Practices score rated 62 countries on the actual “degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families” (House et al., 2004, p. 12). The scoring was based on the

responses of 17,300 middle managers in 951 organizations between 1994 and 1997. In particular, we used the adjusted scores that corrected for cultural response biases.¹ Higher scores indicate greater collectivism.

Complete country-level data were available for 21 countries. For ease of comparison we log transformed all the variables.² The regression model explained 75.4% of the variance (root mean square error, or $RMSE = 0.058$). As Table 1, Model 1 shows, national wealth was negatively related with the propensity to offer bribes, $t(18) = 2.855$, $p = .011$; semipartial $r = .333$. That is, the higher a country's per capita GDP, the lower its companies' propensity to offer bribes abroad. More important, the more collectivist a national culture, the higher its companies' propensity to offer bribes, $t(18) = -4.284$, $p < .001$; semipartial $r = -.5$.³ Controlling for wealth, we found that the degree of collectivism explained over half of the residual variability in the propensity to bribe, partial $r = -.711$. Furthermore, the effect of collectivism held when we controlled not only for wealth but also for GLOBE's response bias-adjusted Humane Orientation-Practices score (House et al., 2004), which reflects prosocial and ethical considerations—a proxy for moral standards (Table 1, Model 2).

Although this first study yielded initial evidence of a strong relationship between collectivism and bribery, the results were purely correlational. To examine whether a causal relationship actually exists between these two constructs and, if so, what kind of relationship it is, we next conducted a laboratory experiment.

Study 2a: Responsibility for One's Actions—A Mediation Analysis

One-hundred-and-forty business students (70 females, 70 males; mean age = 20.4 years, $SD = 1.8$ years) participated in the experiment for course credit. Participants were

randomly assigned to one of two priming conditions in a between-participants design: They were primed with either an individualist or a collectivist mindset through a word-search task adapted from Gardner, Gabriel, and Lee (1999); this task has been demonstrated to shift the degree to which individuals consider themselves interdependent. The word-search task involved paragraphs describing a trip to the city. The two versions of the task differed only with respect to whether the pronouns were individualist (e.g., I, mine) or collectivist (e.g., we, ours). Participants were instructed to circle all the pronouns in the paragraph.

Subsequently, we exposed participants to a scenario in which they assumed the role of a sales agent who had to compete against two other firms to win a contract from an international buyer and earn a commission (the text given to participants in this scenario is provided in the Supplemental Material available online). We further described that the sales agent was contemplating whether to offer an unofficial payment (bribe) to the potential international buyer to help win this contract. Next, participants were asked to make a choice between offering and not offering a bribe, and to indicate the degree of perceived responsibility for their actions, how much they wanted to win the contract, how wrong they thought it was to offer the bribe, what the likelihood was that the other two companies would offer a bribe, and what the likelihoods were of winning the contract if they chose to offer or not offer a bribe. Finally, we administered a set of four mood items (sad/happy, bad/good, dissatisfied/satisfied, displeased/pleased) and four arousal items (tired/energetic, calm/excited, down/elated, sedated/aroused). As noted, we expected that participants in the collectivist condition would exhibit a greater likelihood to offer a bribe

than participants in the individualist condition would, and that this effect would be driven by a lower perceived responsibility for their actions.

A chi-square test revealed a significant effect of the prime on the decision to bribe: 58.3% of participants primed with the collectivist mindset decided to offer a bribe versus 39.7% primed with the individualist mindset, $\chi^2(1, N = 140) = 4.855, p = .028$; see also Table 2, Model 1 for the result of an ordinal logistic regression. As Table 3 shows, the type of prime did not affect participants' mood (Cronbach's $\alpha = .867$), arousal (Cronbach's $\alpha = .778$), or motivation to win the contract, nor did it affect their views of how wrong they thought it was to offer a bribe, the likelihood that the two other competing companies would offer a bribe, or the likelihoods of winning the contract if a bribe was offered or not offered (all $ps > .2$). It is important to note, however, that participants primed with a collectivist mindset held themselves significantly less accountable for their actions than participants primed with an individualist mindset held themselves for theirs ($\beta = -0.593, SE = 0.23, p = .011$), and this difference in perceived responsibility fully mediated the effect of the prime on participants' decision to offer a bribe (see Table 2, Models 2 and 3; Sobel $z = 2.255, SE = 0.232, p = .024$).

We also tested the alternative account that participants' lower perceived responsibility for their actions was due to a post hoc rationalization consequent to the decision to bribe rather than a direct effect of the prime. An analysis of the reverse causal model revealed a weaker significant mediation (Sobel $z = 2.05, SE = 0.451, p = .04$). In addition, controlling for the decision to bribe ($\beta = 1.225, SE = 0.21, p < .001$), we found that the prime still had a marginally significant effect on perceived responsibility ($\beta = -0.364, SE = 0.21, p = .085$). This analysis thus supports the notion that perceived

responsibility for one's actions was directly affected by the prime and mediated the decision to bribe. Nevertheless, to further support our model, we ran a posttest of this scenario study that examined the prime's effect on perceived responsibility for one's actions in the absence of the decision to bribe.

Study 2b: Posttest of the Causal Relationship

Forty-seven business students (35 females, 12 males; mean age = 20.3 years, $SD = 1.5$ years) participated in the experiment for course credit. The experiment was similar to Study 2a, with two exceptions. First, and most important to our research question, participants only read the scenario without making a choice between offering and not offering a bribe. Second, we asked a few additional questions to rule out other potential explanations: In addition to indicating the degree of perceived responsibility for their actions, how much they wanted to win the contract, and how wrong they thought it was to offer a bribe, participants also indicated how responsible they felt for other people, how much power and control they felt they had, and to what extent they thought that they had no option but to offer the money.

As expected, even in the absence of the decision to bribe, which obviated any need for post hoc rationalization, participants primed with a collectivist mindset held themselves significantly less accountable for their actions than participants primed with an individualist mindset held themselves for theirs ($p = .008$; see Table 4). The two groups did not differ significantly on any of the other questions (all $ps > .1$).

General Discussion

Why are there differences between countries in the propensity to initiate bribes toward the same international business partner? Our results provide evidence that the degree of

collectivism versus individualism present in a national culture plays a significant role. In particular, we extend previous work (Triandis et al., 2001) not only by presenting a more controlled correlational analysis spanning a larger set of countries, but also by demonstrating a causal relationship between collectivism and bribery. Furthermore, we identify a mediator of this effect. Together, our results suggest that collectivism promotes bribery by mitigating individuals' perceived responsibility for their actions.

Finally, a note of caution: Our findings do not imply that collectivist practices promote immoral acts across the board. In fact, the GLOBE study shows a significant positive correlation between countries' In-Group Collectivism Practices score and their Humane Orientation Practices score, which measures the degree to which societies "encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others" (House et al., 2004, p. 13). This correlation is in line with the results of experimental research showing, for example, that a collectivist mindset is positively correlated with helping and keeping track of other peoples' needs (Clark, Mills, & Powell, 1986; Clark, Ouellette, Powell, & Milberg, 1987). In the studies reported here, we focused on a particular, novel context: offering bribes in an international (i.e., out-group) business exchange. Future research may examine to what extent our effects generalize to contexts involving people's in-group, personal circumstances, and other types of immoral acts.

In sum, bribery is considered a serious global threat undermining the wealth and development of nations. Most corrective policies adopt the standard economic approach, which assumes that all it takes to curb bribery is to increase its external costs. That is, policies focus on increasing the magnitude of punishments for offering bribes and the

likelihood of being caught by, for example, implementing stricter rules and regulations, bolstering law enforcement, and promoting greater transparency (Organization for Economic Cooperation and Development, 2009). This article draws attention to cultural orientation as a contextual factor and the relevance of internal control mechanisms in the choice to bribe. In particular, identifying perceived responsibility for one's actions as a mediating factor is an important first step in understanding the psychological processes underlying cross-national differences in individuals' likelihood to initiate bribes and in designing a richer, complementary set of policies to curb the supply side of corruption and its staggering costs (Amir et al., 2005).

Declaration of Conflicting Interests

The authors declared that they had no conflicts of interest with respect to their authorship or the publication of this article.

Funding

This research was supported by grants from the Michael Lee-Chin Family Institute for Corporate Citizenship at the Rotman School of Management, University of Toronto and the Social Sciences and Humanities Research Council of Canada.

Supplemental Material

Additional supporting information may be found at
<http://pss.sagepub.com/content/by/supplemental-data>

Notes

1. Our results hold for the unadjusted GLOBE scores.

2. All three variables were normally distributed (all $ps > .05$). Our results hold for the untransformed variables.

3. The results hold for Hofstede's (1980) individualism scale (Table 1, Model 3), which is more than 20 years older than GLOBE's scale. Higher scores on Hofstede's individualism scale indicate a more individualist (i.e., less collectivist) national culture. The similarity in results supports the notion that both scales measure a deep-seated trait of national culture that is relatively stable over time. Finally, previous research has focused primarily on the demand side of public-sector corruption and exchanges exclusively within countries. For example, Bond and Rao (2004) and Sanyal (2005) have shown a positive correlation between a national culture's degree of collectivism and the propensity of its administrative and political institutions to accept bribes, as measured by the Corruption Perception Index (CPI). We replicated these findings with the latest 2010 CPI scores (Transparency International, 2010; higher scores indicate lower corruption levels; Table 1, Model 4).

References

- Amir, O., Ariely, D., Cooke, A., Dunning, D., Epley, N., Koszegi, B., Lichtenstein, D., Mazar, N., Mullainathan, S., Prelec, D., Shafir, E., & Silva, J. (2005). Behavioral Economics, Psychology, and Public Policy. *Marketing Letters*, *16*, 443–454.
- Bandura, A., Barbaranelli, C., Caprara, G., & Pastorelli, C. (1996). Mechanisms of moral disengagement in the exercise of moral agency. *Journal of Personality and Social Psychology*, *71*, 364–374.

- Bond, C. F., Jr., & Rao, S. R. (2004). Lies travel: Mendacity in a mobile world. In P. A. Granhag & L. A. Strömwall (Eds.), *The detection of deception in forensic contexts*. (pp. 127–147). West Nyack, NY: Cambridge University Press.
- Central Intelligence Agency. (2009). *The world factbook*. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2001rank.html>
- Clark, M. S., Mills, J., & Powell, M. C. (1986). Keeping track of needs in communal and exchange relationships. *Journal of Personality and Social Psychology*, *51*, 333–338.
- Clark, M. S., Oullette, R., Powell, M. C., & Milberg, S. (1987). Recipient's mood, relationship type, and helping. *Journal of Personality and Social Psychology*, *53*, 94–103.
- Gardner, W., Gabriel, S., & Lee, A. (1999). "I" value freedom, but "We" value relationships: Self-construal priming mirrors cultural differences in judgment. *Psychological Science*, *10*, 321–326.
- Hofstede, G. (1980). *Culture's consequences: International differences in work-related values*. London, England: Sage.
- House, R., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (2004). *Culture, leadership and organizations: The GLOBE study of 62 cultures*. Thousand Oaks, CA: Sage.
- Hsee, C. K., & Weber, E. U. (1999). Cross-national differences in risk preference and lay predictions. *Journal of Behavioral Decision Making*, *12*, 165–179.

- Hui, C. H. (1988). Measurement of individualism-collectivism. *Journal of Research in Personality, 22*, 17–36.
- Husted, B. W., Dozier, J. B., McMahon, J. T., & Kattan, M. W. (1996). The impact of cross-national carriers of business ethics on attitudes about questionable practices and form of moral reasoning. *Journal of International Business Studies, 27*, 391–411.
- Martin, K., Cullen, J., Johnson, J., & Parboteeah, K. (2007). Deciding to bribe: A cross-level analysis of firm and home country influences on bribery activity. *Academy of Management Journal, 50*, 1401–1422.
- Mazar, N., Amir, O., & Ariely, D. (2008). The dishonesty of honest people: A theory of self-concept maintenance. *Journal of Marketing Research, 45*, 633–644.
- Organization for Economic Cooperation and Development, Working Group on Bribery in International Business Transactions. (2009). *Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions*. Retrieved from <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- Riaño, J., & Hodess, R. (2008). *Bribe payers index 2008*. Berlin, Germany: Transparency International. Retrieved from http://www.transparency.org/news_room/in_focus/2008/bpi_2008
- Sanyal, R. (2005). Determinants of bribery in international business: The cultural and economic factors. *Journal of Business Ethics, 59*, 139–145.
- Transparency International. (2010). *Corruption perception index 2010*. Berlin, Germany: Transparency International.

- Triandis, H. C. (2001). Individualism–collectivism and personality. *Journal of Personality, 69*, 907–924.
- Triandis, H. C., Carnevale, P., Gelfand, M., Robert, C., Wasti, S. A., Probst, T., . . . Schmitz, P. (2001). Culture and deception in business negotiations: A multilevel analysis. *International Journal of Cross Cultural Management, 1*, 73–90.
- World Bank, The. (2004, April 8). *The costs of corruption*. Retrieved from <http://go.worldbank.org/VAT2EY5A00>
- Wu, X. (2005). Corporate governance and corruption: A cross-country analysis. *Governance: An International Journal of Policy, Administration, and Institutions, 18*, 151–170.

Table 1.

Study 1 Results: Log-Log Linear Regressions Predicting the Level of Corruption

| Parameter | Model 1: Log (2008 BPI) | Model 2: Log (2008 BPI) | Model 3: Log (2008 BPI) | Model 4: Log (2010 CPI) |
|---------------------|----------------------------|-------------------------------|----------------------------|----------------------------|
| Intercept | 2.160*** (0.330) | 2.518*** (0.573) | 0.829** (0.224) | 0.856 (0.720) |
| Log (Collectivism) | -0.448*** (0.105) | -0.492*** (0.120) | — | -1.229*** (0.264) |
| Log (Individualism) | — | — | 0.071* (0.028) | — |
| Log (Humane) | — | -0.132 (0.172) | — | — |
| Log (GDP) | 0.059* (0.021) | 0.048 [†] (0.025) | 0.093*** (0.022) | 0.280*** (0.041) |
| R^2 | 0.754 | 0.763 | 0.635 | 0.730 |
| RMSE | 0.058 | 0.059 | 0.071 | 0.244 |

Note: Regression coefficients are given, with standard errors in parentheses. Collectivism

refers to the In-Group Collectivism Practices scores from the Global Leadership and

Organizational Behavior Effectiveness (GLOBE) study (House, Hanges, Javidan,

Dorfman, & Gupta, 2004), Individualism refers to scores on Hofstede's (1980)

individualism scale, and Humane refers to the Humane Orientation Practices scores of the

GLOBE study (House et al., 2004). BPI = Bribe Payers Index (Riaño & Hodess, 2008),

CPI = Corruption Perception Index (Transparency International, 2010), GDP = gross

domestic product, RMSE = root mean square error. $N = 21$ for Models 1–3; $N = 56$ for

Model 4.

[†] $p < .1$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 2.

Study 2a Results: Ordinal Logistic Regressions Predicting the Propensity to Offer a Bribe

($N = 140$)

| Parameter | Model 1 | Model 2 | Model 3 |
|--|--------------------------------|----------------------|----------------------|
| Intercept [yes] | -0.418 [†] (0.248) | 5.075*** (1.092) | 4.665*** (1.141) |
| Prime (collectivist vs. individualist) | 0.754* (0.344) | — | 0.401 (0.391) |
| Responsibility for own actions | — | -0.919*** (0.189) | -0.883*** (0.190) |
| $R^2 (U)$ | .025 | .182 | .188 |
| χ^2 | 4.884 | 35.404 | 36.455 |
| p | .027* | < .001*** | < .001*** |

Note: Regression coefficients are given, with standard errors in parentheses.

[†] $p < .1$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 3.

Study 2a Results: Mean Scores and Results of *t* Tests Comparing the Collectivist and Individualist Prime Conditions

| Measure | Prime | | <i>t</i> (138) | <i>p</i> |
|--|-------------------------------|--------------------------------|----------------|----------|
| | Collectivism <i>n</i> = 72 | Individualism <i>n</i> = 68 | | |
| Responsibility for own actions | 5.167 (0.165) | 5.759 (0.160) | -2.577 | .011 |
| Motivation to win | 6.111 (0.123) | 6.059 (0.154) | 0.267 | .790 |
| Wrongfulness to bribe | 4.264 (0.187) | 4.449 (0.223) | -0.639 | .524 |
| Likelihood that other companies will bribe | 4.861 (0.159) | 4.882 (0.187) | -0.087 | .931 |
| Likelihood of winning with bribe | 5.403 (0.158) | 5.294 (0.144) | 0.507 | .613 |
| Likelihood of winning without bribe | 3.958 (0.130) | 3.721 (0.169) | 1.122 | .264 |
| Mood | 2.983 (0.308) | 3.415 (0.336) | -0.951 | .343 |
| Arousal | 0.736 (0.282) | 0.504 (0.290) | 0.574 | .567 |

Note: Means are given, with standard errors in parentheses. Measures were assessed on scales ranging from 1 (*not at all*) to 7 (*very*). Mood and arousal scores were assessed on scales ranging from -8 (*negative*) to 8 (*positive*).

Table 4.

Study 2b Results: Means Scores and Results of *t* Tests Comparing the Collectivist and Individualist Prime Conditions

| Measure | Prime | | <i>t</i> (45) | <i>p</i> |
|--------------------------------|-------------------------------|--------------------------------|---------------|----------|
| | Collectivism <i>n</i> = 24 | Individualism <i>n</i> = 23 | | |
| Responsibility for own actions | 5.250 (0.219) | 6.217 (0.274) | 2.771 | .008 |
| Motivation to win | 6.250 (0.173) | 6.522 (0.152) | 1.176 | .246 |
| Wrongfulness to bribe | 4.500 (0.390) | 3.957 (0.380) | -0.997 | .324 |
| Responsibility for others | 5.792 (0.282) | 5.957 (0.213) | 0.463 | .645 |
| Power | 4.708 (0.221) | 4.957 (0.336) | 0.623 | .537 |
| Control | 4.833 (0.253) | 5.130 (0.290) | 0.774 | .443 |
| No option but to bribe | 4.167 (0.305) | 4.870 (0.340) | 1.541 | .130 |

Note: Means are given, with standard errors in parentheses. Measures were assessed on scales ranging from 1 (*not at all*) to 7 (*very*).