

## On the individual decisions to commit corruption: A methodological contrast

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### Corruption:

- a) Creates many economic problems and inequalities.
- b) Reduces growth and flows of capital.
- c) Limits development and distorts policy making.
- d) Missallocate talent.
- e) Reduces the public confidence on institutions.
- f) Weakens the rule of Law.

The higher the frequency of corruption, the higher the propensity to committ such acts.

Facing such environment, new generations have no incentives to behave honestly.

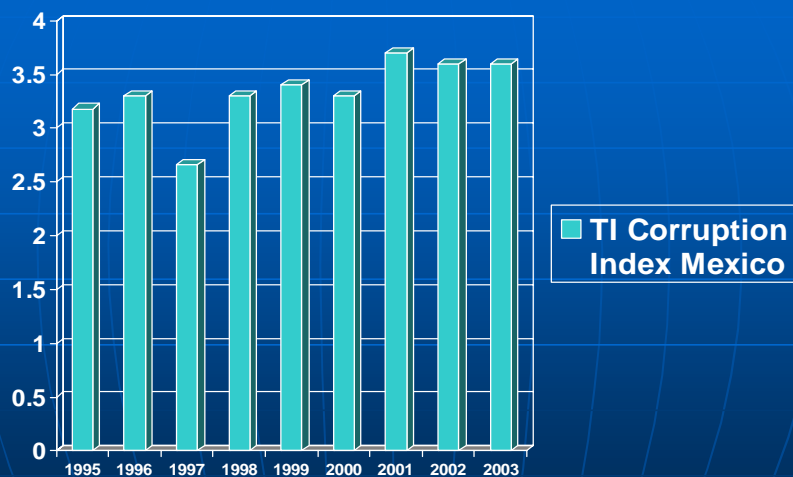
### Objectives:

- 1) Analyse the incentives of individuals to behave corruptly.
- 2) Analyse the impact of beliefs and perceptions on such behaviour.

### Methods:

- 1) Quantitative: using a survey by Transparency Mexico (Encuesta Nacional de Corrupción y Buen Gobierno 2001).
- 2) Qualitative: Focus Groups (Spring 2003. Mexico City).

Focus on payment of bribes only.



It is widely believed in Mexico that corruption dates from Colonial times.

Many even think that corruption is an inherent part of the culture.

Many phrases reflect his situation: "El que no transa no avanza"

ENCUP Survey: A public servant can take benefits from his position if he makes good things: 37% agree, 11% partially agree.

## Quantitative Analysis

General use of surveys:

- 1) Helpful in determining statistical significance of some factors on the originins of behaviour, which may be helpful in policy-making.
- 2) Helpful determining within country variation of corruption.
- 3) However, surveys may suffer from poor response rates, and also reality may differ from perceptions.
- 4) Potential bias resulting from "cultural" background.

Model of corruption action decision through a Probit:

$$\text{Pr}(\text{bribe}) = \beta x + \varepsilon$$

Possible to calculate the frequency of bribe payments through a Poisson-Negbin model.

Encuesta Nacional sobre Corrupción y Buen Gobierno 2001, by Transparencia Mexicana.

Representative at the national level and applied to 13,790 individuals asking if they paid some bribe in exchange for a public service, and how many times.

Eliminating observations with "dont know", "did not respond" and myssing; and considering head of household we get 8846 observations.

Variables included:

Sex

Income level

Education

Work status

Age

Geographical dummies

Governor´s political party

Institutional framework index

Dummy individual complains with law because fears to be caught.

Dummy individual complains with law because of moral issues.

Probit, Dependent: 1=Paid a Bribery.

	Coefficient	Z	Marginal Effects
Male	0.1833***	3.51	0.0560***
Income 1.2-3.6	0.0655	1.22	0.0208
Income 3.7-6.0	0.3212***	4.93	0.1083***
Income 6.1-8.7	0.4043***	4.28	0.1414***
Income 8.8-10.8	0.4807***	4.01	0.1715***
Income 10.9-13.3	0.6429***	4.40	0.2356***
Income +13.3	0.4317***	3.39	0.1526***
Primary	0.0128	0.20	0.0040
Secondary	0.2156***	2.87	0.0712***
High School	0.2377***	2.81	0.0795***
University	0.2310***	2.52	0.0772***
Owner/Self Employed	0.1009**	2.22	0.0323**
PRD	-0.4873***	-6.23	-0.1360***
PAN	-0.0854*	-1.73	-0.0265*
North	-0.4590***	-5.38	-0.1329***
Center	-0.3114***	-3.70	-0.0954***
South	-0.4889***	-6.06	-0.1355***
Institutions	-0.7746***	-5.22	-0.2448***
Fear	0.0751	1.15	0.0242
Blaming	-0.2000	-1.38	-0.0589
26-50 years	0.0337	0.42	0.0106
+50 years	-0.0931	-1.08	-0.0291
Constant	-0.3003	-2.10	
N	8846		
Wald $\chi^2$ (p)	258.02 (0.00)		
Log Likelihood	-4780.30		

Sample for household head. Z is the coefficient divided by its standard error. \*\*\*, \*\* \* Significant at 1, 5 and 10% respectively. Weighted coefficients. Income in thousands. Base categories: Female; income under 1.2; no schooling; salaries and other workers; PRI; Capital; Beneficial to the society/order/peace; 18-25 years old.

Poisson and Negative Binomial. Dependent: Frequency of Briberies

	Poisson Coefficient	Incidence Rate Ratio	Negative Binomial Coefficient	Incidence Rate Ratio
Male	0.3677*** (2.52)	1.4445***	0.3309*** (2.50)	1.3923***
Income 1.2-3.6	0.2602* (1.65)	1.2972*	0.2527** (1.84)	1.2875**
Income 3.7-6.0	0.3878*** (1.99)	1.4737***	0.2695*** (1.94)	1.3093***
Income 6.1-8.7	0.6522*** (2.39)	1.9198***	0.5641*** (2.68)	1.7579***
Income 8.8-10.8	0.7274*** (2.69)	2.0698***	0.7419*** (2.99)	2.0999***
Income 10.9-13.3	1.0011*** (3.17)	2.7215***	0.9692*** (3.56)	2.6358***
Income +13.3	1.0867*** (3.22)	2.9646***	1.1821*** (3.39)	3.2628***
Primary	0.0637 (0.32)	1.0658	0.1036 (0.63)	1.1091
Secondary	0.5001*** (2.35)	1.6489***	0.5082*** (2.93)	1.6623***
High School	0.4976*** (2.09)	1.6447**	0.5664*** (3.07)	1.7602***
University	0.8866*** (1.88)	1.7979**	0.8404*** (2.78)	2.3175***
Owner/Self Employed	0.1263 (0.1198)	1.1346	0.0963 (0.96)	1.1011
PRD	-0.7594*** (-3.94)	0.4679***	-0.7190*** (-4.81)	0.4872***
PAN	0.1879 (1.05)	1.2067	0.0849 (0.55)	1.0886
North	-1.0237*** (-5.13)	0.3592***	-0.9823*** (-5.35)	0.3744***
Center	-0.7081*** (-3.42)	0.4925***	-0.4886*** (-2.89)	0.6134***
South	-1.1823*** (-6.38)	0.3065***	-1.0820*** (-6.38)	0.3388***
Institutions	-0.6066 (-1.30)	0.5451	-0.9195** (-1.90)	0.3987**
Fear	0.2150 (1.14)	1.2398	0.2333 (1.48)	1.2628
Blaming	-0.4358 (-0.80)	0.6467	-0.4175 (-0.32)	0.8372
26-50 years	-0.0359 (-0.14)	0.9646	-0.0519 (-0.27)	0.9494
+50 years	0.0625 (0.21)	1.0645	-0.0387 (-0.18)	0.9619
Constant	0.3369 (0.84)		0.4358 (1.23)	
$\alpha$			7.4324*** (0.3613)*	7.4324***
N	8846		8846	
Wald $\chi^2$ (p)	182.7(0.00)		215.2(0.00)	
Log Likelihood	-19984.66		-8828.27	
Goodness of Fit $\chi^2$	34424.5(0.00)			

Sample for household head. Z value in parentheses. Z is the coefficient divided by its standard error. \*\*\*, \*\*, \* Significant at 1, 5 and 10% respectively. Weighted coefficients. Income in thousands. Base categories: Female; income under 1.2; no schooling; salaries and other workers; PRI; Capital; Beneficial to the society/order/peace; 18-25 years old. a) The likelihood-ratio test for  $\alpha=0$  is significant at 1%, the data is not Poisson. b) St. Dev.

## Qualitative Analysis

Better understanding of logic and dynamic of the process of corruption under different situations.

Reasons about perceptions individuals have about corruption and how do they apply them in daily life.

Focus Groups: Helpful in identification of perceptions constructions, how individuals represent institutions and themselves in corruption, and how they feel, think and act about it.

Perceptions in a society are shaped in a collective and negotiated way. Attributes given by people to evaluate their own behaviour are the outcome of a specific kind of social and cultural context.

Nine Focus Groups composed of eight to ten individuals, recruited by sociodemographic criteria. Household heads.

Here we focus on the violation of an obligation by a public officer or public servant provider in order to obtain a personal benefit in the form of money or gift from the person or persons that bribe him or whom he/she extorts.

Very flexible understanding of corruption.

Legality: seems to be diffuse and not considered as a first choice. Legality is considered: No legitimate; optional and discretionary.

Law regarded as a penalty that people without the right resources or cleverness must suffer in order to get their interest defended.

Bribes understood as irregular or illicit payment in order to obtain a "favor" or a better service from a public official, or even in order to be exempted from the application of the law.

There is no difference in the willingness to bribe between male and female. Women show better skills for negotiation, and thus they don't report to pay bribes as often as males.

People commit corruption mostly when:

- a) They are in a hurry
- b) They do not know the rules
- c) They want to skip normal procedures
- d) Want to have certainty that their problem will be solved or the procedures will be done.

High-income individuals tend to bribe more because the system allows social conduct to go on the opposite direction of norms and rules, and following rules is perceived to cost them more time and energy.

Individuals perceive the already existent corrupt environment and develop a predisposition to pay bribes.

No sense of guilt when paying bribes, but does not mean they don't consider corruption as bad thing in ethical and moral terms.

#### Conclusions:

Use of both quantitative and qualitative methods in the understanding of behaviour of citizens regarding corruption.

In general, it could be said that the institutional framework and other incentives are responsible for the corrupt behaviour of individuals.

Individuals behave accordingly to the institutional environment they perceive.

Individuals also act accordingly to the benefits in terms of money or time (opportunity costs).