

SHORT REPORT

Coethnicity and Corruption: Field Experimental Evidence from Public Officials in Malawi

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Abstract

Corruption is widespread in many developing countries, though public officials' discretion in the solicitation of bribes may expose some citizens to more corruption than others. We derive expectations about how shared ethnicity between government officials and citizens should influence the likelihood of bribe solicitation. We evaluate these expectations through a field experiment in which Malawian confederates seek electricity connections from real government offices – an interaction that is often accompanied by bribe solicitation. Our field experiment exogenously varied coethnicity between the official and the confederate. We find that coethnicity increases the likelihood of expediting an electricity connection, both with and without a bribe, which we interpret as evidence of parochial corruption.

Keywords: Corruption; ethnic identity; ethnicity; parochial; field experiment; Malawi

Public officials have discretion in targeting corruption and consider citizen characteristics in weighing the potential costs and benefits of soliciting a bribe (Fried, Lagunes, and Venkataramani 2010; Robinson and Seim 2018). How does coethnicity affect such calculations? When there is potential for mutual gain, but also risks inherent to the transaction (Treisman 2000), coethnics may be differentially

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Table 1
Observations, coethnic interactions, and home region interactions by confederate

Confederate home region	Obs.	% Coethnic	% Home region
Northern region	18	39	17
Confederate 1	10	50	20
Confederate 2	8	25	13
Central region	19	42	32
Confederate 3	6	0	17
Confederate 4	13	62	39
Southern region	15	7	13
Confederate 5	9	11	22
Confederate 6	6	0	0

targeted by public officials because of altruism (Bernhard, Fischbacher, and Fehr 2006), greater trust in coethnics (Barr 2004; Fershtman and Gneezy 2001; Robinson 2016, 2017), and increased enforcement ability (Habyarimana et al. 2009; Kingston 2007; Miguel and Gugerty 2005).¹ In contrast, when a bribe is purely extractive rather than collusive, we should expect that non-coethnics will be differentially targeted.

The few existing studies of coethnicity and corruption use either observational (Isaksson 2015; Smith 2001) or lab experimental data (Waithima and Burns 2014), which can suffer from social desirability bias, conflation of contact and corruption rates, and limited external validity. To overcome these challenges, we evaluate the effect of coethnicity on corruption in a real-world setting with public officials who did not know that their behavior was being studied. In particular, we conduct a field experiment in Malawi among government officials in response to requests for electricity connections.² Corruption within such transactions is mutually beneficial, with monetary benefits for the official and a faster connection for the customer, but also exposes officials to risk of sanctions. Under these conditions, we anticipate that coethnicity will facilitate corruption.³

Research Design

We conducted a field experiment in Malawi, where corruption is rampant and significantly affects the lives of citizens (Chingaipe 2013; Kaufmann, Kraay,

¹This type of corruption is typically referred to as ‘parochial’. Parochial corruption refers to situations in which shared identity conditions an official’s willingness to engage in corrupt activities, as opposed to market corruption in which collusive bribery is open to all (Kingston 2007; Scott 1972).

²We also evaluated bribe solicitation by police officers as part of a larger project; the results of those interactions are reported elsewhere (Robinson and Seim, 2018).

³Our pre-analysis plan (see Appendix F in the Supplementary Material) pre-specified this hypothesis.

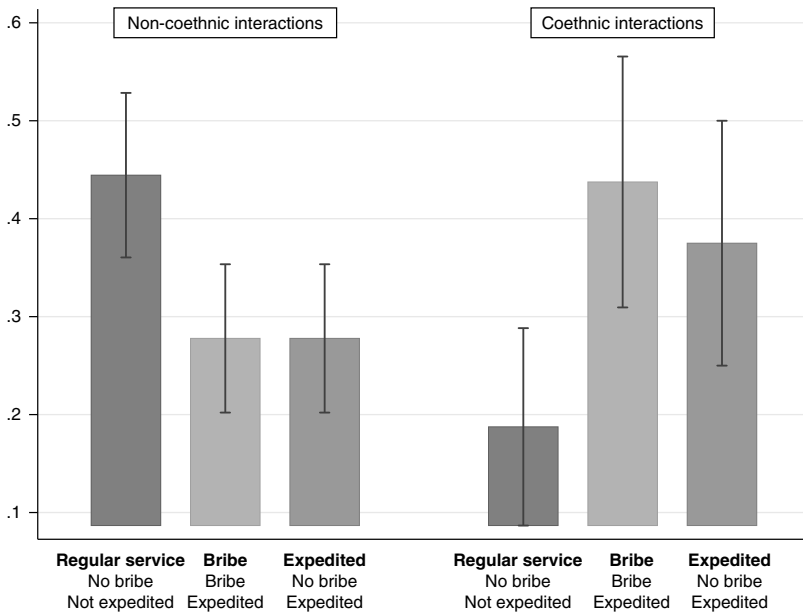


Figure 1
Corruption outcomes by coethnicity.

Note: Bars report the proportion of each outcome by confederate-official coethnicity and error bars represent standard errors.

and Mastruzzi 2012; Nawaz 2012; Transparency International 2013; Zimmerman 2014, 2015). We study the Electricity Supply Corporation of Malawi (ESCOM), the state-owned sole provider of electric power in Malawi, an institution perceived to be highly corrupt (Anti-Corruption Bureau 2012). Only 9% of Malawian citizens have access to electricity, one of the lowest connectivity rates in the world (United States Government 2013). We focus on citizens' requests for residence-based electricity connections, which are often expedited in exchange for a bribe.

Malawian research confederates visited ESCOM offices along randomly assigned driving routes throughout the country (see Figure A.1 in the Supplementary Material).⁴ In each of the resulting 52 ESCOM office visits, the confederate requested forms for a new residential electricity connection and discussed the cost with an ESCOM official. In this exchange, the public official had the opportunity to offer expedited service, either with or without simultaneously soliciting a bribe. Once this negotiation concluded, the confederate would leave with the forms under the pretense of gathering necessary funds.⁵

As confederates were randomly assigned to an office visit route and the placement of officials in government posts was fixed during the time period of the study, we induce exogenous variation in coethnicity between confederates and government

⁴For more information about the research protocol, see Appendix A in the Supplementary Material.

⁵The confederates did not actually pay any bribes or fees to ESCOM.

Table 2
Coethnicity and corruption outcomes in ESCOM interactions

	(1)		(2)	
	Bribe	Expedited	Bribe	Expedited
Coethnicity	1.33 (0.84)	1.33* (0.77)	1.61* (0.94)	1.59* (0.87)
High SES	-0.39 (0.75)	-0.02 (0.72)	-1.05 (0.86)	-0.54 (0.82)
Political connections	-0.18 (0.70)	1.53* (0.75)	-0.08 (0.79)	2.44* (0.92)
No. of officials			0.76* (0.40)	0.54 (0.40)
Other customers present			-1.20 (1.24)	0.86 (1.13)
Constant	-0.25 (0.57)	-1.42* (0.75)	-1.68* (1.02)	-3.20* (1.17)
Observations	52		52	

Models are estimated using multinomial logit, with normal service (non-expedited, no bribe) as the reference category. Robust standard errors are reported in parentheses. * $p < 0.10$.

officials.⁶ Confederates coded the ethnicity and region of origin for each public official using surname, accent, appearance, and information shared by the official.⁷ We used these data to construct a dichotomous indicator of ethnic match between the public official and confederate in each interaction. The rate of coethnic matches, by confederate and confederate home region, are presented in Table 1. In our analysis, we use the region-based coding of coethnicity because regional identities within Malawi have been the most salient form of ethnic identity (Ferree and Horowitz 2010; Posner 2004).

Results

In each interaction, a public official could either offer to expedite the confederate's service or not and, in the course of doing so, ask for a bribe or not (see Figure B.1 in the Supplementary Material). We analyze whether coethnicity affects each of these three possible outcomes: normal service (non-expedited, no bribe), bribe (expedited

⁶Confederates were also independently randomly assigned to signal either low or high socioeconomic status and either political connections or not. We control for these treatment assignments in our analysis but explore their effects on corruption outcomes elsewhere (Seim and Robinson 2019).

⁷See Appendix A.4 in the Supplementary Material for information about coding ethnicity.

service, bribe), or expedited (expedited service, no bribe).⁸ As shown in Figure 1, corruption-free “regular” service was the modal outcome in non-coethnic interactions (44%), while coethnics were more likely to be offered expedited service with (44%) or without (38%) a bribe. Controlling for other treatments and contextual characteristics in a multinomial logistic regression (Table 2), coethnicity is a significant predictor of corrupt outcomes.⁹

Discussion

This research provides evidence that coethnicity facilitates corruption. We attribute this effect to the nature of the corruption we study, which is collusive – with both public officials and citizens benefiting – but risky, especially to public officials (Zimmerman 2014). In a similarly collusive context in which we believe risk is lower, however, we found no effect of coethnicity (Robinson and Seim 2018). In combination, these results suggest that the risk of sanctions or retaliation may be particularly important in driving parochial corruption. Understanding how shared ethnicity shapes corruption patterns across contexts is thus a promising avenue for future research.

Supplementary Material. To view supplementary material for this article, please visit <https://doi.org/10.1017/XPS.2019.8>.

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⁸It is possible that a bribe would have been solicited at a later date for the interactions coded as expedited without a bribe. Indeed, some of the additional information provided by the confederates indicate that a few of the ESCOM officials were anticipating this possibility. However, combining the expedited and bribe categories does not change our core finding that coethnicity facilitates corruption (see Table C.1 in the Supplementary Material). Similarly, a dichotomous indicator of bribe solicitation, collapsing normal service and expedited service without a bribe, is also more common in coethnic interactions (see Table C.1 in the Supplementary material).

⁹Incomplete records on the locations of ESCOM offices, budgetary restrictions, and data collection delays resulted in a smaller sample than we anticipated in the pre-analysis plan, as well as differences across the group of confederates in the number of ESCOM offices each visited. Due to the small sample, we run robustness checks detailed in Appendix C in the Supplementary Material, which align with the findings reported here.

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