Corruption Perceptions at Home and Abroad: Universal Values or Double Standards?

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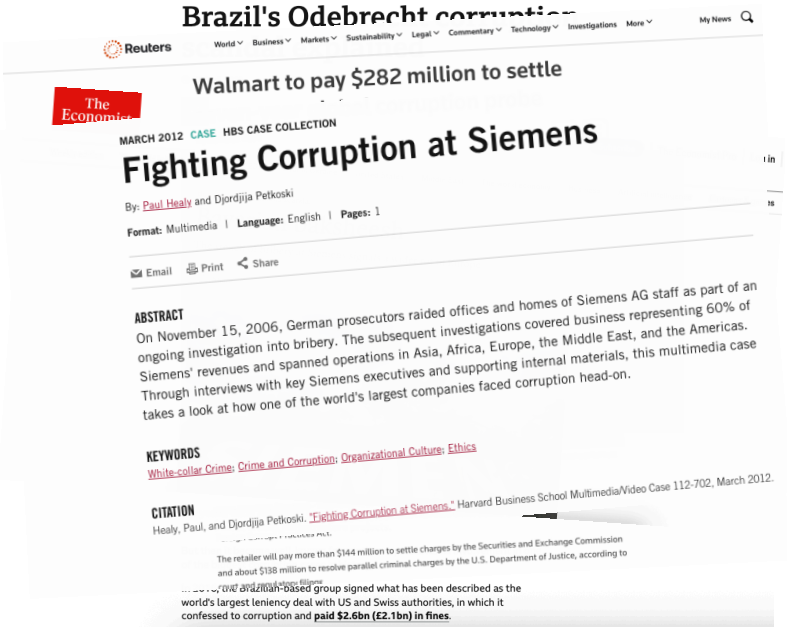
Motivation

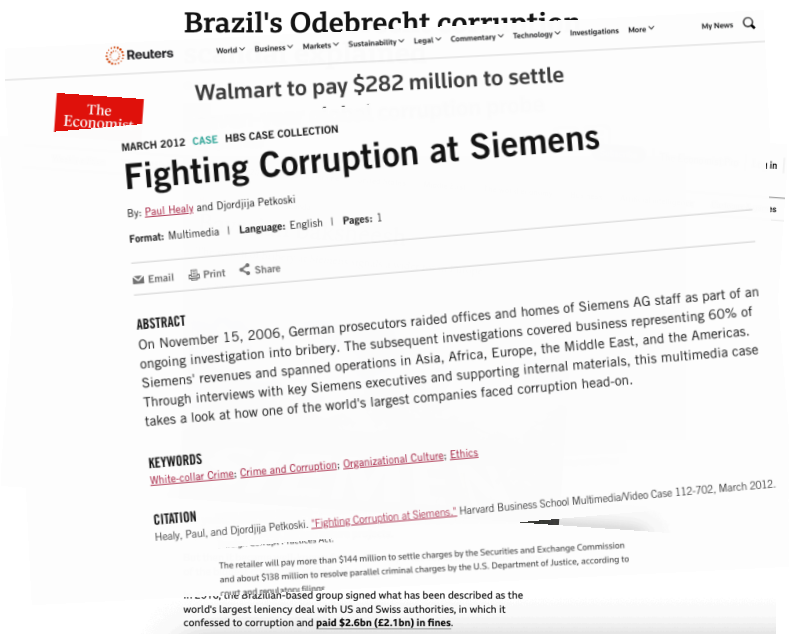


High-impact cases: the tip of the iceberg (Dorrough et al. 2023)

$\approx$ 1 in 4 publicly listed US firms w foreign ops engaged in conduct prosecutable under foreign bribery laws (Karpoff et al. 2012)

Corruption is estimated to destroy as much as 5% of global GDP every year (Castro et al. 2020)

Motivation



The misuse of public office for private gain (corruption) poses serious policy concerns, because:

slows growth (Mauro 1995), distorts how government officials allocate resources (Mironov and Zhuravskaya 2016), and fuels the erosion of civic values (Ajzenman 2021)

Why does it persist?

1. Expected benefits outweigh the expected costs, not only for public officials but also for firms (Becker 1968; Ehrlich 1996)
   - Weak oversight, selective enforcement, or lenient judicial systems $\rightsquigarrow$ lower expected costs even when statutory penalties are high (Cheung et al. 2021)
   - Emphasis on formal sanctions as costs

2. Lack of electoral punishment (Bøttkjær and Justesen 2021)
   - Politicians control the payouts and assume some risk, because they face the electorate on a regular basis
   - Emphasis on electoral punishment as costs

What is missing?

However, voters are also consumers, shareholders, and employees $\rightsquigarrow$ wield considerable influence over corporate behavior (McDonnell and King 2013; Abdulsalam et al. 2024)

- Reputational costs of corporate misconduct generally far outweigh legal penalties (Karpoff et al. 2008)

? How do citizens react to corporate wrongdoing and do these reactions vary systematically?

- Provenience of firm & location of the act
- Contextual (corruption levels) and individual (globalization attitudes) moderators

Expectations

1. A more severe wrongdoing causes more (-) stakeholder reactions
   - Based on moral psychology framework (Antonetti and Maklan 2016; Martin 2021; Tomz and Weeks 2020; Grappi et al. 2013): the greater the harm to collective welfare $\rightsquigarrow$ the larger the moral outrage and the readiness to bear private costs to punish

   In addition: information
   - Certainty of wrongdoing is crucial for how people assign blame and respond to norm violations (Mohliver 2019)
   - When evidence of guilt is unambiguous $\rightsquigarrow$ more severe moral judgments: a conviction represents a categorical judgment rendered by a legitimate authority, removing much of the informational uncertainty that surrounds accusations (Dewan and Jensen 2020)

Expectations

1. The (-) effect of wrongdoing committed by foreign companies in a stakeholder's home country is ($\Uparrow$) than the (-) effect of wrongdoing committed by domestic companies
   - Liability of foreignness (Zaheer 1995): foreign firms face inherent disadvantages in host countries
   - Intergroup bias: preference for the in-group and prejudice against out-groups (Reskin 2000; Zhang 2017)

2. The (-) effect of wrongdoing for domestic companies is ($\Uparrow$) when the acts take place at home in comparison to when the acts take place in a foreign country
   - Unethical acts committed in one's home $\equiv$ insider "betraying" the in-group $\rightsquigarrow$ especially high outrage (Choudhury et al. 2024; Cheng-Matsuno and Berliner 2024) $\Leftarrow\Rightarrow$ misdeeds abroad perceived by home stakeholders as less personally threatening (Brügger et al. 2016)

Expectations

Contextual moderator: country corruption

1. Confirmation bias (Rabin and Schrag 1999) can ($\Uparrow$) the effect of out-group prejudice: if the foreign company hails from a country with a reputation for corruption, any allegation of wrongdoing readily confirms the stereotype
2. Rationalization, as imposed by the context (Krause et al. 2016): corrupt in a foreign country with pervasive corruption $\rightsquigarrow$ ($\Downarrow$) surprise and ($\Downarrow$) outrage

Individual moderator: globalization attitudes

- Those more favorable towards globalization processes and actors promoting them should be more lenient towards foreign firms and towards domestic ones acting abroad (Baker 2005; Wu 2022).
- Disclaimer: early stage results, work-in-progress!

Design

Cross-country study (nationally representative)

- Brazil, Denmark, Germany, Greece, South Africa (in-person), South Korea, and the United States
- Total of 18,052 participants
- Variation in corruption perception index
- Realistic combinations based on trade and MNE presence

Instrument: conjoint survey experiment embedded in survey

- Tabular presentation
- Three comparisons/respondent
- Two-blocks of outcomes: firm and politician punishment

Additionally: pre- and post-experiment corruption and globalization questions

Example conjoint table

	Scenario **A**	Scenario **B**
Industry	Food	Food
Company	Danish	Chinese
Where	In Denmark	In Denmark
What	Accused by several newspapers of bribing a mayor for future preferential contracts regarding new local shops and offices	Legally contributed to a mayor's campaign

Main attributes

Act {equal chance, $p = 0.2$}

- Legally contributed to a mayor's campaign
- Accused by several newspapers of offering scholarship to a mayor's child
- Convicted of offering scholarship to a mayor's child
- Accused by several newspapers of bribing a mayor for future preferential contracts regarding new local shops and offices
- Convicted of bribing a mayor for future preferential contracts regarding new local shops and offices

Firm provenience

- Domestic (respondent's country) with {$p = 0.5$} or two low corruption/two high corruption countries {$p = 0.125$}
- Low corruption examples: Denmark, Germany, USA
- High corruption examples: Brazil, China, India
- Some adjustment based on specific case combinations

Main attributes

Act location

- Home (respondent's country) with $\{p = 0.5\}$
- or Abroad $\{p = 0.5\}$, however, for Abroad depending on company provenience, differently weighted probability combinations:

  If firm is domestic: equal probability $\{p = 0.25$, within Abroad$\}$ for low- or high-corruption countries (two each)
  If firm is foreign: draw with $\{p = 0.75, p = 0.25\}$ from survey country or country of foreign company provenience, foreign company acting in some form at its own home (Brazilian in Brazil, in a non-Brazil sample)

Industry: control (fixed within comparison)

- Pharma, Food, IT&C

Outcomes

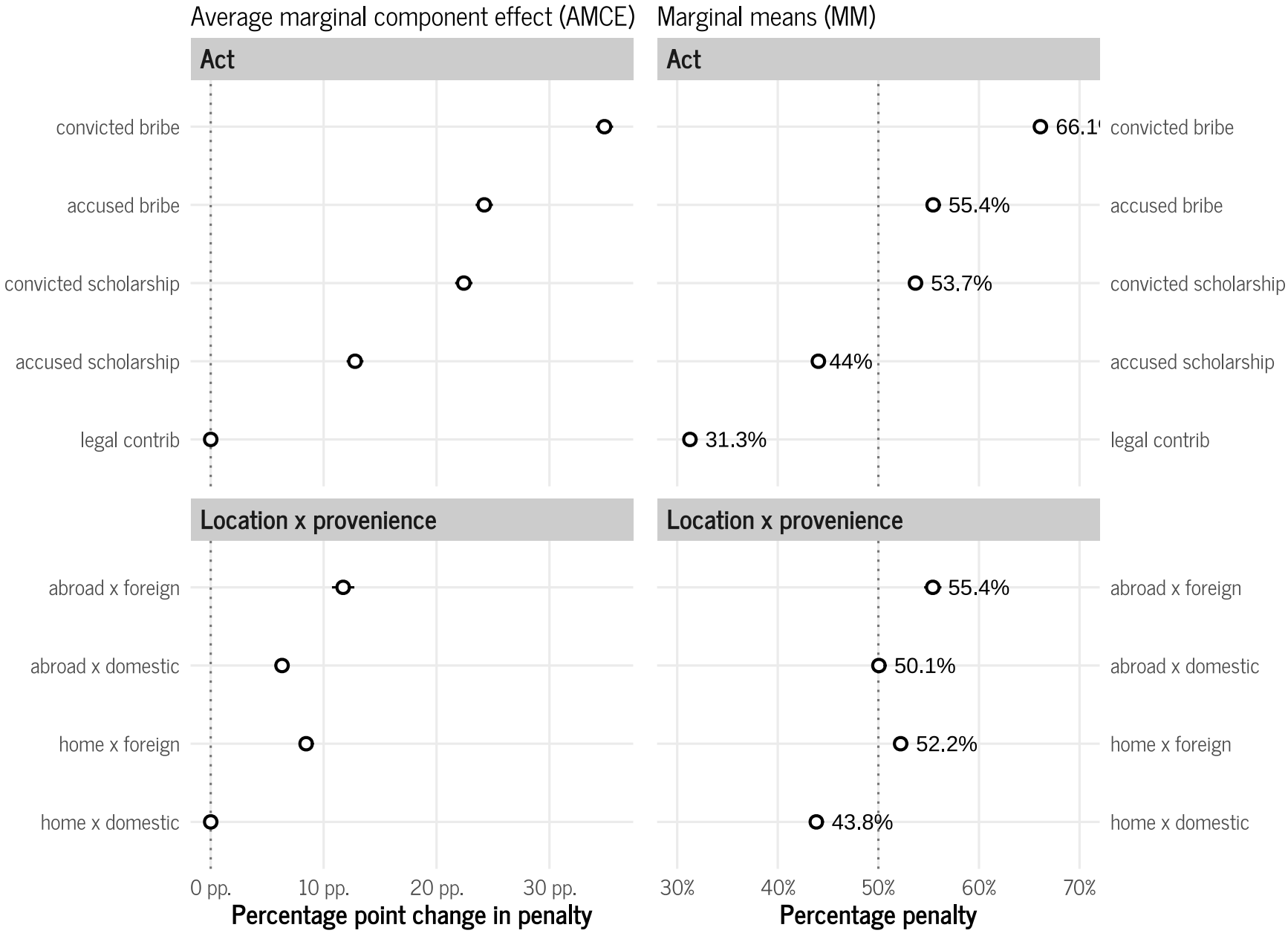
Question	Scenario
Which of the two companies would you like to open a new subsidiary in your area?	A or B
Which of the two companies' products would you rather consume or use?	A or B
Which of the two companies' products would you boycott?	A or B
Which of the two companies' CEO should resign?	A or B
At which of the two companies would you rather work?	A or B
In which of the two companies would you rather invest?	A or B

Negative outcomes, *punishment*, or *harsh reactions*:

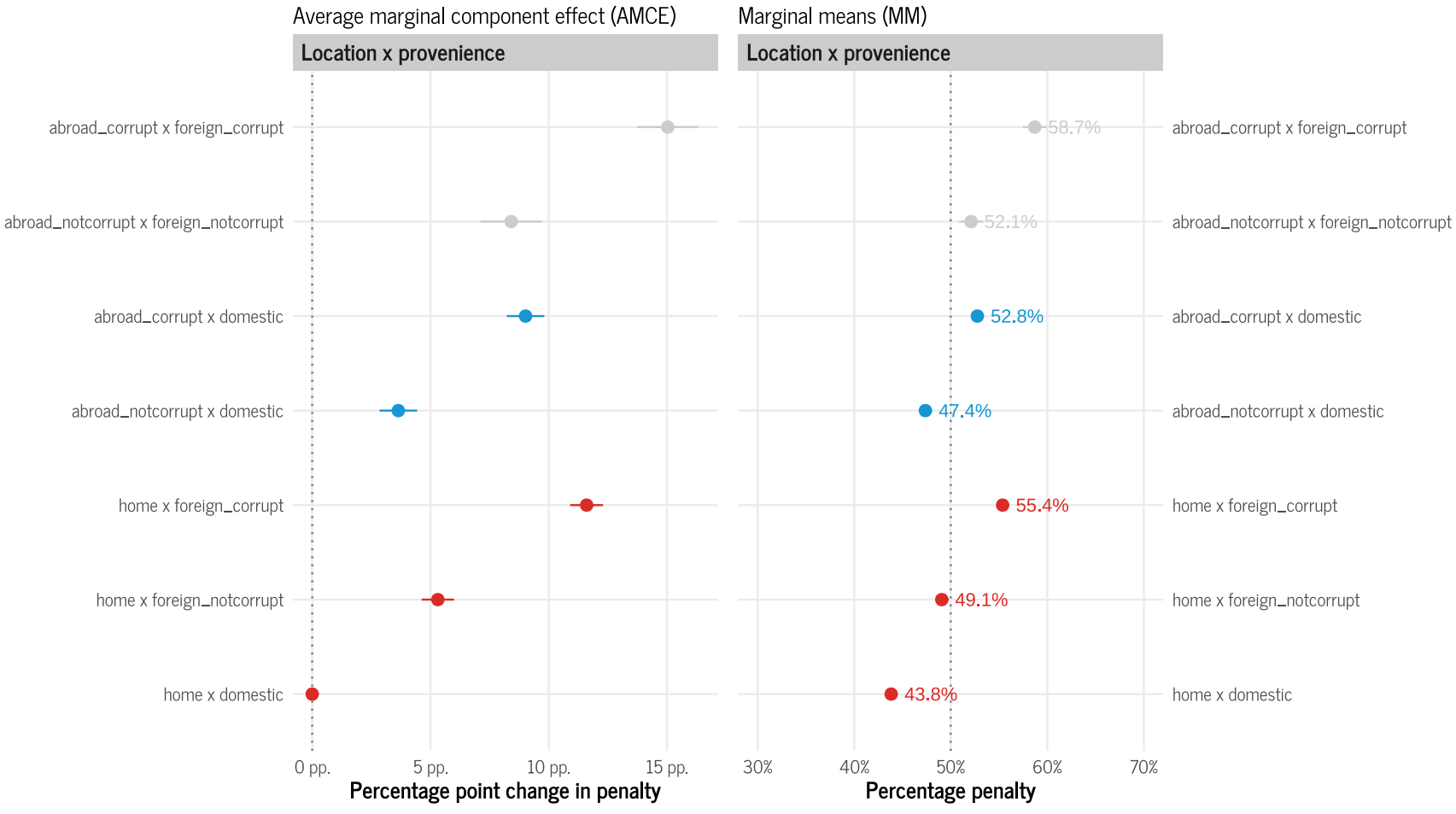
- Does not select the scenario for: having a new subsidiary in her area; would rather consume/use products from; would rather work at; and would rather invest in
- Selects the scenario for: boycott products; and CEO should resign

show data summary

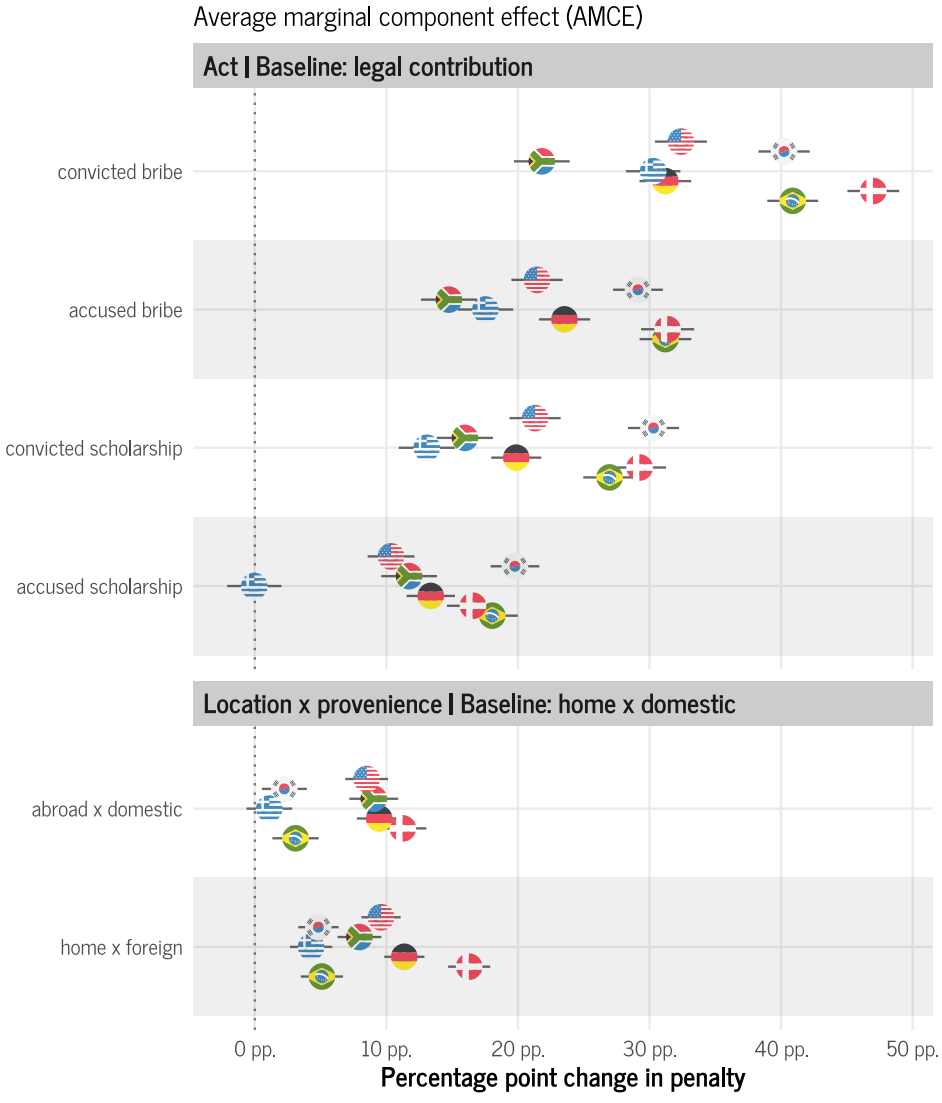
Main results

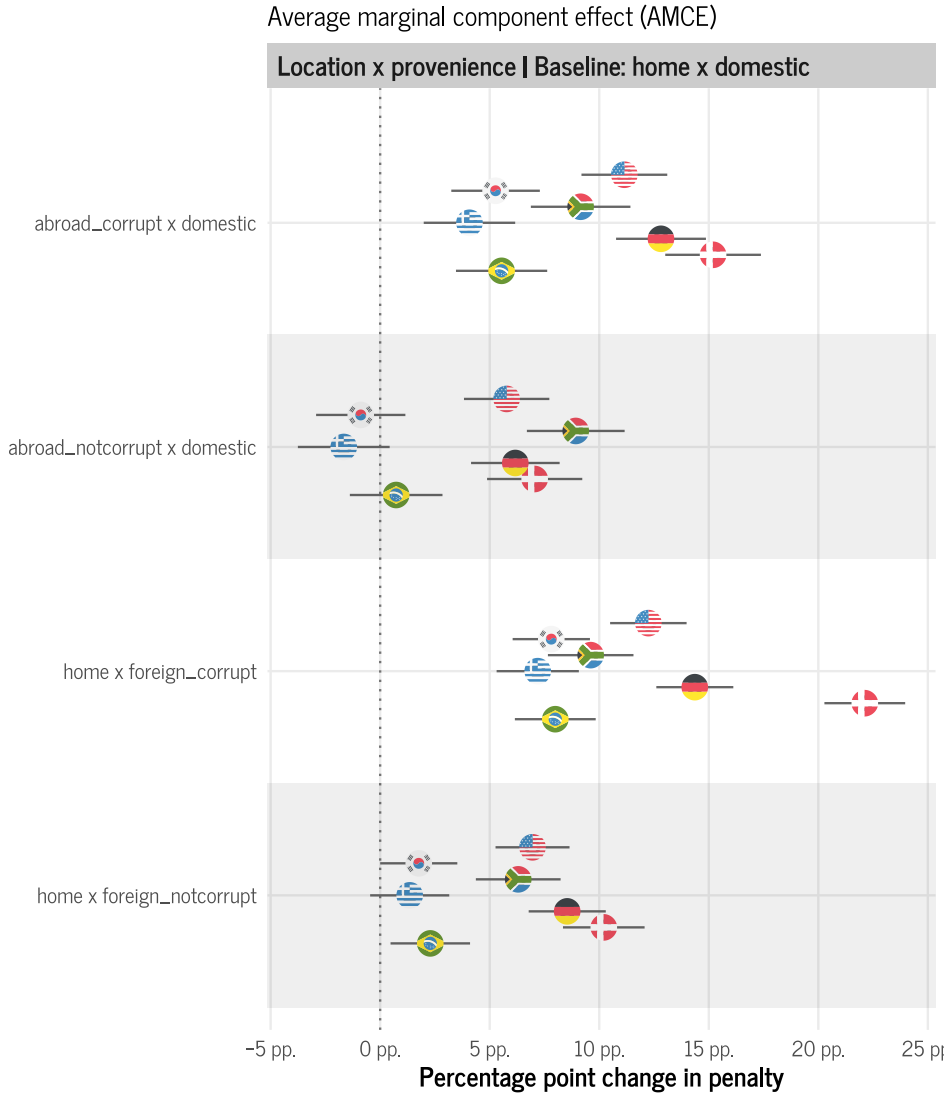


Contextual moderator

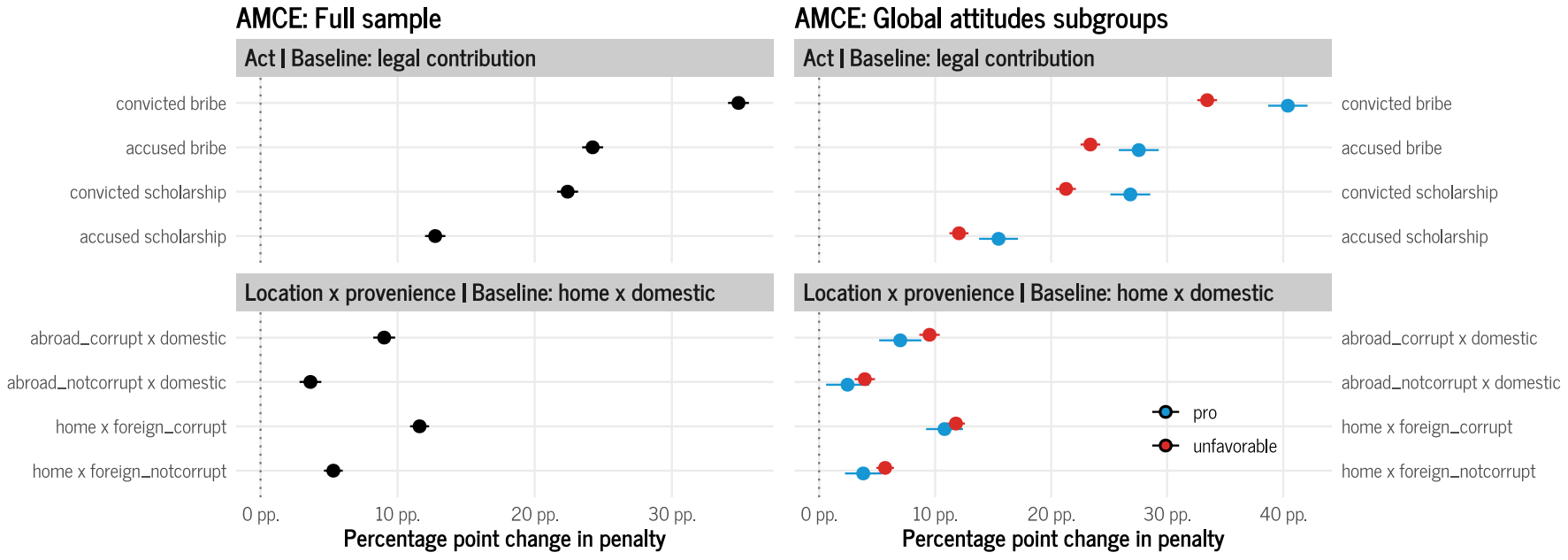


Cross-country consistency





Individual moderator



show questions | show distribution | show alternative

Implications

1. Citizens are not passive observers but active agents of corporate accountability
   - Consistent cross-country evidence show results | show context results
   - For multiple sanctioning behaviors show results | show context results
2. For multinational firms, corruption is not only a legal hazard but also a reputational liability
   - Foreign subsidiaries face steeper reputational costs than domestic peers
   - Firms cannot get away with corruption by adapting to local norms, rejecting the “when in Rome” logic
3. For policymakers, the results highlight how bottom-up market sanctions complement formal enforcement

Thank you for your attention!

Appendix

Appendix: Data summary

	Sample info	Low-corruption	High-corruption	α_{dv}
Brazil (107 | 0.90)	Online, n = 2,600 2024-11-26 to 2024-12-04	Denmark (1 | 0.37) Germany (15 | 0.46)	China (76 | 0.54) India (96 | 0.72)	0.89
Denmark (1 | 0.52)	Online, n = 2,500 2024-11-27 to 2024-12-16	USA (28 | 0.76) Germany (15 | 0.47)	China (76 | 0.82) Brazil (107 | 0.86)	0.92
Germany (15 | 0.65)	Online, n = 2,601 2025-02-11 to 2025-03-26	Denmark (1 | 0.37) USA (28 | 0.72)	China (76 | 0.68) Brazil (107 | 0.71)	0.86
Greece (59 | 0.87)	Online, n = 2,652 2025-02-11 to 2025-03-12	Denmark (1 | 0.38) USA (28 | 0.73)	China (76 | 0.57) Brazil (107 | 0.75)	0.89
South Africa (82 | 0.94)	In-person, n = 2,400 2024-11-26 to 2024-12-14	Denmark (1 | 0.48) Germany (15 | 0.50)	China (76 | 0.60) Brazil (107 | 0.65)	0.89
South Korea (30 | 0.72)	Online, n = 2,634 2025-02-11 to 2025-03-26	Denmark (1 | 0.35) Germany (15 | 0.40)	India (96 | 0.74) Brazil (107 | 0.68)	0.88
USA (28 | 0.77)	Online, n = 2,665 2025-02-11 to 2025-03-26	Denmark (1 | 0.47) Germany (15 | 0.57)	China (76 | 0.72) Brazil (107 | 0.64)	0.85

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Appendix: Individual moderator

Now, we will show you a list of processes and we would like to know whether they are very good, somewhat good, neutral, somewhat bad, or very bad for your own or your family's well-being. Please pick one of the possible answers for each process.

	Very good	Somewhat good	Neutral	Somewhat bad	Very bad
Growing business ties between [survey country] and other countries	[ ]	[ ]	[ ]	[ ]	[ ]
Faster communication and greater travel between the people of [survey country] and people in other countries	[ ]	[ ]	[ ]	[ ]	[ ]
Different products that are now available from different parts of the world	[ ]	[ ]	[ ]	[ ]	[ ]
The world becoming more connected through greater economic trade and faster communications	[ ]	[ ]	[ ]	[ ]	[ ]
Globalization	[ ]	[ ]	[ ]	[ ]	[ ]

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Appendix: Individual moderator

Now, we will ask you about some actors and their influence on how things are going in [survey country]. Please pick one of the possible answers for each actor.

	Very good influence	Somewhat good influence	Neutral influence	Somewhat bad influence	Very bad influence
Large companies from other countries	[ ]	[ ]	[ ]	[ ]	[ ]
International organizations such as the World Bank, International Monetary Fund and World Trade Organization (WTO)	[ ]	[ ]	[ ]	[ ]	[ ]
Anti-globalization protesters	[ ]	[ ]	[ ]	[ ]	[ ]

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Appendix: Individual moderator

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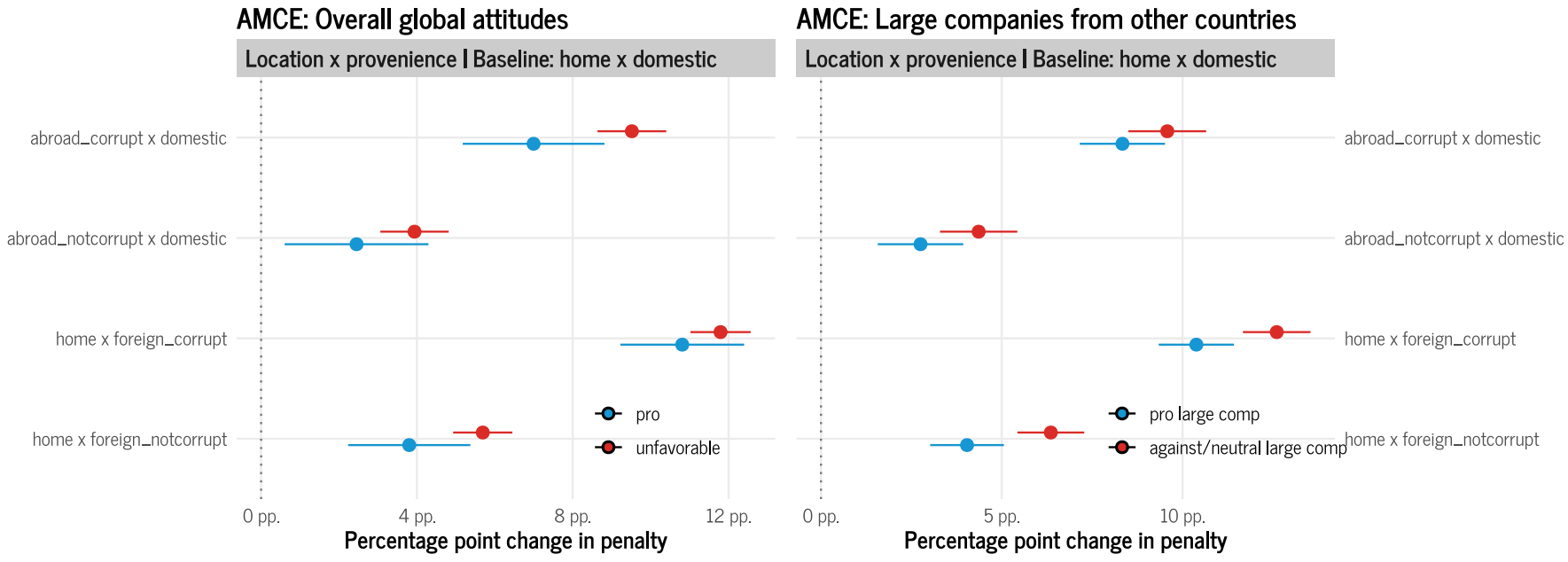
Alternative results: Individual moderator



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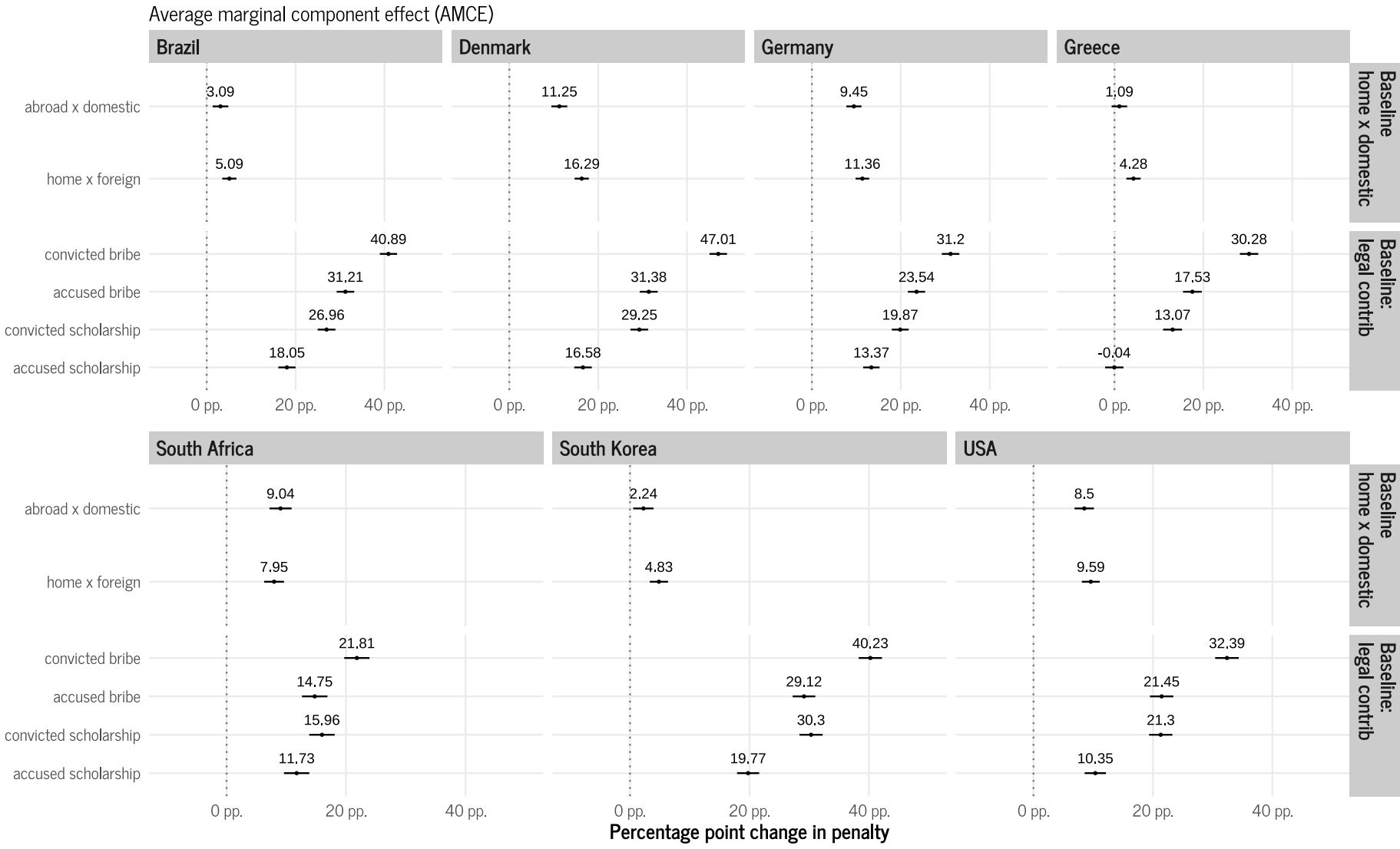
Appendix: Country level



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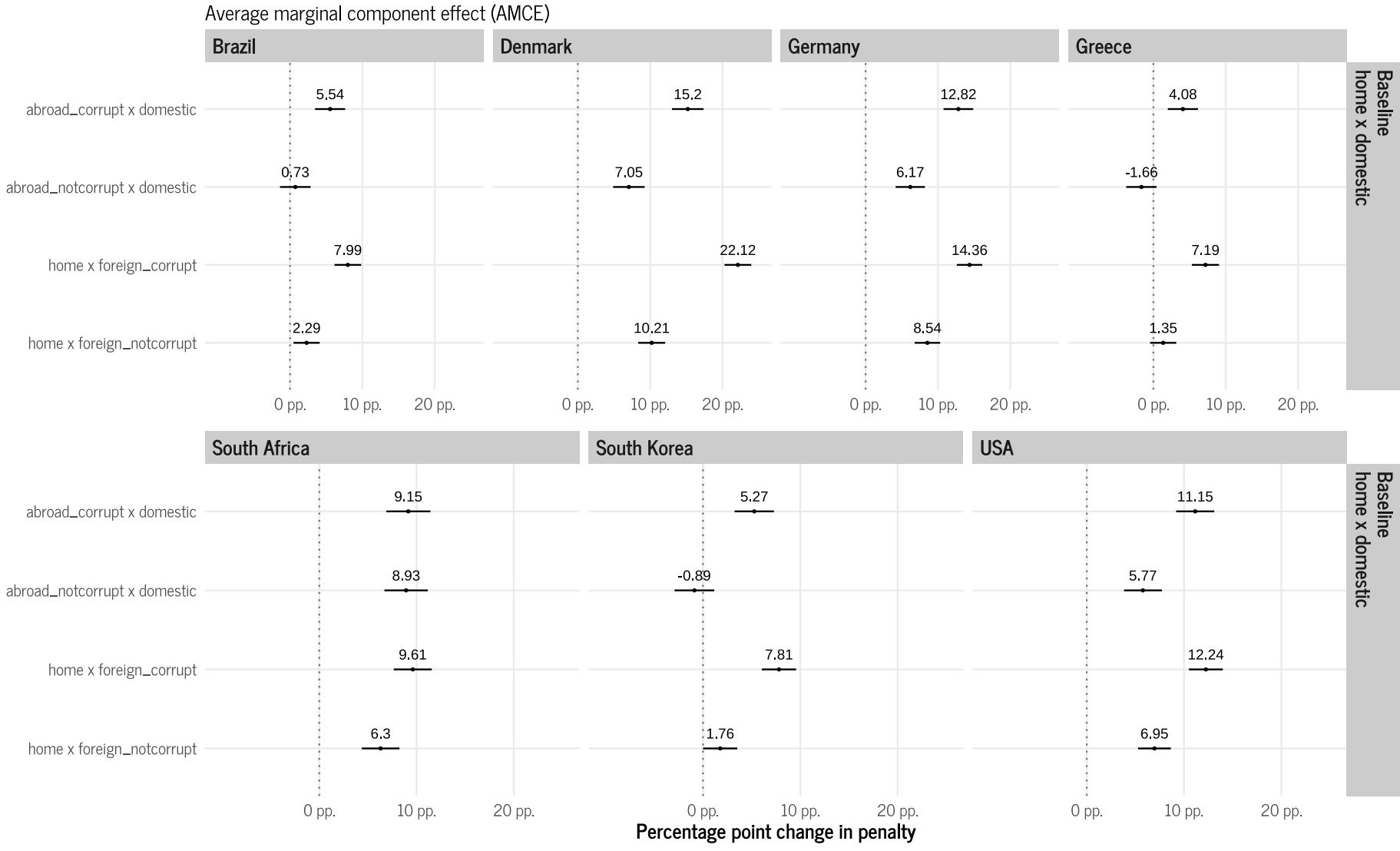

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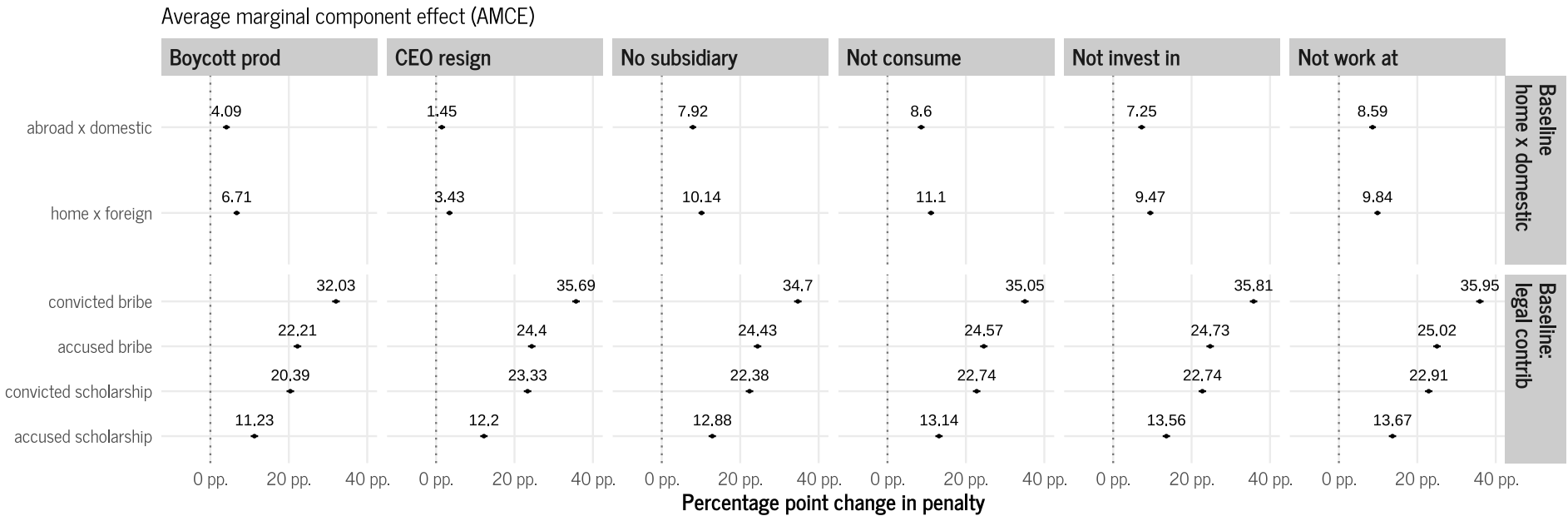
Appendix: Outcome level



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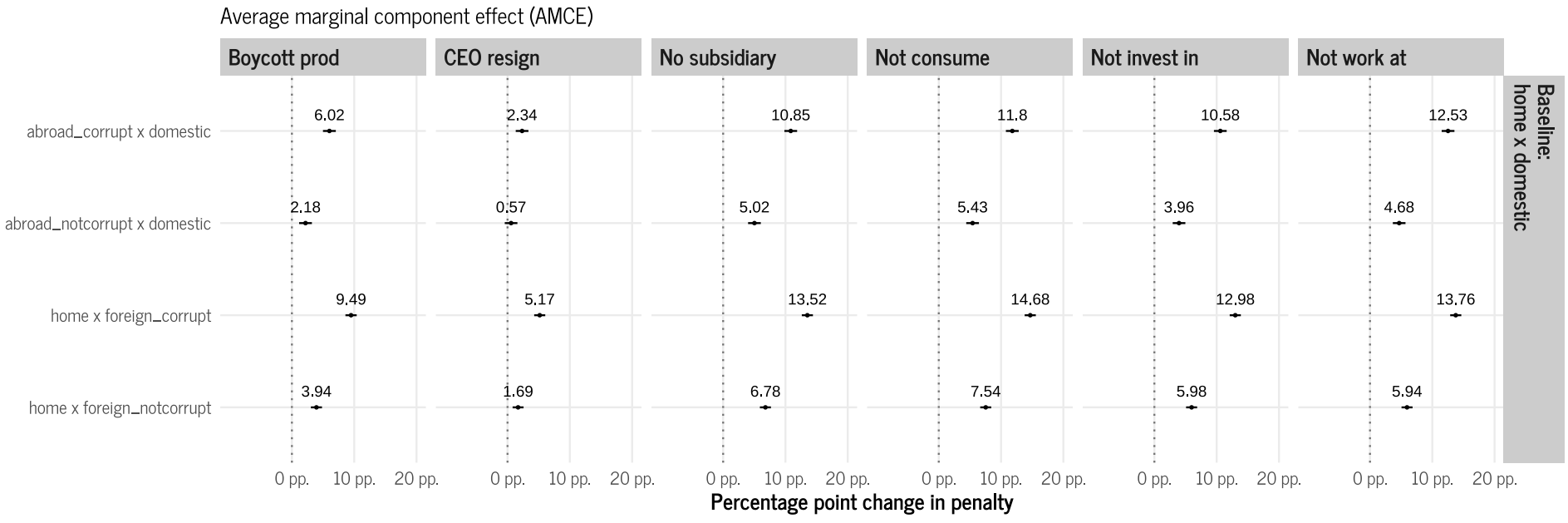

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