Does the OECD Anti-Bribery Convention Affect Bribery?

An Empirical Analysis Using the Unmatched Count Technique

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Abstract
Substantial debate exists over the effect of the OECD Anti-Bribery Convention (ABC) on the propensity of firms to bribe officials in host countries. Unfortunately, research in this area has been hampered by reporting bias. Since the Convention raises the probability of punishment for bribery by investors in their home countries, it reduces both the incentives for bribery and the willingness to admit to the activity. This generates uncertainty over which of these incentives drives any correlation between signing the Convention and reductions in reported bribery. We address this problem by employing a specialized survey experiment that shields respondents and reduces reporting bias. We find that after the onset of Phase 3 in 2010, when the risk of punishment under the OECD-ABC increased, firms from signatory countries reduced their actual bribery relative to their non-signatory competitors.