**Topic Presentation for BIU, Department of Economics:**

**Behavioral Economics and Ethics: Dishonesty, Emotions, and Personality**

**By**

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**The general phenomena of (dis)honesty and economics**

Economists’ interest in cheating and dishonesty began with the publication of [Becker’s (1968)](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8) classic paper on rational crime. It was followed by a large number of theoretical contributions that extended the original model in a number of directions as well as applying it to specific criminal offenses, such as tax evasion (e.g., [Allingham and Sandmo, 1972; Reinganum and Wilde, 1985;](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8) [Yaniv, 1999](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8)), welfare fraud (e.g., [Wolf and Greenberg, 1986; Burgees, 1992; Yaniv, 1997](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8)), and bribery (e.g., [Rose-Ackerman, 1975; Shleifer and Vishny, 1993](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8), [Polinsky and Shavell,](file:///C%3A%5CUsers%5CAbba%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CINetCache%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8) 2001). Over the past decade, with the growing appeal of experimental techniques, behavioral economists and social psychologists have been designing numerous lab and field experiments for the purpose of deriving insights regarding people’s honesty by incentivizing subjects with monetary payoffs. While there is a wide variety of honesty experiments reported in the literature, the most prevalent genre employs a simple task performed by participants in privacy, such as flipping a coin (e.g., [Bucciol and Piovesan, 2011; Houser *et al*, 2012](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8)), rolling a die (e.g., Fischbacher and Foellmi-Heusi, 2013; [Arbel *et al*, 2014](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29.doc#page8)), or finding pairs of numbers that add up to 10 in as many matrices as possible (e.g., [Mazar *et al*, 2008](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29%20%282%29.doc#page8); Grolleau *et al,* 2014), the outcome of which they are requested to self-report truthfully. Other genres of honesty experiments include sender-receiver games, where senders may convey deceptive messages to receivers under conditions of asymmetric information (e.g., [Gneezy, 2005; Sutter,](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29%20%282%29.doc#page8) [2009](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29%20%282%29.doc#page8)), dropping wallets or cash envelopes in public places to examine the return rates ([West, 2005](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29%20%282%29.doc#page8)), and handing cash-paying customers, such as diners at a restaurant, excessive change and noting whether they return the undeserved amount ([Azar *et al*, 2013](file:///D%3A%5CDownloads%5CRational%20dishonesty%20%281%29%20%282%29.doc#page8)).

**The aim of the present presentation**

In this presentation I will examine the relationship between (dis)honesty, emotions and personality. Specific, I will review three experiments which I conducted. A description of the first one has already been published, while the other two are works in progress. The first study is about *tightwads and (dis)honesty* [JEBO, December, 2020,the second is about the *effect of vaccinations for COVID-19* (the *first and the second injections doses) on (dis)honesty*, and the third study is *a meta-analysis about emotions, personality and dishonesty in experimental economics*.

**Do Tightwads Cheat More? Evidence from Three Field Experiments (JEBO,2020)**

**Tobol, Siniver and Yaniv**

The present paper relates dishonesty to the *pain of paying*, which is the emotion of distress or displeasure associated with spending money (Zellermayer, 1996). Using this term to distinguish between tightwads and spendthrifts, Rick *et al* (2008) define tightwads as people who feel intense pain at the prospect of spending money (and therefore tend to spend less than they would ideally like to spend), and spendthrifts as people who feel insufficient amounts of pain at the prospect of spending (and therefore tend to spend more than they would ideally like to spend).The present paper reports the results of three field experiments designed to inquire whether, given the opportunity, tightwads are more likely to cheat than other people in order to avoid spending money. In the first experiment, passersby at a Tel-Aviv shopping mall were asked to answer a questionnaire, in the spirit of Rick *et al* (2008), to determine their "pain of paying" level. They were thereafter invited to perform an "inverse" version of the Fischbacher and Föllmi-Heusi (2013) die-under-the-cup (DUTC) task that incentivized *underreporting* of the actual die outcome to avoid paying money. In the second experiment, laptop users at Tel-Aviv coffee shops, who unabashedly work long hours over a single cup of coffee, were offered to perform the inverse DUTC task upon leaving the shop, and after recording the time and money they spent there. The third experiment was conducted with Jerusalem cab drivers, many of whom avoid turning on their air-conditioning systems on hot summer days. This behavior is despised by cab drivers who do activate their systems, and who perceive their misbehaving colleagues as stingy persons. The experiment involved riding in both air-conditioned and non-air-conditioned cabs in Jerusalem and offering the drivers, at the end of the ride, an option to perform the inverse die-under-the-cup task. In all three experiments, tightwaddism was found to have a statistically significant positive effect on dishonesty. The experimental findings are supported by a rational-choice model of cheating, introduced beforehand, which predicts that cheating increases with the pain of paying.

**COVID-19 Vaccination and Subsequent Dishonest Behavior: Experimental Evidence** **(Work in progress)**

**Tobol, Siniver and Yaniv**

As of the beginning of 2021, the State of Israel, with a population of 9.3 million, had administered more COVID-19 vaccine doses than all countries aside from China, the US, and the UK. The vaccine is administered in two doses, 21-28 days apart from each other, which are necessary to confer adequate immunity. The study reports the results of a field experiment designed to examine the hypothesis that the COVID-19 vaccination stimulates subsequent dishonest behavior. Specifically, incentivizing people’s dishonesty with monetary payoffs, we hypothesized that (a) people vaccinated with the first dose of the vaccine are more likely to subsequently lie than people who have not yet taken the vaccine and (b) people vaccinated with the second dose are more likely to lie than people vaccinated with the first dose, or people who have not yet taken the vaccine. The experiment’s results weakly supported the first hypothesis but strongly supported the second.

**A Meta-analysis on the connection between Honesty, Emotions and Personality**

**(Work in progress)**

**Tobol and Levin**

Dishonesty is affected by emotions and personality. Researchers have investigated a number of individuals using laboratory and field experiments in an effort to understand this phenomenon. In the last decade, there has been increasing interest in the role personality and emotions plays in explaining dishonesty. We used a meta-analysis method to estimate the relationship between each of the personality and emotion factors, and dishonesty. The meta-analysis method provides a means of understanding how factors of emotions and personality influence (dis)honesty.