



WHO AND WHICH ENTERPRISES ARE MORE LIKELY TO PAY BRIBES: EVIDENCE OF SMEs IN VIETNAM

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Abstract

Bribery is a behavior of offering money or valuable things to someone to aim at achieving your purposes. Paying bribes is occasionally considered as one of unavoidable expenses for firms. Some business owners/managers think that they may not succeed if they do not pay bribes. Using large panel dataset from around 2,000 Vietnamese small and medium – sized enterprises (SMEs) from 2007, 2009, 2011, 2013 to 2015, this paper investigates characteristics of business owners/managers and firms that are more likely to pay bribes. Employing several estimates such as fixed effects logit and Poisson models, we find that business owners/managers who have higher education level are more likely to bribe than others. Regarding firm characteristics, we document that larger firms are more likely to pay bribes and also have higher frequency of paying informal costs than others. These firms also predict that there will be an increasing bribery fee trend in the future. Besides, both manufacturing and exporting firms also expect increasing trend of bribery fee in the future. Among different SMEs, household businesses and manufacturing firms are less likely to pay bribes than other firms. This paper contributes to better understanding the characteristics of entrepreneurs and enterprises that have higher probability to pay bribes than others by exploiting better dataset compared to existing literature. Policy makers need to take into account these characteristics of entrepreneurs and enterprises when designing policy to mitigate bribery behaviors.