

Snitches Get Stitches: An Experimental Study on the Perception of Whistleblowers

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ABSTRACT

Whistleblowing is a crucial tool for the enforcement of socially desirable behavior, particularly in situations where external monitoring costs are high. An important motivating factor that can discourage whistleblowing is how others perceive it and how it affects subsequent labor market opportunities. In this paper, we study whether third parties positively or negatively perceive individuals who report group members who lie. We investigate situations where lying has either no externalities on other group members, negatively affects other group members, or benefits other group members. We further explore whether perceptions of those who report others are consequential in that they affect group membership. We find that when selecting group members, subjects fail to select individuals who reported lies (even when they do not subsequently lie themselves) to the point that, in some treatments, lying is prevalent and reporting is almost nonexistent.

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