Effects of Bribe Payments on Different Aspects of Firm Performance

Abstract
The present study finds that firms get additional gains in terms of higher profit margins by paying bribes to public officials but firms’ sales growth is not affected by their bribery payments. The results suggest that a firm is more concerned with short term profitability than long term growth when conducting bribery practices probably owing to the illicit property of bribe payments. The present study also finds that corrupt business environments are detrimental to firms’ sales growth.

JEL Classification: F23; O12
Keywords: Bribe payment; Corruption; Firm performance