

Abuse of Ministerial Authority, Systemic Perjury, and Obstruction of Justice: Corruption in the Shadows of Organizational Practice

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ABSTRACT. Organizational corruption has recently attracted considerable scholarly attention, especially since its devastating effects following recent major corporate scandals, the worldwide economic crisis of 2009, and the current European Union monetary crisis. This paper is based on the analysis of three distinct, yet contextually related, case studies in a European Union member state: (a) an incident of corruption by a minister in an adjudicative role, (b) widespread financial misreporting and perjury within an organization, and (c) abuse of due process and obstruction of justice by civil servants within a ministry. These cases serve to illustrate, for the first time, Aguilera and Vadera's (in *J Bus Ethics* 77:431–449, 2008) framework of organizational corruption, which relates distinct types of a corrupter's opportunity, motivation, and justification with the type of corruption present in the organization. Furthermore, the data suggest how the framework may be extended and reveal conceptual issues that require reconciliation. This study attempts such reconciliations and offers some suggestions on how the findings may be utilized by policy reformers or corruption controllers.

KEY WORDS: authority, organizational corruption, opportunity, motivation, justification, political corruption, bureaucratic corruption

ABBREVIATIONS: A&V: Aguilera and Vadera (2008); AV-framework: The framework developed in Aguilera and Vadera (2008); BoD: Board of Directors; EU: European Union; OMJ: The opportunity–motivation–justification model of crime (Albrecht et al., 1984, 1995; Coleman, 1985, 1987; Cressey, 1972)

Corruption has received increasing attention from organizational and management scholars (Argandoña, 2003; Ashforth and Anand, 2003; Ashforth et al., 2008; Luo, 2004; Martin et al., 2007; Robertson and Watson,

2004). The latest world crises, caused by corrupt financial practices (e.g., Teather, 2009; Watkins, 2003), demonstrate that the phenomenon is systemic, large scale, enduring, and important (Ashforth et al., 2008; Pinto et al., 2008). Luo (2004) explains why an organizational perspective is important: Firstly, an organization is the basic unit of corruption. Secondly, an organization's lack of ability to face criminal proceedings is partly responsible for the diffusion of corruption. Thirdly, organizations are the economic units that react to a nation's regulatory environment. Finally, there are important organizational-level antecedents and effects of corruption which need to be addressed.

Aguilera and Vadera (2008) (A&V) developed a framework of organizational corruption (AV-framework). Their work combines the opportunity–motivation–justification model of crime (OMJ; Albrecht et al., 1984, 1995; Coleman, 1985, 1987; Cressey, 1972) with Weber's (1978) authority, which serves as the opportunity for corruption. This article illustrates the AV-framework in three instances of high-stakes corruption, reveals what its main constructs look like in reality, and explores how corruption appears and spreads in organizations. Firstly, a European Union (EU) minister made an unjust decision in order to exchange political capital, disregarding precedent and natural justice. Secondly, members of a medium-sized corporation and their charismatic leader were involved in widespread financial misrepresentation and perjury. Thirdly, civil servants affiliated to the ruling party refused to disclose documentary evidence that would incriminate the minister under which they served, in disregard of the constitution and of a judicial mandate ordering them to comply.

The cases demonstrate how the concurrence of opportunity, motivation, and justification led to particular types of corruption and highlight the central role of authority in this process. They further suggest that the framework is relevant to public as well as private corruption, while revealing the subtle nature of the justifications adopted by the corrupters. The cases also indicate coincidence of various types of corruption. However, the interplay between levels, units of analysis, and activation mechanisms suggests that this coincidence may not be coincidental. The study's contribution is fourfold. Firstly, it responds to A&V's call for real-life reporting of organizational corruption, which is rare due to its covert nature. It illustrates their framework's relevance and adds to its comprehension and applicability. Secondly, it suggests an extension of the utility of the AV-framework, which, having been originally developed to explain private corruption, now appears to offer insights into public corruption as well. Thirdly, it inspires elaborations that resolve potential theoretical ambiguities or difficulties concerning mainly the role of authority, retrospective justification, and the coexistence of multiple types of corruption in a single case. Fourthly, it reveals mechanisms responsible for the distribution of corruption within organizations. The first section presents relevant literature and clarifies terminological ambiguity. The second section describes the method used, while the third section presents data and preliminary conclusions. The final section discusses framework elaborations, reconciliations, limitations, and implications.

Corruption and the AV-framework

The literature on corruption is fraught with ambiguities (Pinto et al., 2008, p. 685). Below, I explicate the conceptualizations adopted, for clarity and consistency with the AV-framework.

Definition and context of corruption

A&V define corruption as "abuse of *authority* for personal benefit" (p. 431, emphasis in original) and organizational corruption as "*the crime that is committed by the use of authority within organizations for*

personal gain" (p. 433, emphasis in original). The authors build their conceptualization from prior work (e.g., Ashforth and Anand, 2003; Habib and Zurawicki, 2002; Luo, 2004; Robertson and Watson, 2004; Rodriguez et al., 2005; Sherman, 1980; Theobald, 1990). For reasons of consistency, their definition is adopted throughout this paper.

Corruption in the *public* domain focuses on the actions of holders of public office and is further categorized as *political* or *bureaucratic*, depending on the hierarchical level of the official (Andvig et al., 2000). The focus of research has recently expanded to include corruption between private organizations and political agencies (private-to-public; Gaviria, 2002), or within the private sector (private-to-private; Argandoña, 2003; Gopinath, 2008). These classifications are understood here to refer to the *context* within which they occur. A&V adopt a contextual view of *organizational* corruption by "following this stream of research" (p. 433), as indeed have other authors before them (e.g., Ashforth and Anand, 2003; Luo, 2004), and place it in the private domain. Organizational corruption is now recognized as worthy of serious conceptual and empirical investigation (e.g., Andvig et al., 2000; Ashforth and Anand, 2003; Ashforth et al., 2008; Hodgson and Jiang, 2007; Luo, 2004). Later, I address the issue of context (or domain) in relation to the level and unit of analysis in more detail.

The AV-framework

Luo (2004) provides a model of organizational corruption that relates the organization's environment to malfeasant behaviors within the organization, their adverse consequences, and, ultimately, appropriate anticorruption actions. The author classifies corruption within organizations according to the number of hierarchies involved and the intensity of corruption. This results in four types of organizational malfeasance: procedural (few/low), categorical (few/high), structural (many/low), and system (many/high). Inspired by this taxonomy, A&V offer an antecedent-effect framework "which links the interaction of opportunity, motivation, and justification with types of organizational corruption" (p. 433). The authors focus on the distribution of corruption within organizations, which relates to

Luo's (2004) first dimension only. In particular, they classify organizational corruption as: *procedural* (isolated and based on violation of formal rules), *schematic* (uniformly widespread within the organization), and *categorical* (concentrated and delimited in subunits). Luo's (2004) structural and system malfeasance thus appear to be integrated into *schematic* corruption, procedural malfeasance is included in *procedural* corruption, and categorical malfeasance may be classified as either *procedural* or *categorical* corruption, depending on the type of hierarchies involved. Isolated acts of corruption, even if intense, are classified as *procedural* by A&V, while corrupt acts that involve a few hierarchies in the form of cohesive subunits are classified as *categorical*.

A&V then connect the opportunity–motivation–justification model of crime (OMJ; Albrecht et al., 1984, 1995; Coleman, 1985, 1987; Cressey, 1972) with organizational corruption, by treating the “simultaneous interaction of the three pillars of this model as an antecedent to organizational corruption” (A&V, p. 433). Opportunity is “the presence of a favourable combination of circumstances that makes a particular course of action possible” (McKendall and Wagner, 1997). The Weberian concept of *legitimate authority* is such an opportunity for corruption. It is classified as *legal-rational* (based on the right to issue commands), *charismatic* (based on extraordinary qualities), and *traditional* (based on an inherited or customary “right to rule”) (Weber, 1978). A&V also use Sedikides and Brewer's (2001) classification of motives: *individualistic* (one's own gain), *collectivistic* (own gain, but also that of the organization), and *relational* (identification with groups within the organization). According to A&V, the most salient of these will drive one's behavior. Finally, justifications are “socially constructed accounts that individuals who engage in corrupt acts adopt to legitimize their behaviour” (A&V, p. 436; also Ashforth and Anand, 2003; Loebbecke et al., 1989). They may be prospective or retrospective (Ashforth and Anand, 2003; Coleman, 1985; Lerner and Tetlock, 1999), but should not be confused with the legal-technical use of *justification* (Ormerod, 2008; Segev, 2006; Singer and La Fond, 2007). A&V use an overarching classification of justification: *rationalization* (non-criminality or lack of victim), *socialization* (betterment of the organization), and *ritualism* (conformity to expectations) (Ashforth and Anand, 2003; Sykes and Matza, 1957).

Based on the above, A&V develop their framework, which predicts that: (a) legal-rational authority, individualistic motivation, and a rationalization justification will most likely lead to procedural corruption; (b) charismatic authority, collectivistic motivation, and a socialization justification will most likely lead to schematic corruption; and (c) traditional authority, relational motivation, and a ritualistic justification will most likely lead to categorical corruption. A&V recognize the complexity of organizational life and the possibility of other interactions of authority, motivation, and justification types, but maintain that the most salient types will determine the corrupt situation according to their framework's predictions.

Gain and participation in corruption

Pinto et al. (2008, p. 695) define and delineate two organizational-level corruption phenomena: corrupt organizations (CO: a group acts corruptly for the organization's benefit) and organizations of corrupt individuals (OCI: a significant number of members act corruptly for personal gain). The authors utilize two common and fundamental dimensions: benefit (for the individual or the organization) and participation (one or more individuals). Below, I address each dimension and propose a partial integration of their work in the AV-framework.

Most definitions of corruption incorporate intention for gain, which scholars tend to construe widely as the direct benefit to the corrupter, to a third party, or to a collection of individuals (e.g., Ashforth et al., 2008; Luo, 2004). Corruption is thus classified as *individualistic* or *collectivistic* according to its primary beneficiary (e.g., Pinto et al., 2008; Waite and Allen, 2003). Further, as A&V point out, a member of an organization may commit a corrupt act for the benefit of the organization, but also obtain direct or ancillary personal benefits (e.g., extrinsic rewards such as a profitability bonus, or intrinsic rewards such as a sense of belonging in a group or an organization). This observation reconciles their definition of corruption as well as Pinto et al.'s (2008) first dimension with the motivational element of the AV-framework, which may be relational, individualistic, or collectivistic.

The number of participants involved in a corrupt act may cause terminological and conceptual

confusion. We distinguish between *individual* and *collective* corruption (e.g., Ashforth and Anand, 2003), depending on whether the corrupter acted in isolation or in collusion with other members. The term “individual” does not refer to the level or unit of analysis, as A&V (p. 435) reveal: “We specifically focus on the individual or collective action of the individuals who endorse the authority in an organization.” Accordingly, individual corruption can be analyzed at the organizational level, while collective corruption can be analyzed at the individual level. Furthermore, Pinto et al. (2008) refer to both the number of participants and “collusion.” Collusion, though, suggests a unifying theme that characterizes the members’ cooperation. Ad hoc groups of two or more individuals acting opportunistically for individual gain could thus fall within the “low participation” category and form part of an OCI and of A&V’s procedural corruption. On the other hand, CO are instances of schematic corruption, since the malfeasance is uniformly widespread and has reached the organization’s core. Finally, I suggest that Pinto et al.’s (2008) vacant third quadrant (high participation/individual gain) could be related to A&V’s categorical corruption, since members of the subunit act for its gain rather than that of the organization.

Levels and units in organizational corruption

As seen earlier, A&V and Luo (2004) place organizational corruption in the private context. Nevertheless, A&V’s taxonomy (i.e., procedural, schematic or systematic, and categorical) is based on context-independent *organizational-level* descriptions; a “geography” of corruption within organizations. Procedural corruption appears to operate at the individual level, but is an organizational-level phenomenon, since “individuals endorsing the authority of their organizations use that authority for their own benefit” (A&V, p. 433). Similarly, Pinto et al.’s (2008) OCI suffer from widespread, but isolated and nonuniform, procedural corruption. This is an organizational-level phenomenon, because “internal mesolevel processes are responsible” for its facilitation or contagion (p. 688). Clearly, both categorical and schematic corruption are organizational-level phenomena.

In order to best comprehend organizational corruption, though, we need to hold a firm focus on the individual level as well. Luo (2004) stated that: “By focusing on organizational-level corruption, I do not imply that individual-level corruption is unimportant. In fact, organizational-level corruption is performed by executives or employees at various levels” (p. 122). For example, personal gain is an individual-level construct, as is justification, although the latter aims at legitimization, which lies at the organizational level. Authority is an organizational-level construct, while the collectivistic and relational motives involve the betterment of the group or subunit. The present study maintains a multilevel view, a stance which has current academic support; for example, Ashforth et al. (2008) advocate the need for an *interactionist* view that transcends levels (p. 678), while Pinto et al. (2008) recognize that “the *levels of analysis* can be at the individual, group, organization, and environment levels” (p. 688, emphasis in original). Organizational corruption is, hence, taken to mean the study of corruption within an organization which serves as the focal unit, “that is, the level to which generalizations are made” (Pinto et al., 2008, p. 688). This is reconciled with A&V’s focus on “acts of individuals *within organizations*” (p. 433, emphasis added).

This distinction between context, level, and unit of analysis expands the reach of the AV-framework from the private to the public domain. Public organizations can also be focal units of organizational corruption [e.g., Pinto et al.’s (2008, p. 688) corrupt police department], in accordance with Luo’s (2004) “illegitimate exchange of resources involving the use or abuse of public or collective responsibility.” This is in line with legislative efforts, such as the recently enacted Bribery Act 2010 in the UK, which “straddles the public/private divide” (Ministry of Justice Explanatory Notes, section 3, paragraph 28). Accordingly, the cases below illustrate the AV-framework in both the private and the public domain.

Design and method

This study is embedded within a wider study concerning the taxonomy, the generative mechanisms, and the effects of corruption in the field. It aims to illustrate and elaborate the AV-framework based on

field data. It consisted of two phases: (a) a pre-design phase lasting approximately 5 years, during which data were collected free from theoretical influence as part of either professional practice or consulting, and (b) the design phase, which was informed by theory, and during which more structured data collection occurred.

The present study answers A&V's call for "more systematic case studies ... because they shed bright light into the dynamics and content of organizational deviant behavior." The case-study approach is appropriate, since it allows the researcher to study phenomena in the context in which these take place (Bonoma, 1985; Eisenhardt, 1989; Van Maanen, 1979). It is particularly appropriate for the study of complex phenomena that are underdeveloped in the literature (Baker, 2001; Scholz and Tietje, 2002; Vinten, 1994). Organizational corruption is one such phenomenon (Ashforth et al., 2008), which, due to its covert nature (Luo, 2004), is rarely studied deeply in the field. Hence, the episodes reported could have purely descriptive merit. They also serve to illustrate the AV-framework in practice by demonstrating what the main constructs are in real life (Siggelkow, 2007) and to motivate its elaboration. A&V classify the distribution of corruption in organizations and then proceed to answer how and why such distributions occur. Accordingly, this study first demonstrates that corruption did occur and then establishes its type according to the A&V taxonomy. Then it examines the individual elements of the OMJ model present in each case and, finally, how the coincidence of these elements may have led to the specific type of corruption in each of the three cases, as asserted by A&V (p. 441). The in-depth nature of case research allows for the revelation of the actualization of generative mechanisms (Bhaskar, 2008; Tsoukas, 1989) and "case studies are the preferred strategy when 'how' and 'why' questions are being poised" (Yin, 2003).

Case selection and data

The three reported episodes occurred within a wider context of private-to-public corruption within an EU member state and were selected, following preliminary data analysis, according to two criteria. Firstly, they had to be important and clear cases of

organizational corruption that could potentially stand alone as "revelatory cases" (Yin, 2003). Secondly, each of the cases selected should be a clear instance of procedural, schematic, or categorical corruption.

During the pre-design phase, data were collected in the course of practice or consulting and were stored in accordance with professional standards. Notes of interviews and meetings were taken contemporaneously, immediately after or, rarely, the following morning. A diary summarized the most important events of each professional week, and "lessons learnt" were deduced. Both were validated by a close collaborator. The data sources utilized are described in detail in Table I. Given the circumstances, interviews were informal, unstructured, and not audio-recorded. The meeting observations were direct. Additional data were collected during the second phase in iterative sequence, ensuring that theory could be illustrated more clearly and possibly extended. Semi-structured interviews with three key corporate informants provided more focused information and clarifications, as did the diaries they kept. Finally, more archival documentation and court decisions surfaced with the passage of time. The data utilized here are only a small part of the data accumulated for the wider study. Originally, the full body of data was examined for relevance to the AV-framework. Discarded data were subsequently re-examined for relevance, following the main analysis and elaboration.

Observing the main variables

Illustrative case studies aim to show what the constructs are in real life and to demonstrate, by example, the causal mechanisms conjectured (Siggelkow, 2007). As defined, corruption may be observed objectively: *Abuse* depends on the prevailing norms (norm-deviance; Luo, 2004), and so a contextual analysis is usually required. The term "for" suggests intention (Luo, 2004). Philosophical or psychological discussions as to the existence of conscious or free will (e.g., Wegner, 2002) notwithstanding, the intention of the perpetrator is considered a verifiable state. Similar to criminal investigations, intention may be self-reported or inferred from the data, albeit with difficulty

TABLE I
Details on data sources used in the three cases

Type	Number	Description	Phase	Code	Case
Informants	3	Civil servants in the ministry affiliated to the ruling political party	First	I1–I3	1 & 3
	2	Civil servants in the ministry affiliated to the opposition political party	First	I4–I5	1 & 3
	2	Civil servants in the ministry not affiliated to any political party (neutral)	First	I6–I7	1 & 3
	1	Civil servant in the prefecture where original decision was taken by the Prefect	First	I8	1
	1	Civil servant in the office of the Regional Master, whose decision the Minister was called to adjudicate over	First	I9	1
	1	High-ranking ruling-party affiliate	First	I10	1
	1	Ruling-party affiliate	First	I11	1 & 3
	1	Confidant of Minister	First	I12	1 & 3
	1	A high-ranking member of group A	First and second	I13	1 & 2
	1	Lower-level member of group A, who also provided sensitive group A documents	First and second	I14	1 & 2
	3	High-ranking members of group B, who also provided wide access to archival documents	First and second	I15–I17	1 & 2 & 3
	1	High-ranking collaborator of group A and B	First and second	I18	1 & 2
	1	Main legal counsel for group A	First and second	I19	1
	1	Legal advisor for group A	Second	I20	1
	1	Main legal counsel for group B	First and second	I21	1 & 2 & 3
	1	Assistant to legal counsel for group B	Second	I22	1 & 2 & 3
Meeting observations	16 ^a	Strategy and legal meetings of group B	First	M1–M3	1
				M4–M5	1 & 3
				M6–M10	3
				M11–M16	2
Public documents	67	Administrative decisions and supporting documentation. Financial statements. Company Registry documents	First and second	A1–A35	1
				A36–A43	3
				A44–A67	2
Litigation documents	223 ^b	Including court decisions, sworn depositions, hearing transcripts, and supporting evidence in one administrative, four criminal, and eight civil cases	First and second	L1–L28	1
				L29–L55	3
				L56–L85	1
				L86–L223	2
Company archives	35	Group B internal memos, strategy reports, litigation reports, shareholder meeting minutes, BoD minutes	First and second	AR1–AR10	1
				AR11–AR12	3
	3	Group A internal memos offered by a low-ranking informant	First	AR13–AR35	2
				AR36	1
				AR37–AR38	2

TABLE I
continued

Type	Number	Description	Phase	Code	Case
Diaries	19	Joint venture minutes of BoD and shareholder meetings	First	AR39–AR50	1
				AR51–AR57	2
	3	High-ranking group B members	Second	D1–D3	1 & 2 & 3

^aThe actual number of such meetings observed during the pre-design phase was considerably larger. A preliminary selection process eliminated those that did not appear relevant to the present cases, and 14 meetings were retained. After the conclusion of the main analyses, the meetings were revisited and two more were reinstated as relevant. These were relevant to the absence of schematic corruption in group B and the leadership characteristics of its leader.

^bThe actual number of legal cases and ensuing documentation was considerably larger. A selection process based on relevance identified the 223 documents. A postanalysis review of the remaining documents did not reveal any others as relevant.

(e.g., Jamal et al., 1995). Finally, the distinction between the three types of corruption is illustrated in accordance with A&V's definitions.

A&V (p. 445, Table I) operationalize authority via three dimensions of legitimization: type of obedience, type of administration, and mode of exercising authority. Motivation refers to the selection, energizing, and regulation of one's action (Gollwitzer et al., 2000). Observing motivation is not easy, since objective information may not necessarily reflect the underlying subjective state. The same holds for self-reporting, as the actor may have poor recollection, may be delusional, or may consciously or unconsciously mislead the investigator. Once established, though, motivation can be classified as individualistic, collectivistic, or relational more easily. Justification is the socially constructed account individuals adopt in order to legitimate their behavior. When externalized, justification is objectively observable and its classification within the most salient category of the AV-framework (rationalization, socialization, and ritualism) poses little difficulty.

Data quality and data analysis

Corruption is covert, intentional, and norm-deviant (Luo, 2004), thus lending itself to criminal investigation techniques. However, there are methodological differences between scientific and judicial inference. Both aim to discover the truth (Keane, 2008), but the former seeks to educate, while the

latter seeks to apportion blame or retribution. As such, judicial inference needs to be more restrictive in its evidential basis. The researcher of corruption, on the other hand, needs to discharge a different burden, that of data quality (Yin, 2003), authenticity or credibility (Lincoln and Guba, 1985; Miles and Huberman, 1994), and construct validity (Yin, 2003). Hence, judicial findings were not treated as conclusive proof in this study, while lack of conviction did not automatically imply absence of corruption. The legal aspects of the cases were evaluated by three independent experts, whose opinions were unanimous and aligned with the inferences drawn in the study. Issues not proven directly were inferred on the basis of indirect evidence, logical reasoning, and reasonableness. Self-incriminating and objective evidence were weighed more heavily than self-serving and subjective evidence, respectively. Corroboration was sought between informant statements, which were also triangulated with company archives, diaries, field notes, litigation documents, and judicial findings. Finally, contradictory evidence was sought, but not found. Tables III, IV, and V summarize the inferences concerning corruption as well as exemplary evidence substantiating them.

Lincoln and Guba (1985) and Miles and Huberman (1994) recommend criteria for credibility and authenticity. Accordingly, this study benefited from a prolonged engagement in the field which tests misinformation and builds trust, from triangulation, and from validation by informants. It is also based on sound conceptualization (A&V), its findings are internally coherent, its descriptions are detailed, and

the corrupt events are – unfortunately – unsurprising. Care was taken to collect all relevant evidence, and “negative” evidence was specifically sought. The perpetrators were not approached, for reasons of confidentiality, although their views were in some cases revealed via either informants or testimonies.

Data analysis was conducted in three steps. Firstly, a narrative analysis for each episode (Langley, 1999) organized the large amount of data present in chronological sequence (Table II). Then, all data were coded (Miles and Huberman, 1994) according to the main constructs, which assisted their illustration. Finally, visual mapping (Miles and Huberman, 1994) helped clarify the nature of the distribution of corruption within organizations. To ensure reliability and objectivity, two coders were selected to: (a) classify the relevant data according to the three OMJ elements in each case, (b) make an overall assessment of the types of the OMJ elements in each case and report their degree of confidence (1–5 nominal scale, 5: maximum), (c) make an overall assessment of the existence of corruption in each case, and (d) make an overall assessment of the existence of abuse of authority. The latter two assessments were based purely on the perception of both raters, who originated from the EU state in question to ensure knowledge of local norms and conditions. Cohen’s (1960) widely accepted kappa coefficient was used to assess interrater reliability. This measure is valid on the assumption that the ratings are independent. Hence, the raters were chosen from different professional groups (academic and practitioner) and had no prior contact, and the A&V categories were explained to them in lay terms without any academic reference. The kappa coefficient relies on categories that are exhaustive and exclusive. The raters were thus directed to use an additional category (“Other”) for data that did not fit sharply within the available categories or were inconclusive. Both found convincing evidence of corruption and abuse, which is aligned with the unanimous opinion of the legal experts, but from a social, rather than legal, perspective. They also unanimously agreed with the overall characterization of the types of the OMJ elements in all three cases, with confidence levels ranging between 4 and 5. Paradoxically, the high degree of homogeneity for *each* OMJ element in *each* individual case rendered

the kappa coefficient inoperative (e.g., Gwet, 2008), which was addressed by pooling the data across the cases. Cohen’s kappa coefficients on the pooled data were 0.86 for *authority*, 0.84 for *motivation*, and 0.89 for *justification*. All three lay comfortably beyond established cutoff points (Banerjee et al., 1999), making the raters’ classifications reliable.

Participant observation studies have been criticized on the grounds that the presence of the observer affects the phenomena under scrutiny, in analogy to quantum-mechanical *state unobservability* (Godfrey and Hill, 1995; Vinten, 1994). The present study does not suffer from such a shortcoming due to the original lack of design in its first phase. Ethnographic or journalistic accounts have been criticized for lack of systematic examination of the dynamics of corruption (Ashforth and Anand, 2003). This study tries to combine the illuminating power of observation with systematic analysis grounded on sound conceptualization. The “Limitations” sub-section prior to the conclusion reveals areas of data uncertainty and the measures taken to mitigate it. Overall, though, the abundance of data and the clarity of intentions and deviances allowed the focus of the research to shift from investigation to illustration and elaboration. The AV-framework variables and mechanisms are illustrated in the section below and summarized in Table VI. All relevant legal and administrative terminology is included in the Appendix.

Illustration of the AV-framework in practice

The cases reported arose out of the corporate battle between two medium-sized business organizations (group A and group B) for control of a major joint venture, within an EU member state. This dispute involved two main issues: the control of the joint venture’s Board of Directors (BoD) and the financial control of various projects undertaken by directors loyal to either of the two shareholding groups. Failure to reach a negotiated agreement to the conflict quickly escalated to administrative, civil, and criminal litigation.

EU law subjects companies to oversight by the prefecture within which a company is seated. This oversight includes the registration and ratification of a company’s BoD. The dispute over BoD

TABLE II
Main events unfolding

Date	Event	Case
July 2000 ^a	Group A members usurp the control of a joint venture established with group B. The resulting BoD needed to be ratified by the administration (prefecture)	1 & 3
September 2000	The Prefect finds in favor of group A, following political pressure applied to the Prefect through ruling-party contacts of group A members	1
October 2000	Group B members appeal to the Regional Master against the Prefect's decision, who finds in their favor, following political pressure applied by group B members, in ex parte proceedings	1
November 2000	Group A appeals to the Minister against the Master's decision. Political pressure is applied to the Minister through ruling-party contacts by both group A and group B. The Minister has a 2-month period within which to decide	1 & 3
January 10, 2001	The Legal Council offers an opinion in favor of group A, following the Minister's request. The item was placed in the agenda on the day of the decision, in blatant violation of due process	1 & 3
January 11, 2001	The Minister eventually decides in favor of group A, contrary to established precedent and in violation of due process. The decision was taken on the expiration of the bimonthly deadline. Failure to make a decision would have resulted in the automatic ratification of the Master's decision. The only justification of the Minister's decision was the Legal Council's recommendation, which was referenced explicitly within the decision	1 & 3
January 12, 2001	The Legal Council's meeting minutes and decisions are published, and the Ministry is officially informed of the decision. The date is recorded in the Ministry records	1 & 3
January 15, 2001	Group B members are notified of the decision in writing and request a transcript of the Ministry records revealing the date when the Legal Council's decision was notified to the Ministry. The request is made in writing by insistence of the Civil Servants responsible. They refused to provide the documents on the spot (a simple 5-min process) without any justification	1 & 3
January 22, 2001	Group B members secure judicial order ordering the Ministry to release the records. The same Civil Servants ask the group B members to submit the judicial order officially in the Ministry records, but refuse to comply with the order on the spot. They reserve the right to respond in "due time," which usually means "never"	1 & 3
January 2001–May 2006	Heavy litigation ensues between group A and group B, as well as between group A and third parties. During this time the group A Leader and many of its members routinely engage in false financial misrepresentation (publication of financial documents) and perjury in civil and criminal trials	2
February 2004	A group A member (the joint venture's finance director) was found to have fraudulently secured his dismissal from the joint venture, in collaboration with group A's Leader, one day before his official retirement in order to secure a sizable compensation package from the joint venture	2
May 2006	A group A member was found in court to have falsified financial documents used in a civil trial against group B.	2
February 2007	A group A lower-level member and its Leader were convicted in court of perjury and incitement to perjury, respectively	2
September 2007	Group A and group B settle outstanding cases outside court. The settlement was clearly in favor of group B, but without official admission of liability by group A	2
May 2009	One high-ranking and one lower-level group A ex-members offer false but limited evidence in favor of Leader in a criminal court. Despite ties being severed, the ex-members demonstrate allegiance to Leader, albeit diminished	2

^aThe initial event date is altered for reasons of confidentiality. The relative time intervals are accurate.

ratification – and thus control – was heard by the Prefect, who ruled in favor of group A. Group B then successfully appealed to the Regional Master, which led to group A's appeal to the Minister of Commerce ("Minister"). After receiving intense pressure from ruling-party affiliates in support of both groups, the Minister eventually ruled in favor of group A, whose supporters held more political clout. Prior to the decision, the Minister had requested and obtained an opinion in favor of group A by the Legal Council (a prestigious body representing and advising the State in all legal matters). This sparked even more intense litigation, since the decision referenced the said opinion, despite the fact that the opinion was officially issued one day *later*. To prove this fact, group B requested a transcript of the ministry records, which would conclusively settle the issue. Despite group B's *locus standi* (the right to request and obtain such records) and the nonprivileged status of the document (the right to *discovery*), the civil servants responsible (Civil Servants) refused to disclose it. More surprisingly, they refused to comply with a subsequent judicial order to that effect, which was an intentional violation of legally entrenched and constitutionally protected rights. The conflict between the two parties over financial control also led to intense civil litigation, during which documentary and testimonial evidence were presented in court by members and associates of both groups. These events form the context of the three cases, which are considered below in more detail from the perspective of the A&V framework.

An episode of procedural corruption: ministerial adjudication and political favoritism

Despite established precedent in favor of group B, the Minister made an unjust and unjustified decision in favor of group A under pressure from high-ranking members of the ruling party. Table III summarizes the main evidence and inferences about corruption drawn in this case. Characteristically, an informant, highly connected to the ruling party, noted:

Informant: Half of the government has called in favour of [group A] and the other half for [group B]. Only, the former half is larger than the latter.

The Minister noted: "I *have* to decide in favour of [group A]" (emphasis in original verbal statement), in a personal communication to a confidant. According to this informant, the Minister stressed that group A supporters were considerably more influential and so he or she¹ faced no real dilemma. It is not known whether the Minister accumulated or repaid political capital, but this only concerns the technicalities of the exchange and does not distract from the inference of its corrupt nature. It is clear, though, that the Minister acted intentionally.

This is an act of organizational corruption in A&V's understanding (p. 435), since the Minister endorsed the authority of the organization (ministry). It is an example of procedural corruption, since the Minister violated established formal rules and procedures² in an isolated fashion, while exhibiting little interest in adjudicating over similar issues in other cases in the past. The Minister's *ex officio* legal-rational authority provided opportunity. In Weberian terms, the obedience was based on legality of enacted rules, the structure was hierarchical, and the mode of exercising authority depended on domination through experience and knowledge of "official secrets." Governments are, in general, organizations with legal-rational authority (Weber, 1978), although, depending on the degree to which nepotism has infiltrated the system, other types of authority may also be present (e.g., traditional). However, the only authority relevant to the act in question was the authority conferred by the ministerial office, since the Minister acted alone, without exercising any form of influence on any subordinates.

The data clearly suggest that the Minister had an individualistic motive to accumulate or repay political capital (or both), and no data were found pointing to the contrary. In addition, the decision itself had no effect on the state, the ministry, or the ruling party, since it was a private issue between two business groups. As there was no procedural or substantive reason for party or government members to intervene in favor of either group, a minister acting in good faith should have deflected such intervention. On the contrary, the pressure applied to the Minister by the ruling-party members was based purely on favoritism and personal contacts, which the Minister obliged. A ministry informant highlighted the personal nature of the whole episode

TABLE III
Inferences and exemplary evidence of corruption in case 1

Corruption element	Inference	Source of evidence	Exemplary quotations or other data
Authority	Legal-rational. Ministerial office	Public knowledge	The Minister's authority had been granted, as usual, by Prime-ministerial decree
Abuse	Unjust and unjustified decision against precedent and rule of law	Independent legal expert Group A legal counsel Group A member (to Informant)	<p>"The precedent was clear, established and undisputed. I could see no grounds for its reversal and the opinion offered by the Council made little sense". "I don't think it is the first time such a thing happens and I am afraid it is not going to be the last"</p> <p>"Our success in overturning such an established precedent was phenomenal"</p> <p>"No worries. The Minister will decide exactly as we indicate. We have the access required"</p>
	Undue influence on Legal Council	Group B legal counsel Informant within ruling party	<p>"My ministry contacts informed me that the Minister is pressured to find in favour of our opponents. I had to inform my clients in case they could take similar action"</p> <p>"The Minister's request was specific: an opinion in favour of group A. The Minister was not concerned with the Council's agenda and procedure or the justification they would come up with. [He or she] needed a cover"</p>
	Denial of rights of audience	Independent legal expert	"Being denied audience by the Minister in administrative matters, as in this case, is not uncommon, but it is certainly unconstitutional. The administrative rulers rely on the fact that such matters rarely go to court and even when they do it is hard to establish a causal link between such abuse and the damage inflicted to the party's interests"
Personal gain	Political capital (exchange of favors with party members)	Informant within ruling party Ministry Informant (ruling party) Ministry Informant (opposition party)	<p>"Half of the government has called in favour of [group A] and the other half in favour of [group B]. Only, the former is larger than the latter"</p> <p>"You know how these things are. The Minister had no choice but to oblige his high ranking colleagues that called in favour of [group A]"</p> <p>"What did you expect of the Minister? To ignore [his or her] colleagues?"</p>
Intention	Knowing abuse Conscious political exchange	Minister's background (public knowledge) Minister (to Informant) Ministry Informant (ruling party)	<p>The Minister was a law graduate with experience in public administration in local and national administrative positions</p> <p>"I <i>hate</i> to decide in favour of [group A]"</p> <p>"This was not an issue the Minister could easily ignore. I don't know exactly how high the pressure came from, but some of the names I heard were very important"</p>
Type	Procedural: isolated, based on violation of existing procedures	Ministry Informant (ruling party)	"Do you really think the Minister cares about all the issues [he or she] has to adjudicate over? There are hundreds of cases. Besides, this issue seemed like a purely private business affair. It is only right that it be sorted out by business means"

by using an athletic metaphor with personalized connotations and a direct reference to allegations of undue influence over soccer referees, which two rival teams were publicly making against each other at that time:

Informant: The ministry has been dealing with this issue for the last week; it has become the standing joke of the ministry, like the standing rivalry between the two main soccer teams in contention of the title.

The fact that both parties applied political pressure does not negate the corrupt act; it just adds a “cost” element in the Minister’s cost–benefit analysis. Even a ruling in favor of group B would have been corrupt under these conditions and motives. Nevertheless, the fact that the decision was in clear disregard of the rule of law adds credence to the inference of corruption and minimizes the likelihood of more complex, mixed intentions and motives.

The Minister had intimated that he or she would find in favor of group A only after the Legal Council issued a supporting opinion. In violation of legality, the request for opinion was accompanied with a clear indication as to its “required content.”³ The Minister thus engaged in prospective justification (A&V; Ashforth and Anand, 2003; Coleman, 1985, 1987) by pre-emptively rationalizing the decision’s non-illegality. If contested, the Minister could have claimed legality of action, or, at the least, a bona fide mistake based on the Legal Council’s opinion. Both assertions would have been very hard to disprove in a court of law.

The episode also serves to reveal the mechanisms⁴ by which corruption appears or spreads in organizations, as theorized by A&V (pp. 441–444). The Minister’s adjudicative authority provided the “appropriate platform” (p. 442) for personal gain, without which such a corrupt act would not have been possible. Without the Minister’s individualistic motivation, it is most likely that no decision would have been made, as evidenced by the Minister’s omission to adjudicate in most other cases. The Minister’s delay in order to secure the Legal Council’s opinion indicates that, without suitable justification, the Minister would probably not have proceeded. Finally, the coincidence of these particular OMJ elements made the Minister act individ-

ualistically, in a rules-based isolated fashion (procedural corruption).

This case also revealed procedural corruption further down the hierarchical levels⁵ of administration. The Regional Master engaged in a similar type of corrupt decision-making for political gain when deciding in favor of group B, as did the Prefect when deciding in favor of group A. This linear and nested structure of similar cases of political corruption adds some credence to the external validity of the AV-framework for procedural corruption.

An episode of schematic corruption: widespread perjury and false representation

Group A was headed by a charismatic leader (Leader), who was renowned for the ability to inspire organizational loyalty and commitment. The Leader routinely influenced group A members to commit perjury in court hearings and to make false representations in financial reports. These members demonstrated creativity in the stories they invented, initiative in producing concocted evidence to support them, intensity in the presentation of such evidence, unswerving commitment despite intense cross-examination, and unnerving demeanor in the face of numerous logical and commonsensical inconsistencies. Table IV summarizes the main evidence and inferences about corruption drawn. Notably, a member was convicted for perjury, while the Leader was convicted for incitement of the offense. Another member was found to have fraudulently secured his dismissal compensation and another to have falsified financial documents presented in a civil trial. For evidential, procedural, and practical reasons, the Leader and the perjurers were not brought to trial on other occasions, although a court secretary characteristically commented after hearing the Leader’s testimony during a trial:

Court secretary: Who are they trying to fool; as if we have no experience in these issues. We have seen numerous trials and witnesses to be fooled by such stories.

This is a case of schematic corruption that had become part of the culture of the organization for at least the 6 years that observation lasted. Before any

TABLE IV
Inferences and exemplary evidence of corruption in case 2

Corruption element	Inference	Source of evidence	Exemplary quotations or other data
Authority	Charismatic. The charisma of group A's leader	Group A member Group A member	<p>“The [Leader] didn't have to ask us. We just knew what the [Leader] would have done in our place. We hardly thought about it; it was like an urge that we knew [he or she] would approve of.”</p> <p>“All the [Leader] had to do was hint about the type of evidence required and we would create it; if possible. The [Leader] would routinely ask: ‘what information do we need to present and what supporting evidence do we need to find’ and we all knew what that meant”</p>
Abuse	Financial misrepresentation	Group B member Group A finance director (deposition in civil trial)	<p>“The [Leader] makes you feel as if it is a great honor for you to be invited into the [Leader's] office. It is more surprising since I know it is fake”</p> <p>“The specific assets referred to did not exist. Documents were forged in order to boost the company's Net Asset Value.” & “The [Leader] had indicated that the company's viability was at stake”</p>
Personal gain	Perjury Perjury Direct for leader or group A	Litigation documents Court decision Court decision Sworn statements and documentary evidence Court decision Group A shareholding Litigation documents	<p>Misrepresentation in company books used in subsequent civil trials</p> <p>Group A member found to have fraudulently secured dismissal compensation</p> <p>Group A member found to have falsified financial documents</p> <p>The comparison of sworn statements made in and out of various court trials with documentary evidence</p> <p>Criminal conviction of a member and Leader</p> <p>Group A shareholder register showed Leader as the main shareholder</p> <p>Civil trial documents revealed that either group A or the Leader had benefit expectancy from trials (offensive or defensive) in which perjury took place</p>
Intention	Knowing and conscious misrepresentation	Financial documents Group A finance director (deposition in civil trial)	<p>Group A and Leader benefited directly from misrepresentation</p> <p>“The specific assets referred to did not exist. Documents were forged in order to boost the company's Net Asset Value.” & “The [Leader] had indicated that the company's viability was at stake”</p>
Type	Knowing and conscious perjury Schematic: uniformly present throughout the organization	Court decision Court decision Court decision Litigation, archival documents, and observation	<p>Group A member found to have fraudulently secured dismissal compensation</p> <p>Group A member found to have falsified financial documents</p> <p>Criminal conviction of member and Leader</p> <p>Group A consistently reported overstated net asset value for 6 years, and its members produced distorted financial documents in court hearings. Depending on the facts in issue in each case, members from all main departments (operations, finance and accounting, or sales) committed misrepresentation or perjury</p>

major court hearing, a question was routinely asked: “What information do we need to present and what supporting evidence do we need *to find*,” the latter being explicitly and widely understood by the members of the organization as “to concoct.” Such change of language based on privately shared meanings (Bolman and Deal, 1997, p. 254) demonstrates inculcation of corruption in the culture.

The authority prevalent in the organization was charismatic. In Weberian terms, obedience was based on the Leader’s exceptional character, staff selection was based on loyalty and compatibility with the Leader, and authority was exercised as the Leader’s “revelation.” The members of the organization sought the Leader’s approval, often without conscious thought. The Leader’s charisma was so engaging that even opponents would comment that he or she “makes you feel as if it is a great honor for you to be invited into the [Leader’s] office.” The members did not prosper from such acts; on the contrary, they often risked prosecution. The benefit was clearly for the organization and the Leader as its embodiment. On rare occasions, some members held the expectation of small financial benefit (e.g., an extortive accusation against disputants), but even then other members supported their efforts in a similar corrupt way without any personal benefit. Their motive was collectivistic, although the Leader’s approval was an ancillary secondary reward. When the chief financial officer was asked why he or she incited his or her own son – a group A operating officer – to engage in false representation in board meetings, the chief financial officer stated: “But it is his duty towards the group to be present and tell what he knows.” The justification of the members was, thus, socialization, in A&V’s terminology.

The Leader’s charisma flowed within the organization and inculcated its culture. It elevated discussions beyond the tangible and individualistic, inspiring members to think in terms of the organization’s betterment. The Leader’s self-serving construal of the betterment of the group was followed by the members on “blind faith” (A&V, p. 442), and they justified their actions accordingly. Judging from the followers’ accounts, absence of such charisma, motivation, or justification would erase the goal, inspiration, or rationale for acting. Indeed, a comparative study within group B – a theoretical replication (Yin, 2003) – revealed absence of schematic

corruption in spite of its similarity to group A in size, structure, hierarchy, and modus operandi. The only apparent difference was the lack of charisma of its leading figure. In stark contrast to the Leader, the opposing-party leadership had considerable difficulty motivating even a handful of individuals to appear in court and attest the truth.

An episode of categorical corruption: obstruction of justice by civil servants

The Civil Servants’ refusal to disclose evidence and comply with the judicial mandate served to protect the Minister, a prominent ruling-party member. Table V summarizes the main evidence and inferences about corruption drawn in this case. This is an instance of categorical corruption, since such conduct was clearly delineated by party affiliation. Civil servants affiliated to the ruling party would generally engage in such acts of party loyalty, whereas all other civil servants (politically neutral or affiliated to other parties) would refrain from, or denounce, them. According to a ministry informant affiliated to the opposition party:

Ministry Informant: “In the good days we too rarely gave out documents on contentious issues unless we consulted with our superiors first, in order not to leave our ministers exposed; unless we consciously chose to....”

The fact that opposition members would *potentially* engage in similar corrupt acts highlights the categorical demarcation. The corruption did not originate from the ministry (viewed as an organization), but from political party membership. It occurred in pockets within the ministry, and only one group at a time would be operative: the one whose party was in government.

The available data suggest that the most salient type of authority was traditional authority. In Weberian terms, obedience was based on loyalty resulting from upbringing within political party traditions, staff appointment was based on favoritism that supported ties of loyalty, and the high-ranking members would exercise their authority with care not to meet resistance. The charisma of the Minister, a rising star in the political scene and the ruling party, could also have played a role, although ministry

TABLE V
Inferences and exemplary evidence of corruption in case 3

Corruption element	Inference	Source of evidence	Exemplary quotations or other data
Authority	Traditional. Based on party membership and loyalty	Ministry Informant (neutral)	“[The Civil Servants] are all members of the ruling party. Opposition party members in the ministry are, traditionally, ‘put in the fridge’. It happens every time the government changes”
Abuse	Abuse of process	Ministry Informant (opposition party) Group B member	“You could hardly expect them to do anything different. I would have heard it if [the Minister] had issued such an order” “They [Civil Servants] hardly even paid any attention to my pleas. They coldly asked me to make my request in writing. They said the matter would take its official ‘route’”
	Noncompliance with judicial order	Group B member	“The following week I confidently entered their [Civil Servants]’ office again with the judicial order in hand. I was secretly expecting to enjoy the alarm in their expression when faced with such an order. To my surprise, though, they maintained the same cold look and gave exactly the same cold response. At that moment I lost faith in the system and felt we had no protection”
	Denial of discovery	Independent legal expert	Opinion on legality of action and constitutional rights of discovery
Personal gain	Intangible: sense of belonging and advancement and political party cohesion	Litigation documents Ministry Informant (neutral)	Appeal to the Supreme Constitutional Court “[The Civil Servants] are all members of the ruling party. Opposition party members in the ministry are, traditionally, ‘put in the fridge’. It happens every time the government changes”
Intention	Knowing and conscious abuse of process, denial of rights, and noncompliance	Ministry Informant (ruling party)	“Of course they knew what ought to be done. The real question is: do they care? We feel we have protection from above. Besides, by the time such cases end up in court, the parties usually have lost all interest to pursue the matters further. In any case we can always issue the document and apologize for the delay”
Type	Categorical: concentrated in “pockets” within the organization	Ministry Informant (ruling party) Ministry Informant (opposition party)	“Neutral [not affiliated to a political party] civil servants would rarely get involved in such cases and they were rarely asked to. It would be a waste of time and, besides, you don’t want to open up the circle much” “In the good days we too rarely gave out documents on contentious issues unless we consulted with our superiors first, in order not to leave our ministers exposed; unless we consciously chose to....”

informants referred to similar acts that had occurred in the past under uncharismatic leaders. They also noted that such conduct was to be expected due to party membership, with no mention of the Minister's charisma as a precondition. Information from ministry sources further revealed that the Minister did not exercise any direct authority on this issue; rather, the Civil Servants acted on their own initiative.

The Civil Servants' motivation was thus relational (the protection of the ruling-party subunit within the ministry) and involved their identification with the subunit (A&V, p. 435). Finally, the justification they offered was mainly ritualistic. Informants confirmed that it was expected of loyal party members to prevent the exposure of other party members (especially high-ranking ones). This expectation was held by most ministry officials irrespective of their political affiliation. Traditional authority is based on "the right to rule" (A&V, p. 440), a right which was understood and expected by everybody within the ministry.

Group membership offered the opportunity to act. It also provided a social identity (Ashforth and Mael, 1989; Tajfel and Turner, 1985), which in turn motivated the Civil Servants towards the betterment of the subgroup. It raised institutionalized expectations of behavior, which the Civil Servants felt obliged to conform to. The lack of involvement of opposition or neutral civil servants, in conjunction with their accounts, suggests that absence of such opportunity, motivation, and justification would have led to inaction. Without peer pressure it is quite likely that Civil Servants would exercise their own judgment. The coincidence of these specific types of OMJ elements, on the other hand, led to corrupt acts that were clearly demarcated by group inclusion (categorical corruption), as predicted by A&V (Table VI).

Discussion

Corruption is defined as abuse of authority for personal gain in the AV-framework. It follows logically that authority should provide the opportunity for corruption, while personal gain should be related to the motivation of the corrupters. The authors state that we may encounter all 27 combinations of the

OMJ elements when studying corruption (p. 444). Given the case evidence, though, it was not difficult to identify the most salient OMJ elements. Below, I proceed to discuss possible elaborations of the AV-framework inspired by the data.

Framework elaborations

As mentioned in the opening section, the work of Luo (2004) and A&V restrict the AV-framework to the private domain. The first and third cases, however, illustrate that it also makes sense in the public domain, since the corrupters are a minister and civil servants (political and bureaucratic domain, respectively) operating within the ministry (organizational focal unit). These cases also illustrate how the personal gain element of corruption and the ensuing motivations of the actors can be extended to include political gain, facilitated by the participation or intermediation of political parties.⁶ The "currency" of exchange in the political context appears to be actual or potential favoritism. By analogy, the accumulation and discharge of "favors" – both internally and externally – may be an additional means of advancement in the private and private-to-public contexts, and hence of private corruption.

The cases further suggest that authority is the main driver of corruption, giving it an even more central role than A&V claim. The ministerial office is supported by norms of legality, and so the Minister had to orchestrate a "non-illegality" justification. He or she chose *the* justification that was available to the officeholder and was motivated by the accumulation of political capital, which was also directly related to the ministerial office. The followers cared for the approval of the Leader and uncritically adopted the Leader's construal of what the "betterment of the organization" might be. Their motivation was thus shaped by the Leader's charisma, as was their justification. Finally, the Civil Servants were motivated by group-inclusion benefits and justified their action based on conformity to expected norms (Aronson, 1995), both of which stemmed from the traditional authority of the ruling political party.

The cases also shed light on the issue of *justification*, which plays a significant role in the escalation of corruption (Zyglidopoulos et al., 2008). Prospective justifications are formed when accountability is

TABLE VI
Illustration of the most salient AV-framework variables and factual causal links

Case	Authority–opportunity	Motivation	Justification	Generative mechanism
Case 1	<p>Opportunity provided by <i>ex officio</i> authority</p> <p>Obedience: Based on legality of enacted rules (the administrative code)</p> <p>Structure: Hierarchical structure with the Minister at the top of the pyramid</p> <p>Mode of exercise: Knowledge of “official secrets” or obtained from experience and training</p> <p>In the absence of this adjudicative authority, the said Minister could not have performed the act</p>	<p>Purely <i>individualistic</i> to repay or collect political favors. No ancillary benefits to the organization</p> <p>In other cases where such motive was absent, the Minister had omitted to adjudicate</p>	<p>Pure <i>rationalization</i>: The Minister orchestrated a Legal Council opinion in order to assert non-legality. The opinion was referred to in the actual decision</p> <p>The Minister had insisted on such “cover,” in the absence of which he or she would not have issued a decision</p>	<p><i>Procedural</i>: rules-based and isolated</p> <p>The <i>ex officio</i> authority provided the “appropriate platform to commit procedural corruption” (A&V, p. 442). This authority is based on norms of legality, and its breach is thus rules based</p> <p>The Minister’s individualistic motivation and orchestrated decision-specific justification suggest an isolated act of corruption</p>
Case 2	<p>Opportunity provided by the Leader’s charismatic influence on the followers</p> <p>Obedience: Based on exceptional character of Leader</p> <p>Structure: Provided by charismatic authority of the Leader and loyalty</p> <p>Mode of exercise: Regarded as the Leader’s revelations</p> <p>In the absence of such charisma, the followers would hardly have reason to act in such a corrupt way</p>	<p>Mainly <i>collectivistic</i>. The followers acted for the benefit of the organization and its Leader. There were also ancillary pecuniary and psychological individualistic benefits (such as a sense of approval by the Leader), but these resulted from the main motive</p> <p>Without an interest for the organization/Leader, the followers would not seek to protect it</p>	<p>The justification adopted by the corrupters was purely <i>socialization</i>. Their acts were aimed at the betterment of group A, as construed by the Leader</p> <p>There is no evidence of pre-emptive justification, but there is evidence of internal socialization justification, without which the followers could not make sense of their acts</p>	<p><i>Schematic</i>: widespread</p> <p>The Leader’s <i>charisma</i> allowed his/her construal of the “betterment” of the organization to be “blindly” (A&V, p. 442) accepted by the followers. The followers transcend beyond immediate self-interest and identify with the organization. The wide and deep reach of the charisma of the Leader shaped the corrupt culture of the whole group</p>

TABLE VI
continued

Case	Authority–opportunity	Motivation	Justification	Generative mechanism
Case 3	<p>Opportunity provided by membership in group (ruling-party members of the ministry) and the “right to rule”</p> <p>Obedience: Based on loyalty to Minister by common “upbringing” in political party</p> <p>Structure: Selection based on ties of loyalty secured by political party membership</p> <p>Mode of exercising: Care not to meet resistance by third parties</p> <p>Civil servants in the out-group (opposition or neutral) refrained from acting</p>	<p>Purely relational (i.e., for the benefit of smaller groups within the organization).</p> <p>Ancillary individualistic benefits include sense of belonging in the in-group, but these also emanate from the group</p> <p>Absence of the need or desire to benefit the in-group (ruling party) would likely result in disloyal members, unwilling to take risk in order to protect the Minister</p>	<p>The justification adopted was ritualism, meaning conformity to the expectations of the political party members within the ministry</p> <p>Absence of conformity to act as expected would likely result in unpredictable and possibly disloyal behavior. At least some of the Civil Servants would exercise their own judgment and consider the serious costs involved (e.g., prosecution)</p>	<p>Categorical: clearly delineated</p> <p>The political party membership resulted in social identification, shared traditions, and expectations. The Civil Servants were thus expected to follow such a tradition without question and possibly as a reflex.</p> <p>The strict delineation of party membership resulted in pockets of corruption based on political party segregation within the ministry</p>

anticipated, while retrospective ones are offered when accountability is required. The Minister anticipated the danger of subsequent scrutiny and orchestrated the Legal Council opinion, in line with A&V's (p. 436) assertion that "most justifications regarding organizational corruption are prospective since these acts are more likely to be intentional and calculated" (also, Wilks and Zimbelman, 2004). The Civil Servants, on the other hand, believed it was unlikely that their acts would ever be scrutinized in court and also counted on "protection from above." Their justification was, thus, purely retrospective. Interestingly, the Leader's followers did not appear to engage in prospective justification either, despite the fact that their actions would likely be contested in court. They "hardly thought about it" and believed they were telling the truth within the context of the Leader's self-serving construal, which conforms to the theoretical assumption of "blind faith." Thus, the second and third cases question A&V's aforementioned assertion. Furthermore, since A&V assert that the coincidence of particular combinations of the OMJ elements *cause* particular types of corruption, there appears to be a temporal issue with such a causal claim: antecedents need to precede effects, yet retrospective justification *follows* the corrupt act. The reconciliation I offer here is that we should not just consider *external* justifications, but also *internal* justifications, the latter of which may *precede* the act. The corrupter need not only be motivated for action, but needs to make sense of the action within the perceived context, which is primarily an internal but socially embedded process (Weick et al., 2005).

The "geography" of corruption in organizations

The last elaboration concerns the distribution of corruption within organizations. A&V adopt a sub-junctive classification: corruption can be procedural or schematic or categorical (visualized in Figure 1). Nevertheless, each case reveals multiple types of corruption, which requires theoretical reconciliation;⁷ for example, in addition to procedural corruption, the first case involves widespread corruption by the two groups casually applying political pressure (schematic) and the ruling-party members casually mediating it (categorical). In the third case, we also observe widespread corruption in the ruling

political party and potentially in the ministry, as opposition-party civil servants appear inclined to act in a similar corrupt way.

The reconciliations proposed are manifold. Firstly, the type of corruption depends on the level of analysis; for example, the widespread practice of the two business groups showed schematic corruption at the societal level, but the Minister acted in isolation at the ministry level. Similarly, the corruption of political parties is categorical at the societal level, but widespread within each party at the organizational level. Secondly, even within the same level, the type of corruption depends on the focal unit of analysis. The ruling political party may have been contaminated by widespread corruption, but the ministry was not, since party segregation made the corruption present categorical ("inherited" from the societal level). Thirdly, a clear focus on the type of activity may resolve the problem; for example, the political pressure applied to the Minister is a distinct act from his or her corrupt decision. Finally, the potential for corruption must be distinguished from its activation, since only the latter is classified as corruption. Most civil servants affiliated to the two main political parties were willing to engage in such corrupt behavior, yet only the Civil Servants actually did. Their potential was activated by the ruling party's assumption of government, which is what the ministry informant meant by "opposition party members are put in the fridge." The focal unit, level, and activation-deactivation interplay is represented visually in Figure 2.

Not only is it, thus, possible to have different types of corruption present in each case, but it is also instructive. In the first case, widespread corruption at the societal level *initiated* the process, which was *mediated* by the categorical corruption within political party boundaries and *culminated* in the isolated act of the Minister within the ministry. In the third case, the categorical corruption based on political party segregation was *diffused* to the "corruption-free" ministry and was *activated* when the party gained access to the government.

Implications for practice

In this section I propose *preventive* and *suppressive* measures against *private* or *public* organizational

corruption. Since the coincidence of opportunity, motivation, and justification leads to corruption, measures taken to eliminate any one of these elements should restrict it. Authority is the main driver of corruption, but organizations need it for coordination. Hence, our focus should be placed on its regulation. Legal-rational authority relies on rules and norms of legality and rationality. As such, corporate governance efforts that introduce nonexecutive membership in the board, the separation of the board's chair from the company's management, and the establishment of internal procedural compliance controls help decrease procedural corruption. Charismatic leaders are desirable, but when corrupt they contaminate the whole organization. However, regulatory efforts to contain their authority will not gain internal support, since followers tend to exhibit "blind faith" towards their leaders. Organizations that develop diachronic ethical cultures – supported by ethical training – will make it harder for a corrupt charismatic leader to assume or exercise authority. Ethical culture and training would also restrict abuses of traditional authority, while techniques that dissolve in-group/out-group segregation and conflict (e.g., Pruitt and Kim, 2004, pp. 181–188) and suitable structural changes (e.g., cross-unit teamwork or matrix governance) should minimize its reach.

It would be unrealistic and possibly undesirable for organizational members to refrain from seeking personal gain. Hence, in order to minimize the motivation and internal justification for corruption, a reformer could draw attention towards the human need for *sociability* (Aristotle, *Politics*; Dierksmeier and Pirson, 2009) and the *common good* (Argandoña, 1998), by embedding the individual, the group, and the organization within their societal contexts. Accordingly, corporate social responsibility provisions will not only benefit society directly, but should also reduce the propensity for corruption,

provided they are not treated as obligations but rather as the basis of an individual's or an organization's enlarged identity. Furthermore, internal or external regulatory provisions that increase anticipation of accountability and limit unrestricted self-interest should reduce corruption by decreasing one's motivation and one's ability to generate prospective justifications; for example, the Sarbanes – Oxley Act (2002) stipulates auditor independence, individual rather than diffused responsibility, enhanced disclosure, and prohibition of conflict of interest.

Prevention can also be achieved if one focuses on the diffusion of corruption between levels or across units, as well as on the existence of latent corruption. Organizations are embedded within a societal context, and widespread corrupt practices within the society are likely to be diffused to the organization; for example, nepotism in Southern European societies may well be associated with the preponderance of family-owned business and the lack of meritocracy within them. Prevention will also need to focus on the unit of analysis even at the same level; for example, a multinational may engage in corrupt practices in one region but not in another, since the corrupt subsidiary may have "inherited" local corrupt norms. As a result, global measures may be ineffective without localized customization, while the organization should guard against contamination between subsidiaries, given the increasing mobility of its members. Clear identification of corrupt practices at the societal level or across units at the same level may thus help organizations build procedures and a culture that controls corruption's vertical or horizontal diffusion. Finally, preventative measures need to identify latent corruption and its activation mechanisms, for example, the empowerment of an organization's particular subunit (categorical corruption), or the spread of a leader's

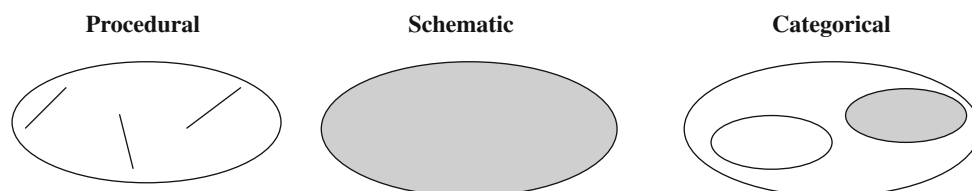


Figure 1. The "geography" of corruption in organizations. — Formal procedure violated. ○ Organization (or subunit within organization). ● Widespread corruption.

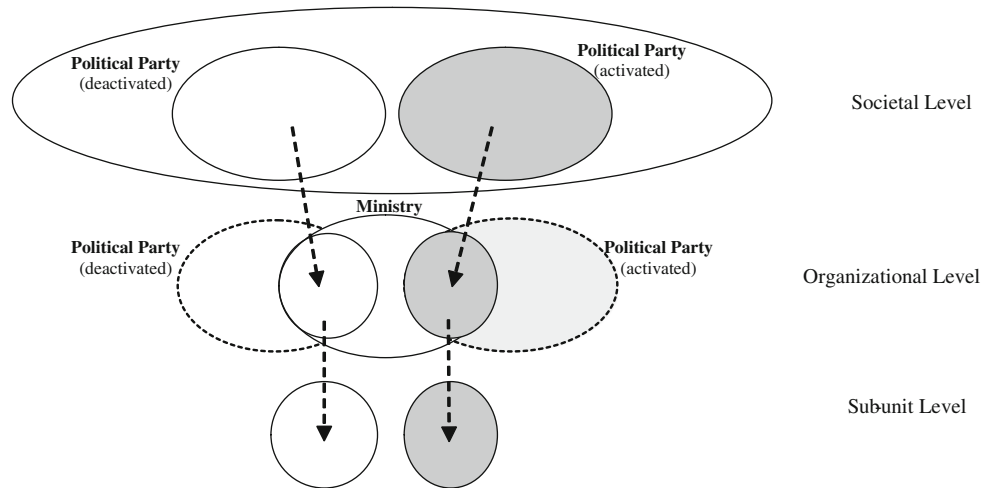


Figure 2. Focal units, levels, and activation. Multiple types of corruption. Organization (or subunit within organization). Widespread corruption. Drop in level of analysis.

charisma beyond the point of accountability (schematic corruption). Clearly, not all subgroups or leaders will have a propensity for corruption. Hence, successful prevention needs to neutralize such activation, without interfering with sound managerial practice.

Despite the possible existence of multiple types of corruption within an organization, the suppression of established corruption relies on A&V's identification of the specific types of corruption occurring, each of which needs to be treated distinctly. Schematic corruption relies on charismatic leadership and "blind faith," while categorical corruption relies on social identity. Both confer mostly psychological benefits, such as esteem or belonging (Cialdini and Goldstein, 2004). As such, it is difficult to sever leader-follower or member-group ties once corruption has occurred. Change of leadership may thus be required, although, as seen in Enron, it may be too late for the organization. Categorical corruption, on the other hand, may be combated by reducing group demarcation. Techniques that encourage contact, the adoption of superordinate goals, or the establishment of alternative benign categorizations may help dissolve the malignant in-group boundaries. Finally, procedural corruption may be reduced by the identification of the specific isolated acts, which need to be traced back to the rules or procedures that are violated. These need to be structurally fortified against abuse.

Limitations

This study has limitations concerning data quality, construct validity, and generalizability. Political segregation and intense litigation raised conflicts of interest, which may have driven informants to convey false information. Researcher bias is also a possibility, since interview data were not audio-recorded and more access was granted to group B sources. Self-reports of subjective states may also be misleading, but remain a valid means of research (Elfenbein, 2007). Finally, the use of diaries has critics (e.g., Chia and MacKay, 2007), since memory is reconstructive. These data limitations were mitigated in accordance with Yin (2003): Firstly, the accounts of informants from the ruling party, the opposition party, and neutral civil servants were compared, revealing surprising agreement. Secondly, field notes were in accordance with high professional standards and were validated by a close collaborator immediately after the observations took place. Thirdly, temporally distant accounts that concerned the same events were examined for consistency. Fourthly, prolonged engagement allowed for periodic and iterative re-assessment of the evidence and supplementary data collection. Finally, the study's preliminary conclusions were offered to two key informants, who provided comments.

Corruption is difficult to define, operationalize, and measure (Philp, 2006). Being illustrative, this

study focused on observation – rather than measurement – of the key constructs as they appeared in real life and were perceived by real people. The ensuing construct validity concerns were addressed by the use of multiple sources of evidence, the construction of a chain of evidence, and the employment of key informants to review the findings (Yin, 2003). Nevertheless, some validity concerns are bound to remain. Similarly, single case studies are bound to be limited in scope, and generalization can only be analytical (Yin, 2003). Hence, the present study extends only as far as the elaborated AV-framework does. Although no case data suggest a cultural, geographical, or national limitation (e.g., the abuses reported are universal), such an extension would require future studies to be performed in other contexts.

Conclusions

Three notable instances of corruption served to show what the AV-framework's constructs may look like in real life and to explicate how the framework can provide a practical lens for our understanding of corruption. The cases also revealed areas where the framework may be extended or elaborated. In particular, the AV-framework was seen to apply in the context of public corruption, and political favoritism was identified as a "currency of exchange." Furthermore, retrospective justification was encountered, raising concerns about the temporal sequence between justification and the corrupt act in A&V's causal claims. Internal justification was offered as a possible reconciliation, which suggests a connection with the literature on moral awareness (Rest, 1986; Tenbrunsel and Smith-Crowe, 2008) as a fruitful further extension. Finally, the cases showed that various types of corruption coexist and interact in each case. This observation inspired the presentation of a top-down process of diffusion and activation of corruption, from the societal to the organizational level. The interaction between the said process and others, such as Kulik et al.'s (2008) bottom-up process, may also be a fruitful direction for future research.⁸

The AV-framework offers a clear and integrative lens through which corruption can be understood in organizations, advancing a theoretical domain that is

otherwise vast and atomized (Ashforth et al., 2008). Its illustration aims at promoting its understanding in practical terms, rather than just purely theoretically. At the same time, its elaborations aim at clarifying ambiguities and extending its reach. The illustration and the elaborations in this study have implications that will, hopefully, assist both reformers of corruption and managers in their efforts to prevent corruption, restrain its spread, or minimize its effects. At a time when the European Union is undergoing a monetary and existential crisis, not least due to corruption's contribution to expanding budget deficits and sovereign debts, the study of corruption in public and private EU organizations is particularly timely.

Notes

¹ The "he or she" format is adopted throughout this article for reasons of confidentiality or gender neutrality when referring to generic individuals.

² The Minister, apart from making the unjust decision, also engaged in other violations of due process of legal and theoretical importance, which, nevertheless, do not add anything to the present analysis and are therefore not mentioned here.

³ This striking event is only mentioned in passing, but it is of significant practical and theoretical importance, worthy of individual attention and analysis. Nevertheless, such analysis is outside the scope of the present paper.

⁴ The main purpose of this study is to illustrate the A&V framework, which inter alia asserts specific causal links. To illustrate such causal links in each particular case, I use inferences of *factual causation*, similar to those in legal inference: "Would the result have occurred in the absence of a particular factor?" This counterfactual question can only be answered hypothetically, based on reasonableness and on available evidence, and is not intended to test theoretical causal claims inductively or otherwise.

⁵ As seen in the [Appendix](#), the State's administration and its appeals system are hierarchical. Thus, appeals to decisions of the Prefect are made to the Regional Master and appeals to the latter's decisions are made to the Minister. This particular nested structure permitted the supplementary analysis briefly mentioned here.

⁶ I would like to thank two anonymous reviewers for highlighting the importance of political gain and the role of political parties as well as the "mafias" within them, which flows naturally from the first illustrative case.

⁷ I would like to thank an anonymous reviewer for highlighting this issue and extending a theoretical challenge, which this paper attempts to meet.

⁸ I would like to thank an anonymous reviewer for making this connection.

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Appendix

Relevant legal and administrative terminology and provisions

Region: The EU State in question is geographically divided into certain Regions.

Prefecture: Each Region is geographically subdivided into Prefectures.

Regional Master: The government-appointed governor of the Region.

Prefect: The elected governor of the Prefecture.

Company Registry: Each company is registered at the Company Registry, which is kept at the Prefecture in which the company is seated. All important company information and developments are recorded there and, in principle, become publicly available.

Company Oversight: (Inter alia) the State – via the Prefect – approves and orders each recording in the registry, after overseeing that due process has been maintained.

Appeal to the Regional Master: Any party with *locus standi* that disagrees with the Prefect's decision may appeal to the Regional Master to overturn it.

Appeal to the Minister of Commerce: Any party with *locus standi* that disagrees with the Regional Master's decision may appeal to the Minister to overturn it

Time Limit for Administrative Decisions: Failure to reach a decision within 2 months is construed

by law as a rejection of the appeal. In practice, the majority of appeals are treated this way. The Minister in the first case reached a decision, albeit on the very last day.

Appeal to the State's Supreme Constitutional Court: Any party with *locus standi* that disagrees with the Minister's decision may apply for judicial review. It takes a few years for a decision to be reached, by which time the applicant has often lost interest in the case.

Legal Council: A prestigious body consisting of experienced lawyers in public office who advise members of the administration at the highest level and represent the State in court proceedings.

Rights of Audience: The constitutionally protected right to be heard, whenever an administrative or legal decision is reached. Violation of this right by members of the administration is common (justified by "expedience") and could be grounds for a judicial review. This rarely takes place, though, since it is invariably difficult to prove such omissions in a court of law.

Natural Justice: A set of widely accepted principles which may or may not be codified in explicit legal form. It is debatable whether they form part of the legal system of the particular EU State, when not explicitly codified. Even when accepted they are very hard to apply in court. Examples are: good faith, lack of prejudice or bias, and lack of conflict of interest in the exercise of administrative authority.

Disclosure: Civil authorities are obliged to provide copies of all relevant documents to members of the public with *locus standi* within a reasonable time period. In practice, though, civil servants often raise bureaucratic impediments; for example, they ask the members of the public to make an official request, whose processing is delayed, by which time the parties tend to lose interest. Most parties often accept this state of affairs and seek alternative (often corrupt) means of obtaining the documents. Others seek a judicial mandate, which is relatively easy to obtain. Nevertheless, it is not necessarily effective, because civil servants tend to ignore it, since they rarely face any consequences given the protracted litigation that ensues.

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