



Extending the process model of collective corruption

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Abstract

Organizational wrongdoing consists of behavior perpetrated by organizational officials (i.e., directors, managers, and/or employees) in the course of fulfilling their organizational roles that is judged by social control agents (i.e., prosecutors, regulatory agency officials, judges, journalists, etc.) to be illegal, unethical, or socially irresponsible. Collective organizational wrongdoing involves the sustained coordination of multiple organizational participants. We review the dominant explanation of collective organizational wrongdoing, delve into its two main variants, and provide illustrations of each. We then provide an overview of an alternative explanation of collective wrongdoing, the process model of collective corruption. This sets the stage for our main contribution—a five part extension of the process model of collective corruption. Our investigation proceeds through a series of analyses, each of which begins with an elaboration of existing ideas about collective organizational wrongdoing, proceeds to an extension of these ideas, and concludes with an illustration of the extension. Our illustrations are drawn from case studies that include thick descriptions of organizational wrongdoing, which provide detailed information about the actions, thoughts, and emotions of wrongdoers as they become involved in wrongdoing. We conclude by considering the theoretical and policy implications of the alternative perspective on collective wrongdoing.

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1. Introduction

This chapter focuses on collective organizational wrongdoing. Organizational wrongdoing consists of behavior perpetrated by organizational officials (i.e., directors, managers, and/or employees) in the course of fulfilling their organizational roles that is judged by social control agents (i.e., prosecutors, regulatory agency officials, judges, journalists, etc.) to be illegal, unethical, or socially irresponsible. Collective organizational wrongdoing involves the sustained coordination of multiple organizational participants. Much organizational wrongdoing, even of the simplest variety, requires coordinated action of many participants. For example, the rather straightforward illegal payment of money by Colonial Pipeline Company to Woodbridge, New Jersey public officials to secure building permits and right of way access to construct petroleum storage tanks on city property in 1963 required more than fifteen top and middle level executives in four different companies (Mintz, 1972).

Organizational wrongdoing can serve an organization's interests. When the organization is a corporation and the wrongdoing is illegal, this type of wrongdoing is referred to as corporate crime. Examples of corporate crime include price-fixing arrangements, anti-competitive mergers and acquisitions, and some kinds of toxic emissions. Organizational wrongdoing can also serve employees' interests. When the organization is a corporation and the wrongdoing is a crime, this kind of wrongdoing is referred to as white-collar crime. Examples of white-collar crime include the use of corporate property for private purposes and embezzlement schemes. Sometimes organizational wrongdoing serves both organizational and employee interests. The off-balance-sheet entities created by ENRON's top executives had this character. Regardless, organizational wrongdoing is generally considered injurious of at least some organizational stakeholders and/or society in general. In the case of corporations and crime, these include firms' stockholders, employees, suppliers and customers. For this reason, theories formulated to explain organizational wrongdoing are often associated with policy prescriptions to curb it.

In this chapter we review the dominant explanation of collective organizational wrongdoing, delve into its two main variants, and provide illustrations of each. Then we provide an overview of an alternative explanation of collective wrongdoing, the process model of collective corruption (Ashforth & Anand, 2003; Brief, Bertram, & Dukerich, 2001). This sets the stage for my main objective—to extend the process model of collective corruption in five ways. We conclude by considering the theoretical and policy implications of the alternative perspective on collective wrongdoing. While the ideas we discuss here are applicable to all types of organizations, we primarily focus on wrongdoing as it pertains to private enterprise in general and corporations more specifically. This brings

our analysis in line with the mainstream management literature, which focuses on corporate and white-collar crime.

Before we begin, four preliminary remarks are in order. First, we investigate the causes of collective organizational wrongdoing at the individual level of analysis. That is, we are primarily interested in the factors that impinge on organizational participants and lead them to engage in wrongdoing in conjunction with others. Thus, we do not identify organizational, industrial, or higher level structural elements that are conducive to the emergence of wrongdoing (although we think that our analysis could be extended to identify such elements). Second, we seek to understand the process through which organizational participants become involved in wrongdoing. Thus, we do not generate explicit hypotheses about the antecedents of wrongdoing (although we think that our analysis could be extended to identify such hypotheses). Third, our investigation is presented as a series of deductive analyses, each of which begins with an elaboration of existing ideas about collective organizational wrongdoing, proceeds to the development of an extension of these ideas, and concludes with an illustration of the extension. In fact, though, many of our extensions of existing ideas emerged from the reading of detailed case studies of organizational wrongdoing, some of which provide the basis of our illustrations. Thus, our investigation has a significant inductive component.

Finally, many of our illustrations are drawn from case studies that include thick descriptions of organizational wrongdoing, which provide detailed information about the actions, thoughts, and emotions of wrongdoers as they become involved in wrongdoing. Two caveats must be mentioned in connection with these illustrations. First, they do not provide independent tests of our arguments (although we think such tests might be conducted in subsequent research). Second, they are open to alternative interpretations; most importantly, alternative mindful and rational cost benefit analysis and normative appropriateness assessment interpretations. We consider the issue of alternative interpretations of our illustrations in the conclusion section.

1.1. The two dominant approaches to explaining collective organizational wrongdoing

The two dominant approaches to explaining collective organizational wrongdoing, the cost benefit analysis and normative appropriateness assessment views, share three basic attributes (see Fig. 1). First they pay no or minimal attention to the social interaction among wrongdoers. Second, they pay no or minimal attention to the processual character of collective wrongdoing; that is, they do not devote much attention to the fact that collective wrongdoing typically spreads from one individual to another over time and that individuals tend to become involved in wrongful courses of action over time. Third, and most important, these approaches tend to assume that organizational participants embrace wrongdoing in a heedful or mindful and rational way.

Heedfulness and mindfulness have been defined in related terms. According to Weick and Roberts (1993: 61), who draw on Ryle (1949), “people act heedfully when they act more or less carefully, critically, consistently, purposefully,

		Focus on Social Interaction	Consideration of Processual Character of Wrongdoing		Individual's State of Mind	Individual's Cognitive Capacity
			Between Individuals	Within Individuals		
Dominant Approaches	Rational Cost/Benefit Analysis	None	None	None	Mindful	Rational (Formally)
	Normative Appropriateness Assessment	Minimal	Minimal	None	Mindful	Rational (Substantively)
Alternative Approach	Process Model of Collective Corruption	Substantial	Substantial	Substantial	Mindful or Mindless	Rational or Boundedly Rational

Fig. 1. Comparison of dominant and alternative perspectives on collective organizational wrongdoing.

attentively, studiously, vigilantly, conscientiously, pertinaciously.” According to Langer and Moldoveanu (2000: 1–2), “mindfulness . . . can be best understood as the process of drawing novel distinctions,” which entails paying attention to the distinctive features of a situation. And according to these authors, “the process of drawing of novel distinctions can lead to a number of diverse consequences, including (1) a greater sensitivity to one’s environment, (2) more openness to new information, (3) the creation of new categories for structuring perception, and (4) enhanced awareness of multiple perspectives in problem solving. The subjective ‘feel’ of mindfulness is that of a heightened state of involvement and wakefulness or being in the present.” Importantly, Langer and Moldoveanu add that “mindfulness is not a cold cognitive process. When one is actively drawing novel distinctions, the whole individual is involved.” Because heedfulness and mindfulness are similar concepts, we will use a single term, the more well-known “mindfulness” to connote the two. Rationality has been defined in many ways. We adopt a common sense definition of rationality, which equates it with the thorough analysis of complete data pertaining to alternative courses of action.

1.2. *The cost benefit analysis approach*

The cost benefit analysis approach assumes that people engage in mindful and rational analyses of the rewards and risks associated with wrongful courses of action and embark on wrongful behavior if they conclude that the rewards associated with the wrongdoing exceed the risks of detection and punishment (Becker, 1968). While in principle potential wrongdoers could collaborate in their cost benefit analyses, this approach does not theorize such collaboration. And while in principle potential wrongdoers could engage in prolonged cost benefit analyses, this approach does not theorize the unfolding of such analyses over time.

This cost benefit approach can be elaborated by taking into account differences in the extent to which potential wrongdoers find salient the rewards and punishments that might follow from wrongdoing. It can also be elaborated by taking into account variation in potential wrongdoers’ expectations that they can successfully complete a wrongful course of action and their expectations that particular rewards and punishments will follow if the course of action is successfully completed. And this elaboration can be extended by taking into account how the availability of expertise and assistance shapes a potential wrongdoer’s expectations about the extent to which they can successfully implement a wrongful course of action.

Eichenwald’s (2000) account of an instance in which Archer Daniel Midlands (ADM) executives Mark Whitacre, Terry Wilson, and Mick Andreas approved a campaign contribution that exceeded campaign contribution law limits well illustrates how cost benefit analysis can facilitate collective wrongdoing. Whitacre, president of ADM’s bioproducts division, told the other two executives that Howard Buffet, assistant to the chairman, asked him for company funds to support Wisconsin Governor Tommy Thompson’s re-election campaign, but that he declined Buffet’s request because the company had already reached its legal limit. On hearing this, Mick Andreas, ADM’s vice chairman, gave Whitacre approval to release the funds saying, “You can go over the limit. Just a small fine.” Then another division president present, Terry Wilson, chimed in, “If they want a thousand dollars, you give a thousand dollars. So it costs us nine thousand,” adding the estimated cost of fines for violating campaign contribution laws. Whitacre then corrected Wilson, “Twelve thousand after tax.” Andreas nodding in agreement said, “That’s true.”

1.3. *The normative appropriateness assessment approach*

The normative appropriateness assessment approach assumes that people engage in mindful and rational normative appropriateness assessments of wrongful courses of action and embark on wrongful behavior if they conclude that the behavior is consistent with norms, values, and beliefs operative in their cultural context; in particular their organizational context. This approach implicitly takes into account the collaborative nature of collective wrongdoing, but only in a minimal fashion. It assumes that new organizational members are selected or socialized by existing members such that the new members share the same wrongful norms, values, and beliefs that they embrace. This approach also implicitly allows for the processual character of collective wrongdoing, but again, only minimally. Students of the socialization process (Schein, 1961) characterize it as a process with a temporal dimension.

The normative appropriateness approach can be elaborated by taking into account differences in the extent to which the norms, values, and beliefs that facilitate wrongful behavior interpret the behavior as appropriate in general or view it as acceptable under particular extenuating circumstances. Sometimes an organization’s norms endorse particular kinds of behavior in general (Hochstetler & Copes, 2001). Eichenwald’s (2000) account of ADM’s participation in

price fixing agreements to control the lysine market well illustrates such general cultural endorsements. ADM's culture apparently fostered collusion with competitors at the expense of their customers, as reflected in the unofficial company motto "the competitors are our friends and the customers are our enemies" (Eichenwald, 2000: 51).

Other times an organization's norms, values, and beliefs appear to elaborate conditions under which wrongdoing might be considered acceptable. Such norms, values, and beliefs, which have been referred to as "techniques of neutralization" (Sykes & Matza, 1957), include the views that wrongdoers have no choice in their behavior (denial of responsibility), that the victims of wrongdoing are not really harmed (denial of injury), and that victims who are harmed deserve their fate (denial of victim). For example, the culture at the investment bank Solomon Brothers apparently endorsed the view that customers were stupid, an outlook reflected in the derisive idiom directed at employees who demonstrated ignorance or incompetence of one kind or another, "you are proof that some people are born to be customers" (Lewis, 1990: 171). The culture at Solomon Brothers also appeared to endorse the common perception that stupid people deserve to be exploited. Together, the views that customers are stupid and that stupid people deserve to be exploited appeared to provide Solomon employees contemplating taking advantage of clients with a rationalization for doing so (an expression of the "denial of victim" technique of neutralization). This outlook, if present at Merrill Lynch, might have allowed its employees to push the sale of the company's proprietary mutual fund products, despite the fact that other investment opportunities were generally considered more favorable—a practice for which Merrill recently received a \$50 million fine from the National Association of Securities Dealers (Rauch, 2006).

1.4. Integrating and extending the two dominant approaches

The cost benefit analysis and normative assessment approaches are typically elaborated as parts of an integrated perspective on organizational wrongdoing. For example, McKendall and Wagner (1997) summarize extant theory as stipulating that all organizational crime is the product of motive, opportunity, and choice; where choice is shaped by the presence of effective controls and where effective controls include a strict ethical climate. Motive and opportunity can be considered inputs in cost benefit calculations and a strict ethical climate can be considered a benchmark to be used in normative assessments. Earlier examples of such an integrated perspective include Finney and Lesieur (1982) and more recent examples include Simpson and Piquero (2002).

The cost benefit and normative assessment approaches can be readily expanded to incorporate what are sometimes considered alternative explanations of organizational wrongdoing, such as those that focus on wrongdoers' presumed engrained (time invariant) psychological traits. For example, Gottfredson and Hirschi (1990; see also Hirschi & Gottfredson, 1987) contend that people who possess "low self-control" (as a result of their exposure to particular kinds of childrearing strategies early in life) are more likely to engage in wrongdoing because they are attracted to behaviors that provide immediate self-gratification (pecuniary or sensate) and are easy to pull off (require little skill or planning) and because they are relatively insensitive to the potential long term negative consequences of wrongdoing. Put this way, "low self-control" can be interpreted as constituting a particular constellation of preferences for specific likely rewards and a relative insensitivity to specific possible punishments.

2. The process model of collective corruption

2.1. The general approach

Recently, Brief et al. (2001) and Ashforth and Anand (2003) have independently offered an alternative model of collective organizational wrongdoing. This model, which we call the process model of collective corruption, differs from the two dominant approaches in three ways. These differences are depicted in Fig. 1. First, it takes seriously the fact that collective wrongdoing, by definition, entails extensive social interaction. Second, it pays considerable attention to the processual character of collective wrongdoing; that is, it theorizes both the way wrongdoing spreads from one organizational participant to another over time and the way individual organizational participants become entangled in wrongdoing over time. Finally and most importantly, it allows that organizational participants can embrace wrongdoing in a heedless or mindless and boundedly rational manner.

Heedlessness and mindlessness are the opposite of heedfulness and mindfulness. In Weick and Robert's words (1993: 362) heedless behavior is "careless, unmindful, thoughtless, unconcerned, indifferent" and represents "a

failure to see, to taken note of, to be attentive to.” In Langer and Moldoveanu’s words (2000: 2), when we behave mindlessly “we rely on distinctions and categories drawn in the past (and) rules and routines are more likely to govern our behavior, irrespective of the current circumstances.” Because heedlessness and mindlessness are similar concepts, we will use a single term, the more well-known “mindlessness,” to connote the two.

Darley and Batson (1973) drew attention to the role that mindlessness can play in the facilitation of wrongdoing more than thirty years ago, although they did not use this terminology. They conducted a study which showed that seminary students walking from one building to the next to deliver a lecture were more likely to pass a person in apparent distress without offering assistance if they were distracted by the fact (established by the experimenters) that they were late for the lecture, even when the lecture concerned the parable of the Good Samaritan. The role that this type of mindlessness can play in the perpetration of actual wrongdoing is illustrated by the way in which the producers of several popular TV quiz shows rigged broadcast contests in the 1950s. In many cases the producers “warmed up” contestants before going on the air by priming them with the same questions that they were to be asked in the subsequent broadcast contests. However, the contestants did not realize that they were party to this subterfuge until they went on the air. And then their ability to incorporate this information in a cost benefit analysis and/or normative assessment and defect from the fraud was hampered by the distraction of competing in a contest in front of a live studio audience (and, via the TV cameras a live national audience). As a result, contestants participated in the fraud, despite the fact that they found it abhorrent, because they were unable to engage in a mindful processing of the situation at the time. One contestant, Reverend Charles Jackson, explained how he experienced this dilemma. “My first reaction was to say, ‘No,—yes, I know this answer but I got it on a screening,’ and I could see visions not only of six cases of apoplexy there, but I could see my bullet-riddled body as I passed an alley somewhere. I decided against that plan and when I got out off the stage, I even considered in my mind saying, ‘Well, I don’t think I ought to take this check (Stone and Yohn, 1992: 253).’” Jackson refused to participate in future contests. And after exploring and rejecting the possibility of returning his winnings to the producers (because he learned that he would have to pay taxes on the winnings regardless), he sent a portion of his winnings to the losing contestant.

Bounded rationality is mindfulness that is compromised by the limited capacity of human beings to accumulate and process information. Put crudely, the world is a complicated place and, as a result, the information required to conduct thorough cost benefit or normative deliberations about behaviors and their consequences is often extremely large. Further, people are cognitively limited; that is, unable to make thorough cost benefit calculations or normative assessments even when the amount of information needed to conduct a thorough analysis or assessment is modest (March and Simon, 1958). This complex world/bounded rationality dilemma is well illustrated by Dennis Gioia’s description of his job as Ford Motor Company’s Field Recall Coordinator. He wrote, “It is difficult to convey the overwhelming complexity and pace of the job of keeping track of so many active or potential recall campaigns. It remains the busiest, most information-filled job I have ever held or would want to hold. Each case required a myriad of information-gathering and execution stages. I distinctly remember that the information-processing demands led me to confuse the facts of one problem case with another on several occasions, because the tell-take signs of recall candidate cases were so similar” (Gioia, 1992: 382).

Bounded rationality can facilitate wrongdoing when organizational participants lack the information needed to understand the wrongful character of the courses of action in which they are involved. For example, several of the producers who rigged TV quiz show contests in the 1950s used a technique called “playback,” in which they interviewed and pre-tested contestants in advance to determine contestants’ areas of expertise and then formulated questions to either match or mismatch their expertise (depending on whether they wanted the contestant to win or lose the contest). In most cases, the contestants did not realize that the producers were tailoring the questions in this way.

Bounded rationality can also facilitate wrongdoing when organizational participants lack the capacity to process available information that attests to the wrongful character of the course of action in which they are involved. For example, in the late 1970s middle managers at Prudential-Bache Securities began marketing shares in limited partnerships, which pooled small investors’ money to buy expensive assets such as apartment complexes that were billed as tax shelters with high growth potential (Eichenwald, 2005). In increasing numbers, though, these partnerships were flimsy constructions that at best were bad investments and at worst failed to meet Securities and Exchange standards. All securities firms operate due diligence departments charged with evaluating the soundness of the investment opportunities they market. But the Prudential Bache due diligence department failed to discern the flimsy

character of their limited partnerships, in good measure because the department was staffed with employees who had no prior training and experience in due diligence work.¹

2.2. *The specific model*

Brief et al. (2001) and Ashforth and Anand (2003) implicitly elaborate a four-stage model of how collective wrongdoing spreads throughout an organization. In the *initiation stage*, top managers engage in mindful and rational cost benefit calculations and/or normative assessments and on the basis of these deliberations decide to authorize wrongdoing. In the *proliferation stage*, top managers explicitly or implicitly direct employees further down the hierarchy to implement the wrongdoing. The most important mechanism through which top managers direct subordinates to implement wrongdoing is formal authority. Ashforth and Anand (2003) add that commitment processes cement subordinates' compliance to top managers' directives by providing them with a rationale for doing so. Importantly, subordinates comply with directives backed by formal authority because they recognize formal authority as legitimate, not because they consider the requests themselves worthy of being followed (Milgram, 1963). And subordinates become committed to a course of action by developing rationales for that action *after* the course of action has been initiated (Staw, 1976)—rationales that are for the most part derived from the set of well-known techniques of neutralization that Sykes and Matza (1957) believed often facilitate the initiation of wrongdoing in youth gangs. Thus, organizational participants who are subject to the influence of formal authority and commitment processes can be said to have acted mindlessly (Cialdini, 2001).

In the *institutionalization stage*, wrongdoing is embedded in organizational structures and cultures. And in the *socialization stage*, new organizational participants are exposed to the techniques and attitudes that support the wrongful course of behavior. Organizational structures establish incentives and thus set the parameters of cost benefit analyses. Organizational cultures (and subcultures) consist of norms, values, and beliefs and thus set the parameters of normative assessments. And socialization processes inculcate people into organizational cultures. However, behavior in organizations is also regulated by the division of labor and routines that guide task performance. And these structural elements deflect employee attention away from cost benefit analyses and normative assessments and thus delimit rationality.

Brief et al. (2001) and Ashforth and Anand (2003) also implicitly elaborate a three-faceted process through which lower-level organizational participants become entangled in wrongdoing. First, individuals are assumed to progress through a series of decisions that generate a series of behaviors that represent an incremental progression towards and across the line between right and wrong behavior. Second, each decision in the series has consequences, which form the basis of subsequent decisions in the process. Thus, it is typically hard to imagine people engaging in wrongful acts without having previously engaged in prior rightful and borderline wrongful acts upon which their wrongful acts are predicated. Third, each decision is incompletely mindful and rational. Thus it is sometimes difficult for people to understand the implications of their decisions and thus forecast their progression through the process towards and into wrongdoing, even though outsiders often consider this progression obvious after the fact. Insofar as each decision in the series of decisions that comprise the process through which people become involved in wrongdoing is incompletely mindful and rational, people necessarily embark on wrongful courses of action without first determining whether the benefits of a course of action outweigh its costs and/or whether it is consistent with their internalized norms, values, and beliefs. There are a number of structures and processes in organizations that can shape behavior in the presence of mindlessness and bounded rationality. Brief et al. (2001) and Ashforth and Anand (2003), as indicated above, focus on the division of labor, organizational routines, formal authority, and commitment processes.

3. Extending the emerging process model of collective corruption

We think the process model of collective corruption can be extended in at least five ways, to make it richer and more comprehensive. These five ways are depicted in Fig. 2. First, the process model of collective corruption, as currently

¹ The idea that mindlessness and bounded rationality can facilitate unethical behavior in organizations has been examined by Bazerman and his associates, especially in the context of conflicts of interest (c.f., Bazerman & Banaji, 2004; Chugh, Banaji, & Bazerman, 2005; Moore, Tetlock, Tanlu, & Bazerman, 2006).

	Initiator			Recruit			
	Location of Initiator	Initiator's State of Mind	Initiator's Cognitive Capacity	Recruit's Location vis a vis Initiator	Recruit's State of Mind		Recruit's Cognitive Capacity
					Initial	Enduring	
The Process Model of Collective Corruption	Top of the organization	Mindful	Rational	Below	Mindless	Mindful	Rational or Boundedly Rational
The Extended Process Model of Collective Corruption*	Anywhere in the organization (3)	Mindful or MINDLESS (1,2)	Rational or Boundedly Rational (1)	Above or Below (3)	MINDLESS (2)	Mindful or MINDLESS (2,4)	Rational or Boundedly Rational

Fig. 2. Comparison of the existing and extended collective corruptions views. *Nature of extension is indicated in parenthesis: (1) The extended version of the process model of collective corruption allows that the initiation of collective wrongdoing can be mindless and/or boundedly rational. (2) The extended version of the process model of collective corruption recognizes a wider range of mindless behaviors that can initiate, proliferate, and sustain wrongdoing (as indicated by the use of all capital letters in the word MINDLESS). (3) The extended version of the process collective of collective corruption allows that wrongdoing can be initiated high or low in the organizational hierarchy and can proliferate down or up through the hierarchy. (4) The extended version of the process model of collective corruption allows that recruits can remain in a mindless state throughout their career as wrongdoers.

formulated, assumes that collective wrongdoing is primarily initiated as the result of mindful and rational cost benefit analyses or normative assessments. Thus, while the process model acknowledges the role of other, mindless and boundedly rational processes in the diffusion, sustenance, and reproduction of wrongdoing among lower level employees, it locates the ultimate cause of wrongdoing in mindful and rational behavior. We acknowledge that collective wrongdoing can be initiated as the result of mindful and rational cost benefit analyses and normative assessments. However, we think that collective wrongdoing also can be initiated as the result of a wide range of mindless and boundedly rational processes, including some that the process model of collective corruption contends operate in the proliferation, institutionalization, and socialization stages of the wrongdoing process.

Second, the process model of collective corruption, as currently formulated, primarily focuses on how two social influence processes – formal authority relations and commitment processes – and two organizational structures – the division of labor and organizational routines – can lead employees to become engaged in wrongdoing in a mindless and boundedly rational fashion. We acknowledge that these social influence processes and organizational structures can lead people to engage in wrongdoing in a mindless and boundedly rational way. However, we think that a large number of other social influence processes and organizational structures can also operate in the same way in both the initiation and the proliferation stages.

Third, the process model of collective corruption, as currently formulated, assumes that collective wrongdoing is initiated by those at the apex of the organizational hierarchy and diffuses down through lower levels of the hierarchy. We acknowledge that collective wrongdoing is often initiated by officials at the top of the organizational hierarchy and diffuses downwards through the hierarchy to subordinates. However, we think that collective wrongdoing also can be initiated by officials lower in the organizational hierarchy and can even diffuse upwards through the hierarchy to superiors.

Fourth, the process model of collective corruption, as currently formulated, tends to assume that organizational participants who become engaged in wrongdoing in a mindless and boundedly rational way eventually develop mindful and rational dispositions that are consistent with and that sustain wrongful courses of action. We acknowledge that these processes can play a role in sustaining wrongdoers' participation in wrongful courses of action. However, we also think that these processes can operate with incomplete effectiveness, depending on the presence or absence of facilitating conditions in the context.

Fifth, the process model of collective corruption, as currently formulated, ignores the role that social control agents play in the wrongdoing process. We contend that there can be no wrongdoing without social control agents and that an understanding of the role that social control agents play in creating wrongdoing provides a deeper understanding of the entire process.

4. Mindlessness, bounded rationality, and the initiation of wrongdoing

The process model of collective corruption assumes that collective wrongdoing generally begins as the result of mindful and rational cost benefit analyses and/or normative assessments of one kind or another. However, Ashforth and Anand (2003) acknowledge that other processes, such as ignorance and accident can give rise to wrongdoing (c.f., Vaughan, 1999). And they observe that wrongdoing is often initiated in a process of small steps. We take up these acknowledgements and observations and develop them. Specifically, we contend that mindless and boundedly rational processes, including some that the emerging process model of collective corruption assumes facilitate the proliferation and perpetuation of wrongdoing can also facilitate the initiation of wrongdoing. Below we develop this contention by explicating the role that several organizational structures and social influence processes can play in the initiation of wrongdoing.

4.1. Organizational structures

According to the process model of collective corruption, the division of labor and organizational routines that guide task performance facilitate the perpetuation of wrongdoing in organizations. The division of labor fragments information, such that participants in one part of an organization sometimes lack information available in another part of the organization that would otherwise cause them to eschew a wrongful course of behavior. The division of labor also diffuses responsibility, such that participants in one part of an organization sometimes do not feel obligated to (in fact, might even be forbidden from) point(ing) out the wrongful character of the behavior of employees in another part of the organization. Finally, routines that guide task performance, in particular, rules and schemas and scripts, cause participants to focus on matters related to the efficient and effective completion of tasks rather than the ends that their performance achieves. Rules stipulate how organizational participants should perform tasks. Scripts and schemas dictate how organizational participants should process information and assimilate emotions, which in turn influences how they perform tasks. Both substitute for more time consuming mindful and rational cost benefit or normative analysis that might lead organizational participants to eschew wrongful courses of action.

The sale of phony insurance policies to re-insurers by Equity Funding Corporation (EFC) in the late 1960s well illustrates the role that organizational structures can play in the perpetuation of collective organizational wrongdoing (Sobel and Dallas, 1975). Initially top managers wrote the phony policies themselves during occasional “policy parties.” As the fraud expanded, though, the initiators established a separate unit (misleadingly named the “mass marketing division”), located it across town, staffed it with low level data entry employees, and instructed the employees to manufacture fictitious insurance policies. These employees were not told the purpose for which the manufactured policies were to be used and the available evidence suggests that they performed their jobs without feeling an obligation or inclination to determine the purpose. Indeed, even the head of the mass marketing unit apparently did not feel compelled to investigate the purpose of his division’s work assignment. In his words, while he “knew something was wrong,” he “didn’t know the total picture of what was going on.”

Organizational structures, though, can also facilitate the initiation of wrongdoing. For example, the Ford Motor Company began marketing the Pinto in the 1970s despite pre-production test evidence that it burst into flames when struck from behind at relatively low speeds (because the car’s gas tank was placed in a disadvantageous position with respect to the its rear axle and bumper). And Ford failed to recall the Pinto after it went into production, even as evidence accumulated of its propensity to ignite when struck from behind. The division of labor at Ford might have facilitated its failure to recall the Pinto. Ford’s pre-production safety test unit and its recall unit were situated in different parts of the organizational hierarchy and information about the gas tank’s propensity to ignite upon rear-impact was not transmitted to the recall department. Thus Ford’s Field Recall Coordinator Denis Gioia could not use this information to help interpret the evidence of Pinto fires that slowly trickled in during the car’s first years on the market (Gioia, 1992).

Scripts and schemas might have also facilitated Ford’s failure to recall the Pinto. Dennis Gioia contends that he did not view early reports of rear-impact-induced Pinto gas tank fires as indicative of a problem worthy of recall consideration, because these reports did not contain cues that he used in his job to identify problems that should trigger recalls (Gioia, 1992 and personal communication). Gioia suggests that the schemas he used to identify problems that might trigger recalls focused on the categorization and frequency of incidents, with frequent problems of the same type triggering recalls and occasional problems of different types not triggering recalls. Incidents were categorized as being

of the same type partly on the basis of whether or not they appeared to be the result of the same underlying cause. In this case, as noted above, Gioia did not have information at his disposal to suggest that the fires might be the result of a common cause (e.g., the placement of the gas tank in close proximity to the rear bumper and rear axle). And the number of rear-end-collision induced fires was relatively small.

Gioia also suggests that the schemas he used to identify problems that should trigger recalls focused on *mechanical failures* (e.g., cracked axles) that might *cause* accidents and thus injury. But the gas tank fires were not mechanical failures that caused accidents. They were events that were the result of accidents. Finally, Gioia hints that the schema he used to identify problems that might trigger recalls blocked or blunted emotional reactions to incoming reports. Thus, he automatically tuned out the gruesomeness of the early accident reports (even though the gruesomeness of the reports later played a role in labeling Ford's behavior in connection with the Pinto as unethical).

Thus it would seem that Gioia did not ignore the early reports of rear-collision-induced Pinto gas tank fires because of a mindful and rational cost benefit calculation or normative assessment. Instead, he ignored the reports because, given the organizational structures in which he was situated, the reports did not fit the profile of a problem that should trigger recalls. As a result, Gioia did not recommend that the company recall the car and his decision to leave the car in service seemed completely ethical to him at the time. Years later, though, when he learned of the Pinto's gas tank flaws and contemplated the schemas he used in his daily work, he concluded that the decision to leave the car in service was unethical (Gioia, 1992).

As noted above, the division of labor can facilitate wrongdoing in two ways: by fragmenting information and by diffusing responsibility. Events surrounding the failure to recall the Pinto, described above, appear to illustrate the former mechanism. Events surrounding the marketing of Fen-Phen, an appetite suppressant and weight-loss drug cocktail that gave rise to serious and in many cases fatal side-effects, illustrates the latter mechanism (Mundy, 2001). A safety officer at American Home Products, maker of fenfluramine (one of Fen-Phen's two components), became aware of a growing number of instances in which the drug gave rise to adverse side effects (known as adverse drug experiences or ADEs). And s/he recommended to her superior that this growing number of ADEs be acknowledged on the drug's label. The superior in turn drafted a new updated version of the label and passed it up the chain of command for final approval. Shortly thereafter, this superior retired. And his boss declined to implement the change, possibly because he thought that doing so would hinder the firm's ongoing efforts to get a related drug (dexfenfluramine) approved by the Federal Drug Administration. Importantly, the AHP employee who initially recommended the label change did not press for the label change to be implemented. While we cannot say for sure why this was the case, it seems reasonable to presume that once she voiced her concern about the rising number of ADEs associated with fenfluramine and the new label was drafted, s/he believed that it was someone else's responsibility to implement the change. The fact that an intermediate level of the organizational hierarchy was left unoccupied made this even more likely, as there was a gap in the chain of command. An employee might feel obligated to remind his/her superior to follow through on a piece of work. But s/he is less likely to feel obligated to remind his/her superior's boss to do so.

4.2. Social influence processes

According to the process model of collective corruption, commitment processes can facilitate the proliferation of wrongdoing. Ashforth and Anand (2003) characterize commitment as developing soon after top management authorizes wrongdoing. Brief et al. (2001) characterize it as operating in the socialization process. We think commitment processes of the sort that Staw (1976) studies, those that lead to escalating commitment to a failing course of action, can also contribute to the initiation of wrongdoing. Organizational participants often initiate a course of action without first engaging in a mindful and rational analysis of its merits. Sometimes such courses of action turn out to lack merit. And when organizational participants recognize this, they experience cognitive dissonance. Most organizational participants are averse to cognitive dissonance and try to reduce it by interpreting the course of action as meritorious. As a result, the behavior persists and even escalates. We think this can be the case, even when the course of action leads to wrongful behavior.

The B.F. Goodrich aircraft brake fraud appears to have been initiated in this way (Vandivier, 1972). Goodrich's top management submitted a bid to supply the brake for the A7D fighter aircraft under construction by Ling, Tempco, Vought (LTV) Corporation for the U.S. Navy. The bid was based on a preliminary design prepared by the firm's most senior and well-respected engineer John Warren that promised to deliver light weight and high performance.

Goodrich won the contract and assigned Warren to finalize the brake's design. After Warren finalized the design, he passed it off to his assistant, Searle Lawson, with instructions to build and test a prototype. But when Lawson built the prototype and began testing, he found that it did not perform up to design specifications. The course of action pursued by Goodrich's top management and senior engineer was clearly boundedly rational. And the brakes unanticipated poor performance appeared to generate dissonance for Warren and his superiors. When Lawson passed on word of the brake's poor performance to his superior, Warren defended the brake's design and ordered him to test the prototype again with new lining materials. Lawson tested the prototype with a variety of new linings, but experienced the same disappointing results and began to suspect that the brake's design was flawed. Lawson reported his experience and assessment to Warren's superior, Robert Sink. But Sink, like Warren before him, assured Lawson that the brake's design was sound and ordered him to test the prototype again with additional new linings. Lawson tested the prototype with more lining materials, but experienced further disappointing results and became convinced that the brake's design was flawed. Lawson once again reported to his superiors that the brake could not meet the promised performance standards. At this point, his superiors ordered him to test the brake one more time and make sure that it passed, so that a "qualification report" (which confirmed that the brake met contract specifications) could be written.

The decision to order the preparation of a fraudulent qualification report clearly represented intensified dedication to producing the brake as designed. This decision can be analyzed in two ways. It is possible that Lawson's superiors engaged in a mindful and rational calculation and decided that generating a misleading qualification report was either in their best interest or appropriate (or at least acceptable) in their cultural milieu. If this was the case, they were embarking on what might be considered a new course of action, the filing of a false qualification report and the delivery of a defective brake. The post hoc "denial of responsibility" rationalizations that some of Lawson's superiors applied to their behavior are consistent with this explanation. For example, Warren reasoned, "Well—technically I don't think what we're doing can be called fraud. I'll admit it's not right, but it's just one of those things. We're just kind of caught in the middle." And Russell Line, who oversaw the unit that generated the fraudulent report accounted for his behavior by saying, "I just do what I'm told . . . It's none of my business . . . I learned a long time ago not to worry about things over which I have no control. I have no control over this."

Alternatively, it is possible that Lawson's superiors engaged in further mindless and boundedly rational behavior, believing (despite the mounting evidence to the contrary) that the brake's design was in fact technically sound and that writing a false qualification report was simply a necessary expedient for getting the sound brake to LTV. If this was the case, they were intensifying their commitment to delivering the brake as designed. The "denial of wrongdoing" rationalizations adopted by some of the principals in the case are consistent with this analysis. For example, Warren's immediate superior Sink reasoned, "We're just exercising engineering license." And he continued, "It's not a matter of lying. We've just interpreted the information the way we felt it should be." Similarly, the plant's manager Sunderman contended, "there's nothing wrong with anything we've done here." It is tempting to rule out this alternative analysis as logically implausible. It is hard to imagine that a large group of high level executives and well trained engineers at an established firm could believe that the brake's design was sound given the volume of evidence to the contrary. But there is one additional piece of information that supports this alternative account. After the brake was delivered, top management watched anxiously to see if the brake would in fact perform poorly in the test flights. This suggests that top management, despite ample evidence to the contrary, held out hope that the brake would actually perform adequately, even to the very end.

5. Additional structures and processes that give rise to mindless and boundedly rational wrongdoing

The process model of collective corruption recognizes a number of structures and processes through which organizational wrongdoing proliferates and is perpetuated throughout an organization. Some of these structures and processes give rise to mindful and rational wrongdoing (e.g., organizational culture and socialization). Other structures and processes give rise to mindless boundedly rational wrongdoing (e.g., the division of labor, the routinization of tasks, formal authority and commitment). We are primarily interested in these latter types of structures and processes, because they are relatively overlooked by the dominant explanation of organizational wrongdoing. In this section we provide a more comprehensive elaboration of the structures and processes that give rise to mindless and/or boundedly rational wrongdoing, indicating how these structures and processes can facilitate both the initiation and the proliferation and perpetuation of wrongdoing.

5.1. Organizational structures

Organizational structures help organizational participants cope with the complex world/bounded rationality dilemma, by reducing their need to conduct mindful and rational analyses of each situation before choosing a course of action. And as such, they give rise to mindless and boundedly rational behavior. Organization theorists have identified two broad classes of organizational structures (March & Simon, 1957; Perrow, 1972). Obtrusive controls provide relatively explicit guidelines on how organizational participants should complete their tasks. Such controls include rules and standard operating procedures. Unobtrusive controls provide more implicit guidelines on how organizational participants should complete their tasks when obtrusive controls are unwieldy. Unobtrusive controls “limit information content and flow, thus controlling the premises available for decisions, they set up expectations so as to highlight some aspects of the situation and play down others; they limit the search for alternatives when problems are confronted, thus insuring more predictable and consistent solutions, they indicate the threshold levels as to when a danger signal is being emitted (thus reducing the occasions for decision making and promoting satisfying rather than optimizing behavior); they achieve coordination of effort by selecting certain kinds of work techniques and schedules (Perrow, 1972: 156–157).” Unobtrusive controls include occupational and professional norms, communication channels, and technology. The process model of collective corruption explicates how one obtrusive control, the division of labor, and one unobtrusive control, scripts and schemas, can facilitate the proliferation and perpetuation of wrongdoing in a mindless and boundedly rational way. In this section we examine additional obtrusive and unobtrusive controls, taking into account how they can contribute to the initiation as well as the proliferation and perpetuation of wrongdoing.

5.1.1. Obtrusive controls

5.1.1.1. Rules. Rules are perhaps the most fundamental mechanism by which employees determine how to perform their jobs. They tell employees what to do when confronted with specific contingencies. Rules can give rise to wrongdoing in at least two ways.

First, rules can be designed by superiors to get subordinates to participate in wrongful behaviors on which the higher-ups have mindfully and rationally embarked. In one 1950’s quiz show, “For Love or Money,” a prize was displayed to the contestants and the audience, but its value, between \$1 and \$9999, was displayed on a screen visible only to the audience. Then as contestants were given a question to answer, a mechanical device caused a “dancing decimal point” on the screen to move sequentially through six decimal places (e.g., for a \$50 dollar prize, the decimal point moved such that the displayed figure took on the value of 5 cents, 50 cents, \$5, \$50, \$500, and \$5000). According to the stated rules of the game, the mechanical device was set such that the decimal point stopped as soon as one of the contestants got the correct answer, at which time the winner could chose to take either the prize or the amount of money displayed on the screen hidden from their view. In fact, though, a back stage employee staffed a switch on the mechanical device that could move the decimal point forward at any point in time. And the producers promulgated a rule, to which the employee dutifully adhered, that stipulated that the employee “bump” the decimal point ahead if it looked like it was going to land in the \$1000 range (so that it landed in the 1 cent range), thereby insuring that no contestants had the opportunity to win a prize in \$1000 range (Stone and Yohn, 1992: 229).

Second, rules can be designed by superiors to get subordinates to perform ethical, legal, and/or socially responsible behavior but inadvertently cause subordinates to perpetrate wrongful behavior. Rules might have contributed to Ford Motor Company’s decision to introduce the Pinto despite evidence collected by its safety department that the car was prone to bursting into flames when struck from behind at relatively low speeds. Ford’s president, Lee Iacocca, stipulated that the Pinto be designed so that it weighed no more than 2000 pounds and cost no more than \$2000, a requirement that became known as the “rule of 2000.” Adherence to this rule is believed to have led engineers to forgo even modestly costly fixes to the gas tank position problem, some as inexpensive as \$11 per car, because doing so would add weight and cost to the car and thus risked violation of the rule (Dowie, 1977).

5.1.2. Unobtrusive controls

5.1.2.1. Occupational and professional roles and norms. People who occupy roles are obligated to adhere to the norms associated with them, typically without engaging in mindful and rational cost benefit calculations or normative assessments regarding the merits of the norms and sometimes even if they disapprove of them. Occupational and professional role relationships are among the most important role relationships in organizations, providing guidance

for people occupying positions in the division of labor for which specific rules cannot be written. Typically these relationships delineate acceptable behavior, but they can also give rise to wrongful behavior.

In the 1970s a number of ethical and legal questions arose in connection with the prescription of fenfluramine and phentermine, which had been independently approved by the FDA for the treatment of obesity. One question pertained to the prescription of the two drugs in combination, as a cocktail known popularly as Fen-Phen, rather than separately. Another question pertained to the prescription of the drugs for cosmetic weight loss rather than for the treatment of obesity. Carrie Cox, a vice president of marketing for AHP (the maker of fenfluramine), became concerned about the prescription of Fen-Phen for cosmetic weight loss and sought approval from her superior, a medical doctor himself, to write a “dear doctor” letter reminding the physicians of the drugs’ approved uses. Her superior, though, nixed the idea saying that “it was not the company’s place to tell physicians how to prescribe drugs or how to do their jobs.” Cox relented, even though at the time she felt uncomfortable about doing so. Presumably Cox (and perhaps her superior) failed to warn the physicians about the inappropriate prescription of their company’s drug, because they did not consider it their role to do so, even though they were equally or perhaps better qualified to make a judgment on the issue.

5.1.2.2. Communication channels. Organizational participants make decisions about how to complete their tasks by processing information about the decision context. Communication channels shape the amount and type of information organizational participants have at their disposal when making decisions and thus shape the decisions that they make. Communication channels can facilitate organizational functioning by increasing the likelihood that organizational participants make decisions on the basis of the most relevant information. But they can also facilitate wrongdoing by increasing the chance that organizational participants will make decisions on the basis of incorrect or irrelevant information.

Middle managers at Prudential-Bache Securities began marketing shares in limited partnerships in the late 1970s (Eichenwald, 1996). These partnerships were billed as safe tax shelters that had the added benefit of possessing high growth potential. In increasing numbers, though, their questionable character made them risky investments. But the Pru-Bache brokers who sold the partnerships to clients knew little about their true value. Their understanding of the partnerships was based on documents provided them by their superiors, which misrepresented the partnerships’ real character. Eichenwald described the experience of one Pru-Bache broker in this way. “Piscitelli never reviewed the dense, legalistic documents each partnership filed with the Securities and Exchange Commission—he had neither the time nor the desire. That was not his job. Instead, like most stockbrokers, he examined the sales material provided by the firm. That was supposed to summarize, in simple English, what the filings said. Then he passed that information on to his clients (1996: 5).” Piscitelli only learned of the partnerships fraudulent character when his clients, many of whom were friends, began losing money. And when he became aware of his unwitting promulgation of the fraud, he became so distraught that he flirted with suicide.

5.1.2.3. Technology. The first organizational studies scholars to examine technology considered it a determinant of organizational structure (Perrow, 1967; Woodward, 1965). However, subsequent students of technology have conceptualized it as a form of behavioral control in its own right, which dictates the kinds of decisions that organizational participants can make and the premises upon which they should make them (Braverman, 1974; Edwards, 1979). Technology can give rise to organizational wrongdoing in at least two ways.

First, technology can intentionally encode behavior that is wrongful. The fraudulent behavior of limited partnership promoters at Prudential-Bache Securities illustrates the potential of technology to facilitate the proliferation and perpetuation of wrongdoing. As described above, Prudential-Bache began selling deceptively risky and in some cases fraudulent limited partnerships in the late 1970s. By the mid-1990s, the practice had become so integrated into the firm’s routine, that an internal sales-force was constituted to market the partnerships to Pru-Bache brokers. Further, computer programs that brokers used to develop judiciously diversified portfolios for their clients included them among the roster of possible portfolio elements. And as Kurt Eichenwald, who chronicled the fraud, wrote, “The computer almost always said that a chunk of the client’s money should go into Pru-Bache partnerships” (1996: 5).

Second, technology can unintentionally encode behavior that is wrongful. The fraudulent conduct of Joseph Jett, a trader with the investment bank of Kidder Peabody, illustrates the potential of technology to facilitate the initiation of wrongdoing. Jett was responsible for establishing trades with the Federal Reserve Bank, a type of trading that typically generated only modest returns. Jett’s trades with the Fed, though, were fantastically profitable and he was rewarded

handsomely with extravagant bonuses. Eventually it became known that the majority of Jett's profits were fictitious—the result of an error in the computer software that registered gains from trades that in fact produced no real profit. There was disagreement between Jett, his co-workers, independent investigators, and other experts regarding: (1) whether Jett knew all along that the trades produced fictitious profits, (2) whether he at first did not realize that his trades produced fictitious profits, but later became aware of this fact and exploited the serendipitous program glitch to his advantage or (3) whether he to this day truly fails to understand the fictitious nature of his earnings. Regardless, all agree that the fraud was made possible by the computer software's glitch.

5.2. Social influence processes

The earliest management theorists recognized that much behavior in organizations is regulated by social influence processes that are not strictly speaking designed by managers but rather are emergent phenomena (c.f., Barnard, 1938). And a subsequent wave of scholars focused their attention on group dynamics, which regulate behavior in small informal groups (Roethlisberger & Dickson, 1947). Cialdini (2001) has identified six social influence processes that shape behavior. The process model of collective corruption takes into account how group dynamics generally and two of the six social influence processes elaborated by Cialdini (formal authority and commitment processes) more specifically, can give rise to collective wrongdoing in organizations. We indicate how three of the other four processes Cialdini delineates – the norm of reciprocity, social proof, and liking – can also facilitate wrongdoing. We also indicate how a process that has been examined by sociologists and which draws on some of the processes Cialdini describes – definition of the situation – can facilitate wrongdoing as well.

5.2.1. The norm of reciprocity

The norm of reciprocity is arguably the most fundamental social norm regulating human behavior. It generates the felt obligation to return favors to others who have performed favors for us in rough equivalence to the magnitude of the favors we have received from them, even when those prior favors were not solicited and sometimes even when those favors were not welcomed. The more intimately related two people are, the more loosely the “rough equivalence” constraint is enforced. Indeed, among close friends, application of the rough equivalence constraint is considered counter-normative. Some believe that people are taught the reciprocity rule, because it helps make possible many necessary social relations (such as the division of labor in society). However, it can also facilitate wrongdoing.

In the 1970s, David Levine, an investment banker at Drexell Burnham, recruited accomplices at other investment banks and law firms specializing in mergers and acquisitions to share secret information about acquisitions that were pending at their firms. Levine purchased stock in the soon-to-be acquired firms, reaping high profits when the deals went through. Levine was able to engage in this illegal behavior without being detected because he had no business connection to the acquisitions in question. In return, Levine supplied his accomplices with information about acquisitions pending at his firm, providing the recruits with the opportunity to purchase stock in the target firms with minimal risk of detection.

Despite the considerable monetary benefits of such insider trading arrangements for his accomplices, in many instances Levine had to work hard to recruit and retain co-conspirators (Stewart, 1991). This was evident in his recruitment of Ilan Reich, who was a mergers and acquisitions lawyer at Wachtell, Lipton. Levine offered to (and eventually did) set up a bank account that Reich could use to trade on inside information obtained from Levine and his accomplices. This offer, in itself, might have seemed like a gift that required reciprocation. A corollary of the generalized norm of reciprocity is the felt obligation to compensate people for injuries inflicted on them. Reich's first tip to Levine (which forecast an Elf Aquitaine bid for Kerr McGee) proved erroneous and Levine lost money trading on it. In Stewart's (1991: 72) words, Reich, as a result, “felt he *had to* make it up to Levine (emphasis added).” And again in Stewart's words (1991: 73), Reich's eagerness “to rehabilitate himself with Levine” led him to provide a second tip that did pan out. Finally, the reciprocity rule might have contributed to Reich's propensity to continue participating in the inside information trading conspiracy, even after mindful and rational cost benefit considerations led him to lose interest in it. Reich refused to trade on information Levine provided him in the account Levine opened for him. So Levine began trading in that account for Reich (based on information that Reich and others provided him) and periodically reported back to Reich on the earnings that he accrued. Reich might have considered Levine's trading on his behalf a gift as well, which he was obligated to reciprocate by providing more inside information, even though

Reich never withdrew money from the account. Levine used this favor giving technique with several other accomplices as well.

It is important to note that the norm of reciprocity is analytically different from tit-for-tat relationships, which have a mindful and rational cost benefit character. The norm of reciprocity obligates people to treat others in ways commensurate with the ways that others have treated them in the past, *regardless of whether* people expect to obtain favorable treatment in the future as a result. Tit-for-tat relationships are maintained *because* people expect favorable treatment in return in the future. In practice it can be hard to distinguish between favor giving that is an expression of the norm of reciprocity and favor giving that is part and parcel of a tit-for-tat relationship. With this said, we think the evidence is more consistent with the former than the latter interpretation of Reich's compliance with Levine's requests. As time went on, Reich complied with Levine's requests to provide information in an increasingly reluctant fashion. And eventually, he resolved to extricate himself from the scheme. Reich did not, though, directly inform Levine of his desire to stop providing him with inside information; as he might have had their relationship been a tit-for-tat arrangement. Instead, he began avoiding Levine. First, he stopped calling Levine. Then, when Levine called him, he pretended to be out of the office and neglected to return Levine's calls. Later, he actively cultivated the impression that he had nothing of value to offer Levine. Then he began intentionally funneling incorrect or misleading information to Levine. Finally, in phone conversations, he began hinting to Levine that he wanted "out." When Levine tried to persuade Reich to continue in the conspiracy, by emphasizing the risk-free nature of the scheme, Reich drew attention to the disutility of the information he had recently provided replying, "Yeah, lately it's been reward-free too." Explaining his behavior after the fact, Reich confessed that he was afraid to directly tell Levine that he wanted to cease providing information, because he did not want to be subject to Levine's "emotional-blackmail."

5.2.2. *Social comparison and liking-based compliance*

Social comparison (also called social proof) refers to the use of others' behavior, attitudes, and emotions as a guide for our own behaviors, attitudes, and emotions. Social comparison is particularly prevalent in situations where there is uncertainty about how to act, think, and feel. Liking-based compliance refers to our tendency to comply with the requests of others whom we like. Social comparison and liking-based compliance, while analytically distinct, are often difficult to disentangle in practice because they often operate in tandem. First, social comparison processes can generate liking. We tend to like others who we perceive like us. Second, social comparison and liking have a common determinant—similarity. We tend to compare ourselves to others and like others who are similar to us (Cialdini, 2001). Social comparison and liking-based compliance, rooted in perceived similarity, can provide satisfactory answers to complex decision-making problems while economizing on information search and analysis costs. However, they can also facilitate wrongdoing.

David Levine recruited Robert Wilkis to join his group of inside traders in 1979. But he forged his relationship with Wilkis two years earlier when they both worked at Citibank, partly by emphasizing their similarities. In most respects, the two investment bankers could not have been more different, exemplified by the fact that Levine was a graduate of City University of New York, while Wilkis was a graduate of Harvard College and the Stanford Graduate School of Business. But Levine played up their commonalities; in particular, their shared Jewish heritage and their mutual dissatisfaction with their jobs and marriages. It would also appear that Levine built a relationship with Wilkis by utilizing social comparison processes. Levine treated Wilkis as if he liked him, praising his deal-making acumen. And he acted like he considered him a friend, sharing his most personal hopes and fears (Stewart, 1991: 61). As time went on, Levine enlisted Wilkis in a series of small, but increasingly significant, transgressions (e.g., first encouraging Wilkis to skip out of work early, then persuading Wilkis to obtain a counterfeit Citibank executive dining room pass for him). Eventually, after Levine moved to Smith Barney and Wilkis moved to Lazard Freres, Levine pitched the inside trading scheme to Wilkis. And within a day Wilkis came on board.

5.2.3. *Definition of the situation*

People determine their roles and the norms associated with them in two ways: they examine cues in their environment that indicate the roles and norms called for in the situation and they examine others in their environment who convey expectations about the roles they should play and the norms they should exhibit. Others convey expectations by manipulating subtle rewards and punishments in response to the attitudes and behaviors a person exhibits. They also convey expectations by modeling the appropriate attitudes and behaviors. Together these cues,

subtle rewards and punishments, and modeled attitudes and behaviors “define the situation.” Thus an employee who enters a room and finds his/her boss dressed neatly in a suit and tie, seated at the head of the table, his/her co-workers seated in a circle around the boss, and everyone exhibiting proper posture and silently reading a document placed in front of them, might reasonably conclude that the gathering is a formal business meeting. And if the employee greeted his/her superior with a casual, “Hi Mary,” s/he might be met with disapproving stares. In many instances, the definition of the situation is ambiguous and in some cases it is contested. In such instances, a person can make an effort to define the situation in a way that suits his/her purpose. For example, if the boss in the business meeting described above wanted to define the situation as an informal gathering (perhaps to increase the participation of low level employees), s/he might take off her suit jacket, loosen her tie, lean back in her chair, and interrupt the silence by asking one of the subordinates a non-work related question. Important for our purpose, a person wishing to enlist the participation of others in a wrongful course of action can attempt to define the situation as one that legitimately calls for the wrongful course of action that s/he wants to perpetrate.

The rigging of TV quiz show contests in the 1950s illustrates how wrongdoers can define a situation such that others are likely to join their wrongful enterprise (Stone and Yohn, 1992). Several quiz show producers enlisted contestant participation in contest rigging by defining the situation as one in which rigging was appropriate. For example, when Daniel Enright, the producer of “Twenty One,” approached Herbert Stempel, a prospective contestant, with the opportunity to participate in rigged contests for the top rated show, he defined the situation not as a competition but rather as a theatrical production. Further, he comported himself as if the rigging of contests was an acceptable component of such productions. He began by asked Stempel in very vague terms whether he wanted to participate in the rigging. But before Stempel could provide a definitive answer, Enright proceeded as if Stempel had already accepted the proposition and proceeded to outline what might be considered the script of the upcoming show. In Stone and Yohn’s (1992: 29) words, he indicated that Stempel “would be a contestant on ‘Twenty-One’ the following night; on the broadcast he would request a nine-point question in the first round of the game, and a nine-point question in the second round, and he would win.” Then, without waiting for Stempel to express a willingness to go along with the plan, he asked to see Stempel’s wardrobe. On seeing an old, shiny and shabby, blue double-breasted suit, he said, “You’ll wear this.” Then he selected a blue and white striped shirt with a frayed collar saying, “It’s blue. That’s what you wear on television.” Stempel, in testimony to the senior district attorney of New York County investigating the fraud, indicated that he was “overwhelmed” and “immediately took it for granted that being given the number of points to ask for, being rehearsed with the questions and answers, being told what to wear, was how a quiz show was run (29).”

6. A digression on resource dependence based power

The process model of collective corruption elaborates in detail how formal authority rooted in the chain of command can lead to the proliferation of wrongdoing. Formal authority is one form of power relation in organizations. Resource dependence relations give rise to another form of power (Mechanic, 1962). Like formal power, this kind of power leads organizational participants to perform acts that they would otherwise prefer not to perform. Resource dependence is rooted in the possession of scarce and valued assets. Salancik and Pfeffer (1977) contend that resource dependence-based power tends to flow to those organizational participants and subunits that control assets needed to cope with critical contingencies or crucial sources of uncertainty. And Pfeffer and Salancik (1978) contend that resource dependence-based power tends to flow to organizations that can reduce uncertainty in market transactions. Resource dependence-based power relations can be beneficial for organizational subunits, because they deliver power to those units best able to solve organizational problems. And they can be beneficial to economies, because they provide an incentive for inter-firm coordination. However, such power relations can also facilitate wrongdoing. The wrongdoing generated by resource dependence-based power relations is not strictly speaking mindless or boundedly rational. We discuss it here, though, because it does not operate via cost benefit analyses or normative assessments and is not considered by the process model of collective corruption.

Resource dependence-based power relations can facilitate the initiation of wrongdoing. When Colonial Pipeline Company sought to obtain building permits and right of way access from the City of Woodbridge, New Jersey to build petroleum storage tanks on city property in 1963, the mayor and city council president made it clear that approval hinged on the company’s provision of under-the-table payments to them (Mintz, 1972). Colonial officials at first declined to comply, but eventually capitulated—arranging a series of complex transactions that made it difficult to

trace the transfer of money between Colonial and the city officials. When the scheme was uncovered and the case went to trial, Colonial Pipeline officials hinged their defense on the contention that the city officials had exhorted the payments from them. While the jury did not concur and found both company and city officials guilty of collusion, it seems clear the company officials did not voluntarily initiate the bribery scheme. Instead, they reluctantly provided the payments because they depended on the major and city council president to provide the building permit and right-of-way easement.

Resource dependence-based power relations can also facilitate the proliferation of wrongdoing. Quiz show producers began the subtle rigging of broadcast contests in the 1950s, using questions tailored to contestants' expertise, because it was believed that "controls" of some sort were necessary. As one producer put it, "you cannot ask random questions of people and have a show. You simply have failure, failure, failure, and that does not make entertainment (Stone and Yohn, 1992: 119)." However, the producers graduated to more overt rigging, retaining popular contestants and dispatching unpopular ones, partly in response to sponsor pressure. According to the producer of "The \$64,000 Question," Merton Koplin, "we'd sit in the sponsor's meetings and they would say, 'Well, that one—that one's got to go on to \$64,000' or 'I don't like that one, let's get rid of him'" (Krainin Productions, Inc., 2000: 5). This influence and the resource control upon which it was predicated were evident in the case of Revlon's sponsorship of "The \$64,000 Challenge," a spin-off of "The \$64,000 Question." According to Stone and Yohn (1992), when ratings for the "Challenge" slipped, Revlon increased the pressure on the producers. "Expressing dissatisfaction at contestants, categories, and even the questions, they played on the inherent fear of the producers that Revlon might not exercise its options to renew the shows when the time came." The fact that sponsors had power to make the producers and even the networks comply with their demands is indicated by the fact that Revlon was able to "'steal' broadcast time to lengthen commercials beyond what CBS guidelines permitted (1992: 147)."

Finally, resource dependence-based power relations can facilitate the perpetuation of wrongdoing. Joseph Jett generated large quantities of phony trading profits at the investment bank of Kidder Peabody in the early 1990s, for which he was handsomely rewarded in salary and bonuses. As Jett's profits and associated compensation swelled to unprecedented levels, fellow Kidder employees became suspicious and pressed top management to investigate Jett's operation. Jett, however, was able to rebuff these attempts, partly because he controlled a resource that top management needed. Jett's unit was the primary source of Kidder's profits at the time. And Jett was the primary source of his unit's profits (Freedman and Burke, 1998).

7. The origin and direction of proliferation of collective wrongdoing

The process model of collective corruption assumes that collective wrongdoing is initiated by managers at the top of the organizational hierarchy. Brief et al. use the terms "corporate officials" and "corporate officialdom" (2001: 475–476) and Ashforth and Anand use the term "leaders" (2003: 6) when referring to the initiators of wrongdoing. Further, the process model implicitly assumes that wrongdoing defuses downward throughout the organization. Both Brief et al. (2001) and Ashforth and Anand (2003) identify formal authority as the primary mechanism through which wrongdoing begins to proliferate. And formal authority is a relationship in which superiors influence subordinates and the influence of superiors is most potent at the highest levels of the organization.

We acknowledge that collective wrongdoing often starts near the top of the organization. With this said, we think that collective wrongdoing also can be initiated by organizational participants located at lower levels of the organizational hierarchy. David Levine organized one of the largest and most successful insider trading schemes of the 1980s (Stewart, 1991). However, neither he nor his co-conspirators occupied positions near the top of their respective firms (e.g., few were partners of the investment banks or law firms where they worked). As indicated above, Levine recruited his co-conspirators without the benefit of formal authority, relying instead on a number of other social psychological influence techniques.

We also acknowledge that wrongdoing often proliferates downward from its point of origin through an organization's lower hierarchical levels. With this said, we think that those who initiate wrongdoing at lower levels of the organization can spread it upwards through a number of mechanisms. We briefly identify three such mechanisms. First, lower-level employees can establish conditions conducive to higher-level managers' escalating commitment to a wrongful course of action. The inventors of the Dalkon Shield engaged in a number of unethical and legally questionable behaviors in the process of launching their intrauterine birth control device (IUD). They disseminated misleading information about the device's effectiveness and they withheld accurate information about the product's

dangers. American Home Products' (AHP's) top managers purchased the Dalkon Shield without full knowledge of its limitations, partly because they lacked the expertise to evaluate the IUD, partly because they had little time to make their decision (because another firm was already negotiating with the inventors to buy the device), and partly because the inventors withheld information from them (about the device's ineffectiveness and dangers). Once AHP began marketing the Shield, though, they became increasingly committed to the product. They had purchased the IUD of their own volition (in competition with another drug company), they had initiated a high profile marketing campaign (the product was purchased more for its symbolic than its profit-generating value), and they had made a substantial investment in the IUD that could not be recouped (over \$1 million). Thus, as commitment theorists would expect, as evidence of the device's ineffectiveness and dangers mounted, the AHP top managers defended the product, eventually incurring large legal costs and damage to its reputation.

Second, loyalty norms can lead superiors to defend their subordinates' wrongdoing. When B.F. Goodrich's Searle Lawson confronted Robert Sink with evidence that John Warren's A7D brake design was flawed, Sink defended his subordinate and the design. And when it became clear that the brake design was in fact defective and Sink ordered Lawson to falsify the qualification tests, Sink's superior Russell Van Horn defended that decision. Later, when Kermit Vandivier confronted his superior Russell Line with evidence that Sink and Van Horn had authorized the preparation of a fraudulent qualification report, Line responded "what (do) you want me to do about it?" And when Vandivier suggested that they both go to Line's boss, Bud Sundeman, to blow the whistle on the scheme, Line laughed and responded "Bud probably already knows about this thing anyway and if he doesn't I'm sure not going to be the one to tell him (Vandivier, 1972: 169)."

Third, lower level employees can influence the risk-reward structure confronting their superiors in ways that increase their motivation to engage in wrongdoing. Edward Cerullo, Joseph Jett's superior at Kidder, Peabody Co., was rewarded for his subordinate's fictitious computer-aided trading success with a large bonus (Freedman and Burke, 1998). Some experts believe that Cerullo knew that Jett's trading profits were fictitious or at the very least should have suspected as much. And Kidder, Peabody's top management apparently agreed. A sizeable portion of Cerullo's bonus was reclaimed and he was fired after Jett's fraud was exposed. But Cerullo never investigated Jett's operation and even rebuffed requests for him to do so. If Cerullo did know of Jett's fraud (or even if he suspected it), by not investigating the fraud he was complicit with it. And if Cerullo was complicit with Jett's fraud, the wrongdoing can be said to have spread upward through the hierarchy.

Indeed, collective wrongdoing sometimes proliferates despite the active opposition of top management. To affect the complex scheme through which Colonial Pipeline Company paid off public officials in Woodbridge, New Jersey, Colonial's top managers enlisted the help of officials in four other companies (Mintz, 1972). A group of middle managers at Bechtel Corporation, with which Colonial Pipeline had construction contracts, were among the enlistees. These managers attempted to keep their involvement in the payoff secret, but their company's president got wind of the scheme and ordered them to end their participation in it. The middle managers, though, continued their involvement in the payoff by enlisting the support of yet another firm with which Bechtel had done business in the past. Here authority relations were contravened in order to perpetrate the wrongdoing, rather than facilitated it.

8. The precarious character of collective wrongdoing

The process model of collective corruption assumes that the structures and processes through which wrongdoing initiated by top managers spreads throughout lower levels of the organizational hierarchy are extremely powerful. Indicative of this, Brief et al. (2001) label the employees whose behavior has been shaped by these structures and processes "amoral automatons." Ashforth and Anand (2003) acknowledge that the structures and processes through which top manager-initiated wrongdoing can diffuse throughout the organization are sometimes incompletely effective. However, neither Brief et al. (2001) nor Ashforth and Anand (2003) systematically examine the factors that might cause or allow lower level organizational participants to resist these structures and processes. While we agree that the structures and processes through which top manager-initiated wrongdoing can diffuse throughout the organization are extremely powerful, we contend that they are not all-powerful. Below we articulate one way in which the effects of the structures and processes through which wrongdoing proliferates throughout an organization can be considered conditional and thus organizational participants' attachment to wrongdoing can be considered problematic and precarious.

9. The conditional character of post hoc rationalizations

The process model of collective corruption assumes that commitment processes tend to cause organizational participants who have embarked on mindless and boundedly rational wrongful behavior to adopt mindful and rational post hoc positive dispositions toward that wrongdoing. In so doing, the process model both implicitly acknowledges the inherently unstable character of mindless and boundedly rational wrongdoing and elaborates a mechanism through which such wrongdoing becomes stable. According to the process model of corporate corruption, organizational participants who embark on a wrongful course of action in a mindless and/or boundedly rational manner subsequently experience cognitive dissonance stemming from the disjuncture between their perceived rightful identity and their perceived wrongful behavior. And because people find cognitive dissonance uncomfortable, they develop post hoc rationalizations for their wrongdoing that cast their wrongful acts in a favorable light. These post hoc rationalizations eventually become part of the organization's culture, which facilitates others' commitment to wrongdoing. Social psychologists, though, acknowledge that people differ in their propensity to experience cognitive dissonance. Further, social psychologists believe that commitment processes are regulated by a number of contextual factors—volition, visibility, and irreversibility (Staw, 1976). When the key psychological state cognitive dissonance does not develop and when the contextual factors conducive to commitment are absent, wrongdoers can go down two different paths that leave them vulnerable to defection: dissonance avoidance and dissonance tolerance.

9.1. *Wrongdoers do not always experience cognitive dissonance*

We agree that wrongdoers often experience cognitive dissonance after embarking on a wrongful course of action in a mindless and boundedly rational manner. However, we think that there are at least three reasons why wrongdoers might not experience cognitive dissonance after embarking on a wrongful course of action.

First, wrongdoers can conclude that the wrongdoing on which they have embarked without the benefit of a mindful and rational cost benefit analysis or normative assessment actually is in their self-interest and normatively appropriate. In this case, the fact that the wrongdoer did not engage in a thorough cost benefit analysis or normative assessment before embarking on the wrongful course of behavior is essentially moot. Had they conducted such an analysis or assessment, they would have engaged in the wrongful behavior anyway. More interesting are two other reasons why mindless and boundedly rational wrongdoers might not experience dissonance. Second, wrongdoers who embark upon a wrongful course of action without the benefit of a mindful and rational cost benefit analysis or normative assessment might fail to retrospectively evaluate their behavior from either a cost benefit and/or normative standpoint. Third, wrongdoers who embark upon a wrongful course of action without the benefit of a thorough cost benefit analysis or normative assessment and who retrospectively evaluate their behavior from a cost/benefit or normative standpoint might not be disturbed by the apparent injurious or counter-normative character of their behavior. As suggested by Aronson (1973), people vary in the extent to which they experience dissonance as the result of engaging in injurious or counter-normative behavior, depending on the extent to which their identity is linked to acting in their best interest or behaving in a law abiding, ethical, and socially responsible way.

It is, of course, difficult to demonstrate the absence of something. Thus, it is hard to identify instances in which mindless and/or boundedly rational wrongdoers can be unambiguously shown to not experience cognitive dissonance. Nonetheless, we have come across at least a few instances in which this seems to have been the case. James Snodgrass was enlisted in the rigging of quiz show contests at “Twenty-One” through the operation of several social influence processes already discussed: commitment, definition of the situation, and the norm of reciprocity. He was introduced to the quiz show organization in at least four small steps. On separate days over several weeks, Snodgrass was tested for the show “Tic Tac Dough,” then retested for “Twenty-One,” then interviewed by “Twenty-One’s” producer, and then allowed to participate in a dress-rehearsal of the show. Further, Snodgrass’ participation in the rigging of contests was not so much invited as it was assumed, the producer’s “breezy manner” suggesting to Snodgrass that rigging was the accepted practice (Stone and Yohn, 1992: 89). And the inclusion of Snodgrass in the fraud was explained by the producer as a favor, “We want you to be at your ease and not make a fool of yourself the first time” (Stone and Yohn, 1992: 88). Ultimately, he was given the questions, answers, and point values to select for his first contest at “Twenty-One,” and, as planned, he survived the contest with a tie.

Before the second contest, Snodgrass was again provided the questions, answers, and point values he was to select for the contest. There is no indication that at this point Snodgrass perceived his participation in the fraud to be in his

interest or consistent with his norms, values, and beliefs, but there is also no indication that he experienced cognitive dissonance as a result of his participation. Instead, in Stone and Yohn's (1992) words, he simply "saw little reason to object" to the deceit. Nevertheless, Stone and Yohn continue, "it occurred to him that someday he might want to be able to prove what was happening (89)." So he set out the details of the plans (the questions and answers to be used and the point values to be selected in the broadcast) in a registered letter which he sent to himself before the broadcast in question. Later when he was subpoenaed by the New York County District Attorney's office, he did not (as others did) seek to avoid testifying. Instead, he freely admitted to having participated in the deceit, described the scheme in detail, and produced the registered letter as proof of his testimony. It would appear that Snodgrass was not himself disturbed by his participation in the fraud, either at the moment he participated in it or subsequently. Thus he did not take pains to either justify or hide his participation in the fraud (e.g., he did not demand freedom from prosecution in return for his testimony). But he apparently recognized that if others learned of the rigging, they might find it objectionable and seek to uncover the details of the fraud. So he took steps to make sure that his account of the details could be verified at a later date.

9.2. *Wrongdoers do not always develop rationalizations in response to cognitive dissonance*

We agree that organizational participants who embark on wrongful courses of action in a mindless and boundedly rational manner and experience cognitive dissonance often formulate post hoc rationalizations of their behavior that cast it in a more favorable light. However, we think that mindless and boundedly rational wrongdoers who experience dissonance do not invariably develop such post hoc rationalizations.

Social psychologists have identified three factors that regulate the likelihood that people will develop post hoc rationalizations for failing courses of action that cast those courses of actions in a positive light and thus facilitate commitment to those courses of action. The more *responsible* people feel for their behavior, the more *irreversible* they perceive their behavior to be (the more time and effort they invest in the course of action), and the more *visible* their behavior is to others, the more likely people will embrace favorable post hoc rationalizations of their behavior and continue their course of action (Cialdini, 2001; Staw, 1976). Insofar as wrongful courses of action are one type of failing course of action, responsibility, visibility, and irreversibility should regulate the likelihood that wrongdoers will develop post hoc rationalizations that cast their wrongful behavior in a positive light and thus the likelihood that they will continue their wrongful behavior. Conversely, the more absent these three conditions, the less likely wrongdoers will develop post hoc rationalizations for their wrongdoing and the more likely they will defect.

The conditional character of post hoc rationalizations of wrongdoing is well illustrated by the B.F. Goodrich brake fraud case. A large number of Goodrich managers and employees participated in the delivery of and falsification of test results for the flawed A7D brake. As described above, the brake's designer John Warren and his superiors Sink, Sunderman, and Line developed post hoc "denial of responsibility" and "denial of wrongdoing" rationalizations of their behavior. This fact accords with these executives' high level of responsibility, visibility, and irreversibility in connection with the brake. Warren designed the brake. He was well known among B.F. Goodrich employees for his engineering expertise. And he was said to have a large ego that might make it difficult for him to admit that he had formulated a flawed design. Sink assigned the job of designing the brake to Warren. He had personally assured LTV that the brake prototype was working well and that its development was on schedule. And he had ordered sub-assemblies for the brake that had begun to arrive at the plant. Line, and Sunderman occupied positions high in Goodrich's chain of command. Top managers tend to be considered responsible for their firm's actions. And they tend to be well-known to members of their organization and to representatives of other organizations situated in their firm's environment. Finally, as time went by and the deadline for delivering the brake to LTV drew near, all of these executives' association with the brake must have felt increasingly difficult to reverse. If they were to admit that the brake was flawed, there would be no way to provide an adequate brake within the contract-stipulated time frame.

Ralph Gretzinger and Kermit Vandivier, the test laboratory employees who actually prepared the fraudulent qualification report, though, never developed rationalizations in support of their involvement in the affair. Gretzinger experimented with the "denial of responsibility" rationalization when contemplating the implications of their preparation of exhibits for the fraudulent report, saying, "We're just drawing some curves and what happens to them after they leave here, well, we're not responsible." But according to Vandivier, neither Gretzinger nor he embraced this post hoc account. In Vandivier's words, "He didn't believe what he was saying and he knew I didn't believe it either. It was an embarrassing and shameful moment for both of us." Later, when it came to actually writing the fraudulent

report, Vandivier remarked, “I made no attempt to *rationalize* what I had been asked to do (emphasis added).” This fact accords with these employees’ level of responsibility, visibility, and irreversibility in connection with the brake. Gretzinger and Vandivier had no hand in designing the brake or appointing or supervising the person who designed it. Indeed, they had no role in testing the brake. Gretzinger and Vandivier did write the fraudulent report. Importantly, though, they did not volunteer to prepare the report. They were ordered to do so. Gretzinger and Vandivier were also low in the organizational hierarchy, presumably known to few other B.F. Goodrich employees and unknown to high level LTV and government personnel. It is important to emphasize that Gretzinger’s and Vandivier’s failure to employ techniques of neutralization was not likely due to their failure to experience cognitive dissonance in connection with their participation in the fraud. At one point, Gretzinger remarked, “It’s all I can do to look at myself in the mirror when I shave. I make myself sick.”

9.3. *When dissonance reduction does not occur: dissonance avoidance and dissonance tolerance*

Because the process model of collective corruption does not entertain the possibility that mindless and boundedly rational wrongdoers who experience cognitive dissonance do not develop post hoc justifications for their behavior, it does not consider how such wrongdoers might otherwise cope with or respond to their dissonance. We think that there are at least two alternative coping strategies or responses that wrongdoers can and sometimes do employ.

First, wrongdoers who experience cognitive dissonance but who do not develop post hoc rationalizations that cast their wrongdoing in a positive light can *avoid* their dissonance. Wrongdoers can avoid dissonance associated with their wrongdoing in many ways. In the most extreme cases, wrongdoers simply do not talk (and perhaps even think) about the wrongdoing in which they are involved. One of the most striking aspects of the quiz show fraud of the 1950s is that the producers and contestants seldom explicitly acknowledged that they were participating in the rigging of broadcast contests, even as they were working out the mechanics of the deceit. In many cases, producers provided contestants with questions and answers that were to be used in the broadcast contests in the course of pre-broadcast “warm up” sessions, without explicitly acknowledging this. Many contestants figured out that they had been given the questions and answers after the fact, in the course of participating in the broadcast contests. But often neither the producers nor the contestants spoke about the arrangement with one another before or after the contests. Even in those cases when producers explicitly pitched the idea of rigging the contests to contestants, they frequently referred to the deceit in obscure ways. Albert Freeman, one of the producers of “Twenty-One,” introduced Harold Craig, a contestant, to the plan to rig his first contest by saying, “We want to try something new. I think it will be a lot of fun, but you mustn’t tell Mr. Enright (the head producer) or anyone else, because that would spoil it (Stone and Yohn, 1992: 100).” Indeed, when contestants left the show, they were sometimes sent off with a declaration that nothing deceitful had actually transpired. Thus, Freeman told Craig after his final contest, “If anyone tells you I gave you the answers, they won’t be telling the truth (102).” And later when the producers and contestants came under investigation by the office of the District Attorney of New York County and the United States Congress, the producers reassured the contestants that they had nothing to fear because they could simply tell the truth—that the contests were not rigged.

Typically, though, dissonance avoidance takes more subtle forms. Robert Wilkis appeared to engage in dissonance avoidance by failing to incorporate information that David Levine revealed about his insider trading activities. In the months before Levine explicitly pitched the insider-trading scheme to Wilkis, Levine dropped hints that he had already begun trading on inside information. With each hint, Levine was (perhaps intentionally) effectively involving Wilkis in his insider trading scheme. By knowing more and more about Levine’s inside trading activity, but not notifying the authorities, Wilkis was essentially becoming complicit in Levine’s scheme. But Wilkis did his best to ignore these “hints.” For example, in the summer of 1979 Levine confided to Wilkis, “I’m playing with the big boys now.” Wilkis responded, “What’s that mean?” Levine responded somewhat annoyed, “For a guy who went to Harvard, you’re not very bright” (Stewart, 1991: 63). Later in the conversation, Levine alluded to having a Swiss bank account. Again, Wilkis seemed unable to comprehend the significance of this information, responding, “So what?” Levine, again somewhat exasperated, responded, “If you don’t get it, I’m not going to spell it out” (Stewart, 1991: 64). Later, when reflecting on these early conversations, Wilkis explained to James Stewart “that on some level, (I) had known what was going on, but had preferred not to focus on it” (Stewart, 1991: 66).

Second, wrongdoers who experience cognitive dissonance but who do not develop post hoc rationalizations that cast their wrongdoing in a positive light can simply *tolerate* their dissonance. That is, wrongdoers can simply live with the simultaneous belief that they are generally good people and they are engaged in a specific bad behavior;

simmering, so to speak, in their dissonance. There is evidence that both Ralph Gretzinger and Kermit Vandivier tolerated dissonance while writing the fraudulent qualification report for the A7D brake. In describing how he made sense of his participation in the writing of the report, Vandivier recalled thinking that “It made no difference who would falsify which part of the report or whether the actual falsification would be by misleading numbers or misleading words . . . all of us who contributed to the fraud would be guilty.” Gretzinger, after unsuccessfully attempting to reduce his dissonance (with the post hoc rationalization that he was just “drawing pictures”), similarly concluded that his participation in the preparation of the report was fundamentally wrong. Speaking with Vandivier, he confessed, “We’re going to screw LTV. And speaking of screwing, I know now exactly how a whore feels, because that’s exactly what I’ve become, an engineering whore.” Later, as the report neared completion, Vandivier and Gretzinger frankly compared their behavior with the behavior of Nazi concentration camp guards then on trial in Nuremberg, Germany.

Dissonance avoidance and tolerance can have two very different implications for the wrongdoer’s commitment to a wrongful course of action. On the one hand, avoiding or living with dissonance can allow a wrongdoer to continue their wrongful behavior. And the longer a wrongdoer continues a wrongful course of action, the more s/he invests (with respect to time, effort, and other resources) in the behavior. And the more a wrongdoer invests in a wrongful course of action, the more s/he tends to become committed to the course of action. This appears to have been the case with Robert Wilkis. He became increasingly complicit in Levine’s insider trading scheme by ignoring Levine’s many hints about his preliminary insider trading activities. The same can be said for the quiz show contestants described above. On the other hand, avoiding or living with dissonance provides wrongdoers with the opportunity to abandon their wrongdoing. As long as wrongdoers do not possess a rationalization for their wrongful course of action, their commitment to the course of action is incomplete. This appears to be the case with Kermit Vandivier. He blew the whistle on the fraudulent brake conspiracy after it became clear that LTV and the Navy had discovered that the brake was defective and planned to investigate Goodrich’s handling of the qualification process.

9.4. A final note on the nature of cognitive dissonance in the wake of wrongdoing

The emerging process model of collective corruption assumes that wrongdoers experience dissonance because they understand themselves to be generally “good” (law-abiding, ethical, and socially responsible), but understand their behavior in a particular instance to be “bad” (illegal, unethical, or socially irresponsible). When this is the case, accidental wrongdoers can reduce their dissonance by employing techniques of neutralization that place their wrongdoing in a positive light. However, wrongdoers can also experience cognitive dissonance because they believe themselves to be capable of pursuing behavior consistent with their self-interest, but understand their wrongful behavior to be contrary to their self-interest (because it is likely to lead to detection and punishment). When this is the case, wrongdoers can reduce their dissonance by concluding that the likelihood of being detected and punished is actually low. Alternatively, they can avoid their dissonance by ignoring information that attests to the risky nature of their wrongful business. Finally, they can stew in their dissonance, experiencing stress and anxiety.

Sometimes organizational wrongdoers gain an increased appreciation of the likelihood of detection and punishment after they have embarked on their wrongful course of action. When this occurs, wrongdoers sometimes avoid incorporating this increased appreciation into their thoughts and actions, although such instances are only recognizable for what the wrongdoers do *not* say or do *not* do and are thus difficult to document. In some of these cases, though, wrongdoers systematically discount the dangers of detection and punishment. For example, David Levine professed to believe that he and his fellow co-conspirators would not get caught and punished for trading on inside information because SEC investigators were not as smart as they were. If the SEC investigators were as smart as they were, he reasoned, they would be working on Wall Street and pulling down large salaries and bonuses rather than policing Wall Street and earning a relative pittance. In other cases, wrongdoers stew in their dissonance. The producer of “Twenty-One,” Daniel Enright, recalled that while he was rigging that show’s contests, “There was always fear—there was always a fear lurking that somehow the story would be exposed, that we would be revealed and that kept gnawing at us” (Krainin Productions, Inc., 2000: 14). Of course, the more a wrongdoer stews in the dissonance associated with the risks of detection and punishment, the more s/he experiences pressures to reduce this dissonance. Thus, Enright also recalled, “But after a while, you *rationalize* that by thinking to yourself, ‘What contestant would reveal that he played a part in rigging?’ (emphasis added)” (2000:14). The obvious answer to this rhetorical question is, of course, contestants such as Herbert Stemple who lost money and social esteem when the scheme called for their defeat.

10. Social control agents

There can be no wrongdoing unless a line is drawn between right and wrong and unless adherence to that line is enforced; that is, unless laws are written, ethical principles are promulgated, norms of social responsibility are elaborated, and conformity to each of these criteria is policed. Further, a line between right and wrong cannot be drawn and enforced unless someone or some organization draws and enforces it. We will adopt a sociological convention and call these line-drawers and line-enforcers “social control agents.” Organization studies scholars interested in wrongdoing, whether adherents to the dominant perspective or proponents of the alternative view, have ignored these fundamental facts. We suggest how organization studies scholars might begin to analyze these facts and indicate a number of implications that they might draw from their analyses.

11. Social control agents create wrongdoing

If organizational wrongdoing only exists when social control agents draw and enforce the line between right and wrong, then social control agents are as responsible for creating wrongdoing as wrongdoers are. Social control agents can create wrongdoing by changing the location of the line between right and wrong. For example, the passage of the Cellar-Kefauver Act in 1950 strengthened the Clayton Antitrust Act of 1914 which amended the Sherman Antitrust Act of 1890 such that many types of vertical and horizontal acquisitions were rendered illegal. The Federal Trade Commission, though, only began enforcing this law vigorously in the early 1960s. As a result, many firms found themselves in violation of US antitrust law in the 1960s for completing acquisitions that were legal just a few years earlier.

Social control agents can also create wrongdoing by changing the enforcement of the line between right and wrong. In 1996, TAP Pharmaceutical’s marketing director, Douglas Durand, became uncomfortable with the company’s sales practices in connection with its prostate cancer treatment drug Lupron (Haddad & Barrett, 2002; Japsen, 2004; Rogers & Weinstein, 2002; Weinberg, 2005). He subsequently left and filed suit against the company contending that TAP: (1) provided gifts to physicians to entice them to and reward them for prescribing Lupron for their patients, (2) provided free samples of Lupron to physicians, without keeping a record of such exchanges, and encouraged them to bill Medicare and Medicaid administrations for these samples, (3) posted high prices for Lupron, while charging physicians lower prices, allowing physicians to reap extra profit from the use of Lupron, and (4) planned to provide physicians with a 2% administration fee for adopting Lupron, which would have constituted a kick-back. Durand’s civil suit prompted a federal investigation of TAP and eventually a federal civil suit and criminal charges against the company, which resulted in a negotiated settlement in which TAP agreed to pay \$885 million in fines.

TAP’s marketing practices might never have been labeled wrongful had it not been for recent changes in the law designed to encourage whistle blowing. *Qui tam* laws allow private citizens to file civil suit against companies on behalf of the federal government. The first U.S. *qui tam* law, the False Claims Act, was passed during the American Civil War to encourage whistle blowers to finger companies making false claims about the products they sold to the union forces (most importantly, dud gun powder). This act was modified by Congress in 1986 to encourage employees of government contractors with knowledge of organizational wrongdoing to bring that wrongdoing to the attention of the federal government. Most importantly, the 1986 amendment increased a private citizen’s cut of any financial judgment against a defendant from 10 to 30% and reduced the threshold of guilt to include “deliberate ignorance” or “reckless disregard” of regulations. As a result of the 1986 amendment, Durand’s cut of the \$850 million settlement against TAP amounted to \$126 million. It seems reasonable to assume that Durand would have been less likely to endure the 7 years of investigation and court proceedings needed to complete the case against TAP if the promise of some payoff was not in the picture.

Thus, if one wants to fully understand the causes of organizational wrongdoing, one must understand the factors regulating where social control agents draw the line between right and wrong and how they enforce it. The study of social control agent behavior, as it pertains to illegal behavior, has been addressed by sociologists for some time. Black (1976) has presented a general theory of the prevalence of legal rules in society. Adut (2004) recently examined the nature and determinants of one mechanism through which social control agents enforce such rules—the generation of scandals. The study of social control agent behavior, as it pertains to unethical and socially irresponsible behavior, though, is only beginning to be addressed by sociologists (Zelizer, 2007). Organization studies scholars would do well to build on this work.

12. Social control agents create wrongdoers

If social control agents create wrongdoing, then they also create wrongdoers; that is, they transform rightful persons into wrongful ones. The relationship between social control agents and wrongdoers has been the subject of considerable sociological analysis. We briefly consider one approach to the study of the relationship between social control agents and wrongdoers, labeling theory, and draw three implications from this approach.

Labeling theory contends that behavior is not inherently good or bad, but becomes good or bad when powerful actors classify it as such (Becker, 1963; Lemert, 1951; Schur, 1971). Labeling theory distinguishes between two types of wrongdoing—primary deviance and secondary deviance. Primary deviance denotes a wrongdoer's initial rule-breaking behavior. Secondary deviance denotes a wrongdoer's subsequent additional rule-breaking behavior, which is largely formulated in reaction to the anticipated or actual reaction of social control agents to his/her primary deviance. A wrongdoer's progression through primary deviance to secondary deviance causes a rule-breaker to develop a deviant identity. Thus, labeling theory assumes that social control agents create wrongdoers by stimulating rule-breakers to perform additional wrongdoing and by causing them to think of themselves as wrongdoers. Labeling theorists believe that much of what we perceive as deviant is secondary deviance, the result of labeling other behavior as deviant. Labeling theorists also believe that many differences between rule-breakers and rule-followers are the result of labeling rule-breakers as wrongdoers.

Social control agents can facilitate collective wrongdoing that resembles secondary deviance in at least three ways. First, social control agents can motivate organizational participants to perpetrate wrongful acts that reduce their risk of punishment for their perpetration of other wrongdoing in which they are already engaged. Martha Stewart violated laws that prohibit impedance of a federal investigation in an attempt to avoid conviction for insider trading. And it was her violation of these laws, rather than her insider trading, that led to her stiffest penalties (Thomas, 2006).

Second, social control agents can facilitate collective wrongdoing that resembles secondary deviance by motivating wrongdoers to engage in behavior that reduces the risk of detection of their involvement in other wrongdoing. Casinos forbid patrons from counting cards at blackjack tables, even though law enforcement agencies do not recognize the practice as illegal. When casino security personnel detect a patron counting cards, they often severely berate the patron, throw him/her out of the casino, and even bar him/her from returning. Between 1994 and 1999 a group of enterprising MIT students, under the leadership of a former MIT professor, formed a rudimentary organization (with a division of labor and elaborate routines) to execute a casino card-counting scheme that netted them a considerable sum of money. But in order to pull off the scheme undetected, the students had to break a number of laws, including falsifying identification cards and transporting large sums of money undeclared across state lines (Mezrich, 2002).

Third, social control agents can facilitate collective wrongdoing that resembles secondary deviance by providing the opportunity to engage in wrongdoing. For example, it was not illegal to rig broadcast quiz show contests in the 1950s. But the quiz show producers understood that viewers and the public at large would likely consider it unethical to do so. Thus, when a "Twenty-One" contestant became aware that the show's contests were rigged and threatened to expose the scheme to the media, the producers agreed to pay the contestant a significant sum of money to forestall that possibility. The senior assistant district attorney of New York County investigating the quiz shows relatively quickly determined that he could not convict the producers of a crime, because quiz show contest rigging was not then against the law. However, he seriously contemplated indicting the contestants who threatened to blow the whistle on the fraud, because demanding money from the producers in exchange for their silence was a recognized crime—extortion. Interestingly, the quiz show contest rigging scandal was also illustrative of the other two types of secondary deviance discussed above. After the producers and contestants involved in the contest rigging were subpoenaed to appear before the grand jury convened to investigate the fraud, they conspired to lie to the jury. And lawyers hired by the producers seized the opportunity to encourage (by knowingly tolerating) the perjury. In the end, indictments for perjury on the part of the producers and contestants were the only indictments to be handed down by the grand jury (Stone and Yohn, 1992).

We think that many organizational wrongdoers never develop a wrongful identity around their secondary deviance. We suspect that Martha Stewart never came to think of herself as an insider trader. We think, though, that some organizational wrongdoers do develop wrongful identities. The MIT students who participated in the casino card-counting scheme apparently came to think of themselves as gangsters. Some began hanging out with seedy characters and partaking in activities that fit their new roles (e.g., attending boxing matches, drinking heavily, etc.).

13. The position and nature of the line between right and wrong is often uncertain

Social control agents of different types (e.g., civil and criminal courts) can differ with respect to where they draw the line between right and wrong. Further, social control agents of the same type but in different places (e.g., civil courts in different countries) can differ with respect to where they draw the line between right and wrong. Finally social control agents of the same type and in the same place but in different times (e.g., civil courts in the same country but in different historical periods) can differ with respect to where they draw the line between right and wrong. Thus, ultimately, what is wrong and what is right is subject to change, especially as people and organizations move through space and time. What is more, the precision with which the line between right and wrong is drawn by social control agents of a particular type and in a particular place and time can vary. Thus, the line separating right from wrong is often blurry.

The changing location and blurry character of the line between right and wrong generates uncertainty in the minds of people and organizations about where the line between right and wrong is located. And uncertainty about where the line between right and wrong is drawn has implications for the likelihood that people will slip into and persist in wrongful courses of action. Most obviously, the more uncertain actors are about the location of the line between right and wrong, the more likely they are to cross that line. For example, as described above, the Cellar-Kefauver Act passed in 1950 made many types of horizontal and vertical mergers and acquisitions illegal in the US. But the law was not enforced until the early 1960s. Further, the FTC and the Justice Department pursued different enforcement strategies; the SEC targeting acquisitions completed years earlier and the Justice Department prosecuting acquisitions completed in that decade. The top managers of firms that were prosecuted for engaging in anti-competitive acquisitions in the 1960s complained about the uncertainty generated by the passage of the new law and about its uneven enforcement over time and between government agencies—contending that this uncertainty inhibited their pursuit of all acquisitions.

Less obviously, the more uncertain actors are about the location of the line between right and wrong, the less likely they will experience cognitive dissonance after crossing it. And the less likely that wrongdoers experience cognitive dissonance in the wake of their wrongdoing, the less likely they will become committed to their wrongdoing, because commitment processes are triggered by cognitive dissonance. This might explain why James Snodgrass could participate willingly in the rigging of quiz show contests and just as willingly rat on those who orchestrated the rigging. Because the rigging of quiz shows operated in something of a grey area between illegality and impropriety, Snodgrass, in his own words, “saw nothing wrong with it.”

14. Policy implications of the process model of collective wrongdoing

14.1. Currently popular policy prescriptions for curbing organizational wrongdoing

The two most popular policy prescriptions for curbing collective organizational wrongdoing are governance reform and moral instruction. Governance reform entails specifying more numerous and more precise rules differentiating acceptable behavior from unacceptable behavior in organizations, devising more intrusive mechanisms for detecting unacceptable behavior, and administering more severe and consistent punishments when such behavior is detected. Governance reform can be instituted at the level of the organization; for example, by establishing codes of conduct, creating whistleblower hotlines, and incorporating legal, ethical, and socially responsible “performance” criteria in promotion decisions. Reform can also be instituted at the level of the economy; for example, by writing new legislation, augmenting government regulatory staffs, and using criminal law to sentence corporate wrongdoers.

Moral instruction entails educating people about the law, ethical principles, and norms of social responsibility as well as helping them to develop the skill to use these moral criteria to guide their behavior in organizations. I use the term “moral” in the broadest sense, to connote that which pertains to or is concerned with the principles or rules of right conduct or the distinction between right and wrong. Many believe that moral instruction should be conducted in schools of business, so that students enter work organizations with the proper internalized norms, values, and beliefs and with the skills needed to apply these moral ideas to real world situations. And many believe that moral instruction also should be conducted in workplaces, so that general legal, ethical, and social responsibility principles can be articulated in ways relevant to the organizational context. Some advocate that managers and employees participate in the articulation of codes of conduct, which specify the legal, ethical, and social responsibility distinctions relevant to the particular organizational context, partly because such participation can increase compliance to such codes.

The alternative approach to explaining collective organizational wrongdoing described here, which emphasizes the mindless and boundedly rational character of much wrongdoing, implies that these two most frequently advocated policies for curbing organizational wrongdoing are of limited utility. The belief that governance reform can curb organizational wrongdoing is based on the assumption that people engage in mindful and rational cost benefit calculations before embarking on a wrongful course of action. The belief that moral instruction can curb organizational wrongdoing is based on the assumption that people engage in mindful and rational normative assessments before embarking on a wrongful course of action. If mindful and rational cost benefit analyses and normative assessments are not the only causes of organizational wrongdoing, then an alternative approach to curbing wrongdoing seems in order.

14.2. Towards an alternative approach to curbing organizational wrongdoing

Brief et al. (2001) and Ashforth and Anand (2003) offer a number of policy prescriptions for curbing collective wrongdoing in organizations. Some of these prescriptions appear to emanate from those parts of their model of collective corruption that are rooted in the dominant explanations of organizational wrongdoing: the cost benefit calculation and normative assessment views. As a result, they tend to be consistent with, if not identical to, the currently most popular policy prescriptions: corporate governance and moral instruction.

For example, Brief et al. (2001) recommend that high level officials create a “sense of the imperative,” which entails establishing goals, providing means, instituting rewards, and offering task and socio-emotional support all in the hope of motivating employees to engage in legal, ethical, and socially responsible behavior. Ashforth and Anand (2003) recommend training employees in ethics, hiring experts who could advise employees when they confront ethical problems, monitoring and sanctioning the behavior of employees more consummately, establishing ethical audits, fostering active boards of directors, and instituting whistleblower hotlines to reduce the incidence of wrongdoing. Further, they recommend major organizational change efforts designed by outsiders when significant wrongdoing is uncovered.

Other of Brief et al.’s (2001) and Ashforth and Anand’s (2003) policy prescriptions, though, emanate from those parts of their process model of collective corruption that apprehend the mindless and boundedly rational character of much organizational wrongdoing. As a result, these prescriptions tend to depart from currently popular prescriptions of corporate governance reform and moral instruction.

For example, Brief et al. (2001), taking into account the fact that collective organizational wrongdoing often involves group interaction, consider research on small groups that indicates how minorities can resist the impact of majorities. For example, they counsel persons wishing to resist the influence of wrongdoers in their midst to not waffle, to exhibit flexibility, and to couch their opposition to the majority’s wrongdoing in terms that are consistent with the locally dominant value system. Similarly, Brief et al. (2001), consistent with their contention that collective organizational wrongdoing proliferates primarily through the chain of command and formal authority relations, explore alternative organizational designs that might reduce the impact of the chain of command and propose alternative authority norms. For example, they recommend that organizations employ designs in which employees report to multiple sources of formal authority, so that if one source of formal authority is corrupt its influence can be checked by other upright ones. And they recommend that organizations redefine formal authority relations so that dissent is not only permissible but is normative and constitutive of loyalty.

I think that we can draw on the alternative approach to explaining organizational wrongdoing more extensively than Brief et al. (2001) and Ashforth and Anand (2003) have already done, to develop policy prescriptions for curbing collective wrongdoing that are more far-reaching than those already offered by these two groups of scholars. At a minimum, it seems wise to devote attention to educating management students and managers about the processes through which otherwise, law-abiding, ethical, and socially responsible organizational participants can mindlessly and boundedly rationally slip into wrongdoing. At a maximum, it seems wise to consider ways in which organizational participants might become aware of the operation of those processes in their lives and develop skills at blunting their effects.

For example, as noted above, Cialdini (2001) identifies six types of social influence that can lead people to mindlessly embark on courses of action that they would otherwise not pursue. We have argued that these types of social influence can lead organizational participants to mindlessly become involved in organizational wrongdoing. At the conclusion of his elaboration of each type of social influence, Cialdini articulates defenses that people can use to blunt the

unwanted effects of these processes. For instance, Cialdini (2001: 196–199) suggests that people at risk of falling victim to the influence of an authority should take the time to ask themselves whether the authority is truly an expert in the matter at hand and whether the authority can be trusted to exercise his/her influence in a non-self interested way. If the answer to either of these questions is “no,” the person should reject the authority’s influence. Similarly, Cialdini (2001: 93–94) suggests that people at risk of falling victim to the influence of commitment processes should ask themselves whether they would initiate the course of action on which they have already embarked if they knew what they know now about the pros and cons of the course of action. Further, citing research on the temporal ordering of emotional and intellectual responses to experiences, he recommends that people trust their immediate answer to that question (before pressures to rationalize current behavior “kick in”). These defenses can be used by organizational participants who suspect that they are at risk of mindlessly slipping into collective wrongdoing as the result of authority relations or commitment processes.

15. Conclusion

We have extended Brief et al.’s (2001) and Ashforth and Anand’s (2003) process model of collective corruption in five ways. And we have illustrated our extensions of their model by drawing on thick descriptions of actual instances of collective organizational wrongdoing. Finally, we have briefly considered the policy implications of the expanded process model of collective wrongdoing. We hope that other scholars will take up this project where we have left off, just as we took up the project where Brief, Bertram, Dukerich, Ashforth, and Anand left off. We suspect, though, that future researchers will face a significant barrier if they do so—the propensity of skeptics to perceive in each thick description the operation of mindful, thorough cost benefit calculations and normative assessments.

When I began reading the thick descriptions upon which I drew in this chapter, I vacillated between two states of mind: (1) being convinced that I was witnessing alternative mechanisms through which otherwise law-abiding, ethical, and socially responsible employees and managers became involved in collective wrongdoing and (2) worrying that the thick descriptions could be more parsimoniously explained by the operation of hidden mindful, rational cost benefit calculations and normative assessments that lurked beneath the surface. And as I have presented this research in academic settings, I have observed many seminar participants similarly flipping back and forth from one point of view to the other.

I suspect that the dominant explanation of wrongdoing is so engrained in our minds that it is easy to see it operating in any situation. And I suspect that the dominant explanation has become engrained in our minds for two reasons. First, the fundamental attribution error causes us to seek the explanation for organizational wrongdoing within the individual, rather than within the social context in which the individual is embedded (Nisbett & Ross, 1980). As a result, we tend to assume that organizational wrongdoers have engaged in some mindful, rational calculation or assessment that leaves them positively disposed to doing wrong. Second, the data that we use to draw inferences about the causes of organizational wrongdoing tend to be generated by people who embrace the cost benefit calculation and normative assessment explanations. The authors of books and magazine articles about wrongdoing craft their stories so that they feature good guys and bad guys, because this conforms to popular literary conventions. And prosecutors and plaintiff attorneys interrogate perpetrators and witnesses to wrongdoing with the desire to uncover bad intent, because the criminal code associates bad intent with guilt and the civil code associates it with punitive damages. Thus researchers seeking to uncover the mindless and boundedly rational underpinnings of wrongdoing face an uphill struggle. We think, though, that this uphill struggle, like many uphill climbs, will allow us to reach a vista that is well worth the effort.

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