

Creating a Corporate Pirate Code: an Empirical Study of Corruption Rationalization

Rationalization of corruption relieves oneself from moral imperatives. It comes from the concept of moral disengagement, the cognitive misperception that some inhumanity or immoral activity is not wrong nor against the moral principles of the agent. In a society ruled by power and profit as primary goals, justice and moral values are put aside by rationalization. The literature defines eight categories of corruption rationalization. However, they are empirically understudied due to the difficulties of acquiring qualitative reliable data of corrupt agents. The research question that underlies this study is: How corruption perpetrators rationalize corruption? We aim to empirically explain these mechanisms but also understand how organizations can foster or prevent corruption rationalization. To achieve these goals, we conduct a content analysis of the testimony of 5 Odebrecht executives, a large Brazilian construction company, who plead guilty to an international corruption scheme. These executives describe and deconstruct the rationalization approach they used to commit the crimes over the years in plea bargains. They also create their own moral code, similar to a pirate code, they are bounded by twisted values. There is empirical evidence for all eight forms of rationalization. Moreover, executives in different hierarchical levels use different mechanisms, impacting its organizational prevention. Finally, the analysis demonstrates how schematic corruption led to the creation of a pirate code, “moral codes” within the corrupt structure. **Keywords:** Corruption; corruption rationalization; moral disengagement; organizational culture.

1 Introduction

Justice was the main value for humanity moral construction according to Kohlberg (1987) and Piaget (1997). However, it is not a consensus in corporate culture, where profit often overpowers justice and create a narrow corporate responsibility based organizational interests (Banerjee, 2008) and ultimately creating necrocapitalism (Banerjee, 2009), in which accumulation comes from the exploitation of life. While these values come first inside the organizational word, justice and other moral values are left aside or at least lose their guiding position to profit and power. While corporations are expected to operate within moral and socially acceptable parameters, these values are not the core aspect of their functioning. In this context, individuals are led to rationalize their actions (Devinney, 2009).

Rationalization of corruption is the reasoning that creates excuses for wrongdoing (De Klerk, 2017). Is the act of relieving oneself from moral imperatives, gaining ethical distance (Zyglidopoulos and Fleming, 2008). It creates stories and outputs that compensate for the wrongdoing. It can be seen as a way of creating identities and beliefs (Ashforth and Kreiner, 1999). Those corruption studies have identified it as a psychological process that helps corruption continuity. Rationalization of corruption is an unconscious mechanism that gives redemption to corruptors from immoral activities. Is the creation of narratives that explain acts against moral codes (De Klerk, 2017). This mechanism leads to ethical distance and brings the individual further away from his values and pushes him closer to make the corruption act and be used to it, in a continuum of destructiveness (Zyglidopoulos and Fleming, 2008).

Personal conceptions of right and wrong depend on the moral compass of each individual (Brei, 1996; Granovetter, 2004). Yet, when individuals are surrounded by different values, they act to comply and to be recognized or they can perceive the injustice

and resist the wrongdoing opportunity (Zyglidopoulos and Fleming, 2008). By rationalizing corruption, individuals are reshaping their identities. This process can have two outcomes: The individual who belongs to a corrupt organization, feels guilt and blow the whistle, or can rationalize and become corrupt (Zyglidopoulos and Fleming, 2008). In this sense, when people act against their moral values, in a systemic corruption scheme, they are participants in a group of people that do the same. And as the recognition approach states, social belonging also acts as a form of validating those acts (Honneth and Farrell, 1997). In a culture where corruption is normal, people accept the way things are (Nelson, 2017).

Rationalization of corruption comes from the concept of moral disengagement defined by Bandura (1999). Moral disengagement is the cognitive misperception that some inhumanity or immoral activity is not wrong or against the moral principles of the agent. The agent believes that his immoral actions are not harmful and construct excuses and beliefs to support the decision of doing it. Moral disengagement leads to the perpetration of inhumanities and relieves the perpetrator from feeling guilt.

De Klerk (2017) continued Bandura's (1999) work with corruption crimes and defined rationalization categories and unconscious motives to do it. However, his work remained theoretical with little empirical advancements. Johnson and Buckley (2015) also launched a set of propositions about moral disengagement of unethical behavior in organizations, they call for more empirical studies for moral disengagement to see how it affects unethical behavior and how it contributes to the collective construction process of wrongdoing. Therefore, we aim to continue this work by empirically investigating the rationalization of corruption action. Also, we add to that idea the confrontation of rationalization by the actors who will face charges and plea guilt of their crimes.

The research question that underlies this study is: How corruption perpetrators rationalize corruption? We aim to theoretically contribute in three ways: (1) advancing the knowledge of corruption rationalization with empirical data for the previously stated categories and unconscious motives, (2) contribute to the argument that modern organizations incentives this rationalization, and (3) understand how the rationalization can be deconstructed once corruption is uncovered and investigated.

To achieve these goals, we will analyze the collaborations of 5 executives of Odebrecht, a large construction company, who plead guilty in an international corruption scheme uncovered by operation carwash. These executives made plea bargains and during their testimony, they describe and deconstruct the rationalization approach they used to commit the crimes over the years.

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