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Collective corruption - how to live with it:

Towards a projection theory of post-crisis corruption perpetuation

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Collective corruption - how to live with it:

Towards a projection theory of post-crisis corruption perpetuation

Abstract

This article draws on social psychology to explore the unconscious cognitive processes allowing for perpetuation of collective corruption in organisations in the aftermath of crises. In particular, we argue that, when faced with the cognitive dissonance produced by exposed collective corruption, and having to choose between changing behaviour or changing cognition, projection theory provides support for the latter. Thus, we identify the role of projection theory in overcoming cognitive dissonance in groups by projecting blame on to their leaders while continuing practices of corruption. These insights contribute to our understanding of perpetuation of collective corruption in organisations as well as at a societal level.

Key words: collective corruption, collective, crisis, attributive projection, social psychology

Introduction

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4 This paper concerns the spread of corruption in organisations, following important
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6 insights provided, *inter alia*, by Zyglidopoulos & Fleming's (2008), Greve and
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8 colleagues' (2010) and Smith-Crowe & Warren's (2014). However, it extends this
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10 body of work by tackling the 'how' question –how organisations engage in the
11
12 vicious cycle between unravelling and perpetuation of corrupt behaviour. We suggest
13
14 that, where conscious rationalisation processes fail to justify corrupt behaviour,
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16 another type of rationalisation processes intervenes -unconscious processes such as
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18 that of attributive projection. Indeed, like Gabriel (1992) and de Vries (2004) in this
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20 journal, we are 'putting organisations on the analyst's couch', recognising that
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22 organisations can develop pathologies (like corruption –e.g. Gabriel 1992, Yolles and
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24 Fink 2013) just like individuals can.
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32 Unconscious dynamics, typically used to explain psychological pathologies of the
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34 individual within a clinical perspective, can be suitably argued to provide compelling
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36 explanations for plural agency (e.g. Yolles and Fink 2013 a, b, c). In this paper, we
37
38 employ Yolles's work on social cognitive processes (ibid.) and de Vries's (2004)
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40 concept of social defences, in particular that of attributive projection, to understand
41
42 how corruption is maintained in the aftermath of crises. Attributive projection is a
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44 defensive mechanism used by the collective to deal with the increased level of anxiety
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46 experienced in the face of a social crisis. The concept is used here in its Freudian
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48 sense: as a process through which a unitary or a collective agent attributes its
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50 unwanted thoughts and feelings to another unitary or a collective agent in an attempt
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52 to reduce or eliminate stress (Yolles, 2009). As such, it may act as a catalyst to
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54 accelerate the rate of change when this is necessary for the social collective to return
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6 to an acceptable psychological equilibrium. We illustrate this process through
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9 examples from the Romanian and Greek administrative contexts below.

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On the 30th of October 2015, a fire blast in a Bucharest night club, *Colectiv*, leaves 64
dead and 150 injured, but also prompts one of the most intense collective actions
against a head of government in Europe. This collective action focuses on the
overthrow of the individual leader - the prime minister - perceived to be linked to
what is magnified to be a situation of endemic corruption throughout the Romanian
administrative system. A few features are of particular interest in this case. First, the
prime minister was never directly linked to the causes of this alleged systemic
corruption. Secondly, the night club accident could only indirectly be related to the
corruption in the health and safety regulatory system. Finally, the virulent anti-
corruption public drive ended almost immediately after the government fell. This is a
vexing case, but far from unique. A similar case emerges from Greece: in April 2014,
a random accident in the *Happy Fun* amusement park, caused by a sudden gush of
wind, leads to the demise of an Athens municipality's mayor. A child dies while
inside an inflated plastic ball which has been thrown from a swimming pool onto a
nearby busy road. The public would not rest until the mayor resigns on allegations of
systemic corruption in the municipality, specifically relating to the fact that the
amusement park has not passed the necessary health and safety checks, therefore
operating without a licence. Like the Romanian prime minister, the Greek mayor
could not be directly responsible for the accident, as corruption and unlicensed parks
existed before his mandate and continue to exist after his demise. The two cases are
intellectually challenging and thought provoking, as well as offering an opportunity to
explore theoretically the links between collective and individual guilt when collective
corruption is exposed.

1 Adopting a psychology perspective, we argue that groups engage in unconscious
2 rationalisation processes, which are activated when facing cognitive dissonance, such
3 as that experienced in the aftermath of a preventable crisis. Such events prompt
4 reflection on the behaviour contributing to the crisis, as well as on the cognition about
5 that behaviour. If the behaviour is so widespread and engrained into everyday life,
6 such as corruption is in some cultures, it cannot be easily abandoned. Furthermore,
7 not to change cognition over issues which are perceived to be normatively wrong
8 (Torsello & Venard, 2016), like corruption, cannot be rationally justified.
9 Unconscious cognition seems to be the only way forward to overcome cognitive
10 dissonance and social psychology offers some insights into these unconscious
11 processes. It is through such processes that we explain the perpetuation of corrupt
12 behaviour in organisations and society at large.
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30 In order to theoretically engage with these issues, we proceed as follows. First, we
31 narrate the *Colectiv* and *Happy Fun Park* cases, to set the scene and bring clarity to
32 theoretical arguments made later in the paper. Then, we draw on theory to unpack the
33 issues illustrated through the two cases. Within this, we explore the literature around
34 corruption in individual and groups, we look at sense-making and scapegoating
35 occurring in crisis aftermaths and we draw on social psychology theory to further
36 illuminate the cognitive processes associated with the perpetuation of collective
37 corruption. The analysis and discussion link these strands together, addressing the
38 ‘how’ question of corruption perpetuation. The implications are far reaching for both
39 theory and practice and are expanded on in the concluding section.
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The Colectiv Story

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4 This is a perplexing case: it appears to be about an accident causing massive loss of
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6 human lives (64) in a business setting, yet the accident is attributed to widespread
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8 corruption in a whole nation, and on these grounds, it is seen to have contributed
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10 directly to the overthrow of the government accused of corruption.
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14 Romanians had been well attuned to corruption cases well before 2012, when Victor
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16 Ponta, leader of the Social Democratic Party (PSD), became prime minister. In point
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18 of fact, Eurobarometer corruption attitude surveys have historically placed Romania
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20 at the top of European rankings in terms of the percentage of the population being
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22 aware of corruption taking place, as well as in terms of the percentage of the
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24 population being involved in corruption themselves (European Commission, 2014). It
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26 is therefore difficult to argue that Ponta was the cause of systemic corruption in
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28 Romania during the time the incident occurred. And yet there was something about
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30 the accident at *Colectiv* which seemed to tip the scale of public perception in that
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32 unlikely direction.
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40 Looking at the event at the centre of the crisis, that is, the fireworks accident causing
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42 the *Colectiv* nightclub to burn down during a rock concert, one can argue that it was
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44 produced through a number of failings. Notably, outdoors fireworks were used
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46 indoors, regulations around fire-retardant materials were not complied with, one of
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48 the two exit doors was closed, and the club admitted a much larger number of people
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50 than they were permitted (CCPM, 2015). Yet in the aftermath of the crisis, corruption
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52 was identified by the public as the central issue underpinning the accident (e.g. Dudau
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54 2015, Tran 2015). At close analysis, however, only one aspect of this case could be
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56 linked to corruption, concerning the fact that the nightclub in question had a health
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1 and safety inspection on the very day of the fire and that the inspectors did not detect
2 the wrong building material being used in the club's ceiling (CCPM, 2015).
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4 Presumably, the inspectors failed to assess these issues due to a pre-existing
5 relationship with the club owners marked by petty corruption (Dudau 2015).
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10 What followed the crisis was rather surprising. Heated accusations on all media
11 channels, social media and on the streets of Bucharest reached alarming proportions.
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13 Corruption was at the heart of these accusations; if these started with night clubs'
14 owners and government inspectors, it soon extended, much like the fire in the
15 *Colectiv*, to comprise all business owners and all government agencies (Dudau 2015).
16
17 In a matter of days, the attention shifted from those directly engaged in petty
18 corruption to Romanian prime-minister Victor Ponta. Spontaneous demonstrations
19 filled the streets of all Romania's major cities days after the fire to protest against
20 systemic corruption at all levels of government, seen as having fallen into to a culture
21 of financially motivated and contagious sloppiness (ibid.). Ponta, after all, had
22 remained in power despite facing charges for fraud, tax evasion and money
23 laundering (Tran 2015). On the back of these street movements, the government
24 resigned on the 5th of November 2015. The protests ended that day and, before long,
25 public and political unrest settled (Ruscior 2015).
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45 While the story is complex and elements of it are unexpected, it has a few clear
46 features which can serve as illustrations of our arguments in this paper. To start with,
47 the overwhelming consequences of the accident undoubtedly provoked strong
48 emotions amongst the 'survivors', who may not have been there in the *Colectiv* night
49 club, but presumably felt that what happened there could have happened to them.
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51 These people felt like part of the same 'collective' as those who tragically died in the
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Colectiv night club, not dissimilar to how people in organisations feel about sharing the same context. Then, the protests which followed suggest a misbalance between the social behaviour which allowed the accident to happen (i.e., wide-spread corruption) and people’s cognition around that behaviour (i.e., that this is wrong because it can cost human lives). Thirdly, the protests also suggested that the blame for the wrongdoing was not theirs. While it was at first unclear who was at fault, it soon became the mayor, the government and the prime-minister. This is further evident in the fact that, once the prime-minister resigned, the social unrest ended (Ruscior, 2015).

A further example: *Happy Fun Park*

In like manner to the *Colectiv* case, the *Happy Fun Park* case provides another example of an isolated incident, alleged to be rooted in corruption. This, too, escalated into a crisis which eventually resulted into the demise of the mayor of the local municipality where the incident took place.

Similar to Romania, Greece has an international reputation for corruption. In the latest Eurobarometer attitude survey (European Commission, 2014), 99 percent of the Greeks surveyed reported that corruption is widespread in their country, with bribery and the use of connections for personal gain being identified as the main expressions of corruption in national public institutions. Furthermore, 63 percent of Greeks report that they feel that they are personally affected in their daily lives by such corruption. It’s therefore fair to say that corruption is ever present in the Greek society in general, and at the Greek national and local government level in particular. What appears to warrant special attention is not corruption itself - which appears to have historically

1 corroding social relationships between the Greek state and its citizens - but rather,
2 first, the extreme reaction to an isolated incident which came to be attributed to this
3 corruption, and second, the even more extreme consequences of this reaction.
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8 The *Happy Fun Park* incident pertained to the death of a 13 year old boy and the
9 serious injury of his 9 year old sister. On April 27th 2014, the two children had visited
10 with their parents the local *Happy Fun Park* in Elliniko, a local authority situated in
11 the immediate proximity of Athens. During the visit, the two children participated in
12 an activity which involved walking on water in a pool inside large 6ft inflatable
13 transparent plastic 'zorb' balls. An unexpected gush of wind reportedly threw these
14 balls up high ten meters in the air and back down onto a busy nearby road, where the
15 boy was hit by car (iefimerida.gr, 2014). Both children were eventually transferred to
16 the Children's Local District General Hospital Aglaia Kiriakou, where, according to
17 sources, doctors made every effort to resuscitate the 13-year old boy, who later on the
18 same day died from his head injuries. His 9-year old sister, suffered serious, but not
19 life-threatening, internal injuries in her lungs, from which she was able to recover
20 after spending a couple of weeks in intensive care (athensmagazine.gr, 2014).
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41 The day after the accident, police arrested two employees of the amusement park.
42 Then, the licencing authorities conducted a review examining whether the site was
43 authorised as compliant with all relevant safety regulations (athensmagazine.gr,
44 2014). The review revealed that the company behind the amusement park had never
45 applied or received licence for its operation. What is more, the inspection reports
46 submitted by the company were shown to refer to other facilities in other locations
47 and had in any case expired. When interviewed, Giannis Papadopoulos of the
48 company responsible for the inspection of the facilities, admitted:
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1 *"The facilities at Elliniko were never tested by us. All*
2 *inspection reports submitted by the company were for*
3 *other facilities and have expired. What we had checked*
4 *in Aspropyrgos was for different facilities than the ones*
5 *in Elliniko... to be honest, I think it is totally*
6 *irresponsible to operate any fun park game with winds*
7 *over 50 miles per hour."* (Giannis Papadopoulos,
8 interview to enikos.gr)
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10 A week after the accident, the two employees in police custody, together with two
11 company executives, were brought to court, where they were faced with charges of
12 gross negligence and involuntary manslaughter.
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19 What followed these events was a public outrage, expressed both through social and
20 through conventional media, focusing almost exclusively on the responsibilities of the
21 mayor and the local city council:
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28 *"The mere fact that a child died because the equipment*
29 *was not inspected and safety rules were not adhered to,*
30 *fills me with rage! How did the City Council and the*
31 *local Police miss this? They need to explain and*
32 *immediately brought to justice. They should be*
33 *ashamed of themselves, all of them!"* (Maria, post on
34 *enikos.gr, 2/5/2014)*
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39 The Greek press also mirrored these sentiments in their first-page titles: *"Great*
40 *liability of the Mayor of Argyroupolis-Hellenic Chr. Kortzidis for the death of the 13-*
41 *year-old"* (To Vima, 30/4/2014) and *"Shame! Amusement Park without Permit,*
42 *Mayor without Consciousness"* (Ethnos, 3/5/2014)
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49 Under extreme pressure from the people and the press, the Minister of Interior and
50 Administrative Reconstruction, Kyriakos Mitsotakis, ordered an urgent independent
51 review of the case, which was completed by the Board of Inspectors of Public
52 Administration within five days and submitted to the Public Prosecutor's Office in
53 Athens and to the Secretary General of Decentralized Administration of Attica
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1 (alfavita.gr, 2014). Within less than two months, the Secretary General, Manolis
2 Aggelakas, launched disciplinary action against the Mayor of Elliniko, who was asked
3
4 to stand down from his position with immediate effect (iefimerida.gr, 2015).
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8 At first sight, the incident could be attributed to a number of different factors, varying
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10 from an unforeseen natural phenomenon (the gash of the wind), whose effect could
11
12 have hardly been predicted, to the negligence or greed of the park's owner who
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14 avoided payment for licencing, to the lack of monitoring mechanisms on the part of
15
16 the City Council that should have known about the operation of an unlicensed
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18 amusement park in the area. None of these, however, could explain the public outrage
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20 targeting exclusively the mayor, the demonstrations in different parts on the city of
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22 Athens, the extraordinary high pace of damaging media reporting of unrelated aspects
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24 to the incident, as well as the relentless pressure by political analysts in traditional and
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26 digital outlets about the responsibilities of the mayor, who soon came to be seen as
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28 bearing sole responsibility for these events.
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40 **Unpacking the issues...**

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43 These events are quite extraordinary in that they offer an unlikely illustration of a
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45 phenomenon so far overlooked by the corruption literature: the role of emotion
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47 regulation in management of corruption as systemic pathology (Yolles and Fink
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49 2013a). In investigating how emotion regulation allows for the perpetuation of such
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51 social pathology, we also get an unlikely illustration of what happens to collective
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53 corruption when the top of a corrupt organisation or collective is removed –this is
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important if we accept, as Smith-Crowe and Warren (2014) argue, that corruption is a top-down phenomenon. In the following sections we analyse these issues in turn.

Corruption: of the individual and of the collective

Corruption is one of those rare concepts which are as old as the world, widely debated in lay contexts, generally understood in scholarly circles, but which lack the fine graining required to meet its potential to cross-fertilise distinct and remote disciplines such as economics, psychology, anthropology, management, political studies, organisational studies and so on. Indeed our understanding of corruption, and of how people in organisations deal with it, is ever expanding.

Definitions of corruption vary, but they have a few features at heart. One is the distinction between public and private good and the corruption of the former by the latter (Bratsis, 2003). This definition led some to believe that corruption can only really exist in the public sector (Lennerfors 2010). A more sector-neutral definition of corruption is ‘abuse of power’ (Zyglidopoulos, 2016), undertaken by directly bending the rules or changing the rules to make one’s unethical behaviour easier in the future. Zyglidopoulos refers to these as ‘first order’ and ‘second order’ corruption, with the latter being largely invisible, if far more dangerous. This is because it can lead to top-down ‘collective’ corruption, initiated by top managers and politicians, people who have the resources and power to change the ‘rules of the game’ for personal gain.

This aspect of corruption, the misuse of position for personal gain (Anand et al., 2005), opens the debate around how such personal gain might be achieved: directly or indirectly. If direct benefits are well understood, indirect ones are slightly more

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difficult to pin down, therefore less visible. This is why wider definitions of corruption have come to equate it with wrongdoing, not necessarily for direct personal gain, but through indirect benefits. The widest definition of corruption is that of ‘impurity’ and it was put forward by Hindess (2001) reacting against dominant, yet narrow, economic perspectives on corruption (e.g., Rose-Ackerman 1999). Hindess’ (2001) definition is intriguing, because, first, it is devoid of economists’ normative stance on corruption (i.e., corruption is negative because it affects nations’ growth) and allows for more subtle interpretations, such as that corruption evaluations depend on standards of public life on which politicians, mass-media and public opinion disagree (Hindess 2001, Lamour 2011). Secondly, looking at corruption as to ‘damaging impurity’ brings up the provocative thought that eradicating that which is impure has historically not always been the right approach and that it could be argued to be ‘not necessarily bad’ in as much as it forces systems to adapt and develop.

Apart from conceptual clarity, the literature on corruption also suggests a shift in academic interest, from an individual level corruption to collective corruption. Indeed, the ‘bad apple’ theory of corruption resting on individuals being solely responsible for wrong doings has been counteracted in the literature by ‘bad barrels’ (Trevino & Youngblood, 1990) and ‘rotten orchards’ (Punch 2003) approaches. If the ‘bad apples’ theory claims that individuals engage in corrupt activities independent from each other (Trevino & Youngblood, 1990), according to ‘bar barrels’ theory, groups are pushing otherwise ethical individuals to be corrupt (Ashforth & Anand, 2003). Punch (2003) then goes one step further suggesting, through his ‘bad orchard’ metaphor, that sometimes it is not the apple, nor the barrel, which are rotten, but the system in which these are embedded (Punch 2003). ‘Bad apples’ emerge from ‘bad

1 barrels' and 'rotten orchards' as corruption is becoming normalised (Ashforth &
2 Anand, 2003) in given contexts (Zyglidopoulos & Flemming, 2008).
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6 On the assumption that corruption is dynamic and suits a process, rather than a static,
7 interpretation (Zyglidopoulos & Flemming, 2008; Smith-Crowe & Warren, 2014),
8 Staub (1989) speaks of a 'continuum of destructiveness': the journey on which ethical
9 individuals embark in lives in organisations and in society. Stations on this journey
10 include, for example 'innocent bystanders', 'innocent participants', 'active
11 rationalisers' and 'guilty perpetrators' roles (Zyglidopoulos & Flemming, 2008)
12 which individuals assume from their first interaction with a corrupt system to
13 becoming corrupt themselves. Zyglidopoulos and Flemming (2008) further maintain
14 that this transition process is catalysed by 'ethical distance' of individuals from the
15 outcomes of their actions. This underlines the tactics used in the army and in prisons,
16 and is developed through infamous psychological experiments of people acting
17 unethically when the objects of their actions are anonymous.
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36 This argument is similar to Moore's (2008) and Bandura's (Bandura et al. 1996)
37 'moral disengagement' through which subordinates comply with line management
38 requirements for immoral behaviour, or behaviour which would be considered
39 immoral outside the boundaries of their organisation. Neutral language often
40 promoted in organisations as a measure of professionalism facilitates disengagement
41 by sanitizing wrong-doing (see for example Ashforth & Humphrey, 1995; Tenbrunsel
42 & Messik, 2004). In doing so, it facilitates transition first from 'innocence' to
43 'participation' in collective corruption by having the wrong doing masked as
44 'business as usual' and then from 'participation' to 'rationalisation' by learning to
45 emulate the language to demonstrate belonging to the organisation and/or profession.
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In terms of the relationship between individual and collective corruption, the latter is seen to be a ‘top-down practice’ (Smith-Crowe & Warren, 2014), where the leader’s corrupt practices descend upon its subordinates. When the leader did not themselves introduce the practice, but perhaps came to power on the back of such practices, and as a reward for excelling in them (see Staub’s (1989) ‘continuum of destructiveness’ and Ashforth & Anand’s (2003) institutional forces towards corruption), then an interesting phenomenon can be observed when the collective denounces collective corruption by removing the leader but perhaps not making sense of their own corrupt culture. In its treatment of ‘scapegoating’ and of the difference between latent and active errors in organisations, the literature on crisis management offers further insights on this issue. This will be followed by an explanation fostered by advances in social psychology. These distinct bodies of literature provide the opportunity for conceptual enrichment of corruption in organisations.

The anatomy of a crisis

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The working definition of a crisis is that given by Smith (1990) to ‘operational crisis’ - a period of intense activity and confusion where ‘fire-fighting’ mechanisms are often employed in an attempt to recover as many organisational assets as possible. It also accepts wider interpretations in line with its Greek roots of ‘krisis’ identified by Antonacopoulou and Sheaffer (2014) to refer to ‘tensions that call for critical judgements, exercising critique, reflexivity, which would inform decisions reached and actions taken’ (pp.8).

1 Crisis aftermaths can provoke high emotional responses from the public due to the
2 'collision of the horrific with the 'ordinary' or 'innocent' status of the victim (Stanley
3 & Manthorpe, 2004). Such emotional reactions can be explained by the 'survivor's
4 syndrome' concept developed by Menzies Lyth (1989). This is the 'guilt' felt by
5 people for having been close to the accident without having noticed its incubation or
6 who have noticed its incubation but could not prevent its escalation into a crisis. In
7 this latter case, where there had been warning signs of the disaster and the process
8 continued to a full-blown crisis, the guilt is exacerbated and the survivor needs a new
9 identity and new ways of coping (Menzies Lyth, 1989). We argue that one way of
10 coping is by attributing blame. This is normally to an individual or a group of
11 individuals, which some literature refers to as 'scapegoats' (e.g. Smith, 1990). The
12 main issue in scapegoating is that it prevents organisations to learn from crises (ibid.).
13 What is less understood, however, in the crisis management literature, is the processes
14 through which scapegoating becomes detrimental to learning from adversity.

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35 The intention, whether individual or collective, after a crisis, is supposedly to prevent
36 similar ones in the future. This happens through organisational learning in the
37 aftermath of crises occurs through sense-making (Weick, 1988), which is reliant on
38 the analysis of both the trigger events of the crisis and, perhaps more importantly, the
39 underlying conditions which enabled these to bypass organisational defences. These
40 underlying conditions are normally cultural assumptions and organisational processes
41 built on those assumptions (Schein, 1985; Mitroff et al., 1989; Smith, 1990; Turner,
42 1976; Turner, 1978). Human error, normally visible through scapegoating in crises
43 aftermaths, and often referred to as 'the cause' in popular media, is conceptualised to
44 be little more than a trigger (Smith, 2006), the 'active' error enabling latent errors in
45 organisations to escalate into a crisis (Reason, 1990). Active errors are easy to
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1 identify, because they are visible, occur in a relatively short period of time and can be
2 linked to one individual or a group. Denouncing the unsafe acts of such individuals
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4 however does little for effective learning from crises (Smith, 1990), we argue, as it
5
6 shifts attention away from more enduring ‘latent’ errors.
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10 Deep learning, enabling change and indeed treating crises as opportunities for ‘safer’
11
12 organisations, are only possible if the invisible ‘resident pathogens’ or ‘latent’ errors
13
14 (Reason, 1990) are identified and understood. The distinction between active and
15
16 latent errors in the production of crises is similar to that between the ‘bad apples’ on
17
18 the one hand, and ‘bad barrels’ (Trevino & Youngblood (1990) and ‘rotten orchards’
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20 (Punch 2003) approaches to corruption on the other hand; indeed the last two
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22 metaphors depict corruption as based on more or less invisible institutional and social
23
24 forces in organisations and groups fostering corrupt behaviour from otherwise ethical
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26 individuals (e.g., Ashforth & Anand, 2003). The difficulty of avoiding going down
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28 that path, in practice, has to do with cognitive difficulty to pinpoint that which is
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30 invisible. This is because the incubation of crisis emerges from the routine process of
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32 work:
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41 *‘Many of those working within the organisation fail to*
42 *see the significance of the ways in which they do things*
43 *in terms of their impact on crisis generation; and the*
44 *routine of the processes at work are often also invisible*
45 *to those outside of the organisation due to lack of*
46 *information.’ (Smith, 2005, p.312)*
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50 This is how corruption becomes ‘normalised’ in organisations (Ashforth & Anand,
51
52 2003). Vulnerability is therefore embedded in organisations, as deeply as their culture.
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54 It follows that people in organisations walk on ‘paths to vulnerability’ (Smith, 2000)
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56 without realising it. As people’s cognitive schema plays a central role in framing and
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58 interpreting events (Smith, 2005), sense making, i.e., noticing the early signs, is
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1 problematic in organisations. Indeed, ‘people enact the environments which constrain
2 them’ (Weick, 1988; Smith, 2000). The implication of that is that *‘disastrous events*
3 *arise as by-products of normal functioning of larger managerial (...) systems’*
4
5 (Turner, 1994). In other words,
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11 *‘the regular processes of management, especially*
12 *around decision making, generate the conditions in*
13 *which controls are by-passed and the conditions for*
14 *incubation are established.’* (Smith, 2005, p.11).
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17 Therefore, there is a difference between ‘reacting’ to a crisis event and ‘learning’
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19 from the underpinning fractures which led to the crisis. The latter case rests on ‘sense-
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21 making’ processes (Weick, 1988) leading to deep learning and cultural change
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23 (Turner, 1978). In the examples discussed earlier in this paper, the overthrow of the
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25 leader (of the government, of the local council) may seem like ‘reacting’ to crisis,
26
27 given the narrow time span in which this occurred after the accidents. However the
28
29 leaders had little to do with the actual events. Instead, the public saw their leaders as
30
31 representative of the underlying conditions of the crisis, the endemic corruption in the
32
33 ‘collective’. Yet the fact that the blame was placed on an individual (the prime
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35 minister, the mayor) and their closest allies presents this as a case of ‘scapegoating’.
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section present an account of the cognitive processes through which that might have happened.

Projection theory: between dissonance and balance in social cognition

A social collective is defined as a structured collection of individuals among which has arisen a normative mind, seated in the *noumen*, and which operates in a way that may be distinct from that of the individuals that make it up. According to Yolles (2009), more or less coherent social collectives, like countries and enterprises, form durable structures and develop behaviour by virtue of the noumenal and existential attributes that they have. They are assumed to have a ‘collective mind’, which allows the social collective to behave as a singular cognitive entity. These ‘plural actors’, just like unitary actors (e.g., Fink and Yolles 2015), are subject to psychology mechanisms and conditions that are comparable to those of people and develop feelings such as anxiety, frustration and guilt. They then adopt collective psychological defences to deal with such feelings. These psychological conditions and subsequent responses are seen to be emerging at a lower level, by more elementary influences that arise from the collective’s participating groups or individual participants. In this sense, there is a broad relationship between the social psychology of the collective and the psychology of the individuals who compose it; as well as a pathology that leads to forms of abnormalities and dysfunctions that affect the way in which the collective functions as a whole, again similar to that of the individual (Yolles, 2009; Yolles and Fink, 2013a, b, c; Fink and Yolles, 2015). Pathologies are important to detect and understand in organisations because they lead to poor performance through poor management, procedures, communications and poor development of aspirations and motivation

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(Yolles & Fink, 2013a). These have a strong connection with emotions which are found to impact on efficacy (idem., Fink and Yolles, 2015; Gross, 2008).

In terms of how the ‘collective’ reacted after the two crises described earlier in this paper, the emotional reaction of the public in those aftermaths (e.g. Stanley & Manthorpe, 2004, Menzies Lyth 1989) could be explained through cognitive dissonance. This is the psychological state of stress or discomfort experienced when one holds two or more contradictory beliefs, ideas, or values at the same time; performs an action that is contradictory to one or more beliefs, ideas or values; or is confronted by new information that conflicts with existing beliefs, ideas, or values (Festinger, 1962). According to mainstream psychoanalytic theory, when experiencing a state of dissonance, a unitary (and, by extension, a collective) agent will be motivated to reduce this dissonance by (a) changing behaviour, (b) changing cognition, or (c) selectively acquiring new information or opinions which would allow to align the two. Such corrections are seen to allow the agent to establish - and re-establish, when necessary - psychological balance, and maintain prima facie contradicting values and behaviours over time (Heider, 1960).

Take the example of a citizen or a member of an organisation expressing the belief that corruption is an unacceptable and ethically reprehensible act; they can still engage in corrupt behaviour by either altering thoughts about the inevitability of corruption (e.g., has there ever been a society without corruption?); or by introducing new information about its extent (e.g., everybody at some point will inevitably engage in some form of corrupt behaviour) or its effect (e.g., corruption at the lower levels of society does not have the same impact as corruption at the top level of society).

Previous literature has categorised such psychological defence mechanisms as

1 compartmentalisation (McWilliams, 2011), typically used to alleviate the mental
2 discomfort and anxiety caused by a person's holding conflicting values, cognitions,
3 emotions and beliefs. Compartmentalisation facilitates 'doublethink', essentially
4 allowing conflicting cognitions and behaviours to co-exist by inhibiting direct or
5 explicit acknowledgement and interaction between separate compartmentalized self-
6 states (Leary & Tangney, 2011). Under normal conditions, such rationalisations allow
7 the (unitary or collective) agent to reduce cognitive dissonance while continuing to
8 exhibit the behaviour that is inconsistent with his values.
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21 Whether, however, such conscious psychological defence mechanisms can be
22 effective under more extreme circumstances is debatable. Occasionally, events
23 emerge in the face of which the information and subsequent cognitions produced are
24 so unambiguous (e.g. the catastrophic outcomes of a crises, marked by massive and
25 entirely avoidable loss of human life) that successful rationalisation is not possible for
26 the agent. An alternative might be changing the behaviour; yet both corruption and
27 crisis management bodies of research suggest that latent behaviour such as collective
28 corruption is normalised to such an extent, that it cannot be reversed through
29 rationalisation, and it cannot be changed at once any more than organisational culture
30 can. In such cases, the individual (or the public) may need to resort to alternative and
31 more or less unconscious defence mechanisms aimed at reducing dissonance and at
32 returning to a state of psychological balance. One of these mechanisms is that of
33 attributive projection.
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53 One of the core psychological defence mechanisms employed by both a unitary and a
54 collective agent (hence both by individuals and groups) is the ability to cognitively
55 project. According to Freud (1950), projection (more formally termed as 'attributive
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projection'), refers to the process through which an agent defends himself against his own unpleasant impulses or behaviour by denying their existence while attributing them to others. Similarly, Jung (1978) recognises projection as the process in which a perceived personal inferiority is recognised as a perceived moral deficiency in someone else. In projection, thoughts, motivations, desires and feelings that cannot be accepted as one's own are essentially dealt with by being placed onto the outside world and attributed to an external agent. This does not happen arbitrarily, but typically seizes on, and exaggerates, an element that already exists on a small scale in the agent to which the element is attributed (Freud, 1979), and tends to happen more at times of crisis, personal or political (Erikson, 1993). Projection, however, insulates and harms the agent who employs it, acting as a constantly thickening veil of illusion between the agent and the real world (Jung, 1969).

De Vries (2004) maintains that projection as a psychological defence mechanism can be observed in social collectives such as an organisation, or a department within an organisation, when members of these groups collectively deny or reject (and thus alter) an uncomfortable experience by imagining that it belongs to another group, thereby finding a way to deal - or, more accurately, to not deal - with unwanted feelings or thoughts with which they associate that experience.

A few aspects appear to be of utmost interest for the arguments put forward in this paper: that blame is projected onto a perceived 'other', in other words onto someone who is being regarded by the 'group' as out-group; that this projection exaggerates blame, rather than 'creating' it; that this unconscious process occurs more at time of crisis; and, finally, that in the longer term, although a coping mechanism, it is detrimental to the group involved in projection.

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4 **Analysis and discussion**
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7 The theory proposed in this paper is of corruption perpetuation in organisations due to
8 attributive projection. The tenets of this proposition maintain that, despite the
9 normalisation of corruption in certain contexts, cognitive dissonance occurs at times
10 of crisis but then quickly subsides due to the powerful forces of attributive projection.
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18 In the absence of projection, cognitive dissonance would represent a real opportunity
19 for behavioural change, however projecting the blame onto someone else is an
20 unconscious mechanism which allows for restoration of balance in social cognition,
21 allowing the -corrupt- behaviour to continue. This is particularly applicable to
22 corruption due to its perception as normatively wrong (Torsello & Venard, 2014) -
23 since projection theory is a defence mechanism of behaviour which is perceived to be
24 wrong. It is also applicable to crises, because the theory entails exaggeration (Freud,
25 1979) of someone's moral deficiency (the person onto whom guilt is projected) –so
26 the demised leaders are likely to bear at least some of the blame- which happens more
27 in times of crises (Erikson, 1993).
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44 At first glance, the *Colectiv* and the *Happy Fun Park* cases appeared to be quite
45 vexing: an accidental fire blast in a night club, and an accident in an amusement park,
46 respectively, are attributed to systemic corruption causing emotionally-motivated
47 public unrest which only settles with the overthrowing of the heads of the national,
48 and of the local administrative systems, respectively. We have taken the opportunity
49 of such puzzling yet not unusual cases, to interrogate our current understanding of
50 corruption, and to draw implications for management and organisations. In doing so,
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1 we resorted to theoretical lenses from social psychology and crisis management,
2 reaching a possible explanation of perpetuation of corruption in organisations.
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6 Indeed, the literature on corruption suggests that, despite being regarded as
7 normatively wrong (Torsello & Venard, 2014), corrupt behaviour can be normalised
8 (e.g., Zyglidopoulos & Fleming, 2008) to such an extent, that it becomes accepted in
9 organisations. Given the overwhelmingly widespread corruption revealed by the
10 results of the Eurobarometer survey (EU Commission 2014) in Romania and Greece,
11 corruption appears to be endemic in the society and its organisations. While we do not
12 have data about the process through which this has come to be the case, we assume
13 Anande's (2005) rationalisation processes to have led to the normalisation of corrupt
14 behaviour (Zyglidopoulos and Freming, 2008). The *Colectiv* and *Happy Fun Park*
15 accidents then pushed members of these administrative contexts to face the
16 consequence of this normalisation, arguably exposing the limits of those
17 rationalisation practices. The sheer sense of tragedy created a sense of collective
18 anxiety which then arguably prompted de Vries's (2004) social processes such as
19 projection theory, largely unconscious and directed at achieving emotional balance in
20 the collective. On this basis we argue that, when crises such as these bring conscious
21 cognition processes (such as corruption rationalisation) to a halt, unconscious
22 processes (such as attributive projection) take over.
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48 Crises are often said to provide learning opportunities in organisations (e.g.,
49 Antonacopoulou & Sheaffer, 2014) and such opportunities are linked with sense-
50 making which follows man-made disasters (e.g. Weick, 1988), emerging from a social
51 instinct of prevention. However, we argue that these sense-making processes go
52 against other, perhaps more powerful ones, of projection. The latter explain how,
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1 when a crisis tips collective consciousness out of balance, the collective projects guilt
2 on their leader in order to return to a state of equilibrium. This then can allow for
3 further rationalisation processes (as shown by Anand, Ashforth & Joshi, 2005). In
4 doing so, groups engage with Staub's 'continuum of destructiveness' (1989): they
5 continue corrupt behaviour, essentially perpetuating corruption.
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11 These observations apply to social groups at any level - i.e. of an organisation as well
12 as a nation- where collective dynamics is possible. Although the cognitive processes
13 discussed in this paper were originally conceptualised at the level of individual
14 psychologies (e.g., Freud, 1979), they were later adopted by social psychology (e.g.,
15 de Vries, 2004, Yolles 2009), where plural agency is seen as comprised of numerous
16 individual agencies (e.g., Fink and Yolles 2015).
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28 Social psychology lenses allowed us to explore what happens when conscious
29 processes of corruption rationalisation face the test of a crisis to which they have
30 contributed. Such adverse events exacerbate people's cognitive dissonance, offering
31 the opportunity to learn and reverse cultural and procedural crisis incubators –that is
32 the cultural determinants of corruption and the processes which may have come to
33 encourage it. However, as attributive projection theory maintains, such opportunity is
34 by-passed by the powerful and largely unconscious forces which neutralise the
35 dissonance between behaviour and cognition by projecting it elsewhere, for example
36 on an individual. What we imply is therefore that, often, the collective is nominally
37 unaware of being corrupt. This may, at first glance, seem to contradict Anand,
38 Ashforth and Joshi's (2005) thesis that corrupt collectives are generally aware that
39 they are normatively in the wrong. What we actually argue is that the collective is
40 using the rationalisation tactics described by Anand, Ashforth and Joshi (2005) to
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1 such an extent, that the ‘original sin’ covered by these tactics, becomes invisible, or
2 unconscious. Crises take these processes even further when the normative wrong
3 behaviour rationalised to stages of denial simply get attributed to a scapegoat,
4 bringing cognitive and emotional balance to the collective. Once this balance has been
5 restored, corruption can continue in the collective. There is a real paucity of research
6 on emotional regulation in management of systemic pathology (such as in
7 organisations and societies) and this paper speaks to this neglected area of research.
8 Moreover, it answers, however secondarily, a further question left ambiguous in the
9 literature: if organisational leaders influence, either directly or indirectly, corrupt
10 (Ashforth & Anand, 2003) and unethical behaviour (Schaubroeck et al., 2012),
11 through either first-order or second-order corruption (Zyglidopoulos, 2016); if, like
12 Smith-Crowe and Warren (2014) argue, collective corruption is a top-down process;
13 what happens when the leader is removed: does the corruption they engendered
14 continue, or does it stop? Our study of attributive projection in collective corruption
15 suggests that it continues.
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41 **Final reflections on theoretical and management implications**

42 We developed our argument by cross-fertilising existing research on corruption with
43 concepts developed in social psychology. Indeed, we have found this discipline to be
44 extraordinarily useful to conceptualising cognitive processes in which individuals and
45 collectives engage contributing to the perpetuation of corruption in organisations. To
46 start with, it is a robust theory which passed the test of time and has found
47 applications in numerous fields relying on human cognition, including education and
48 psychiatry. As the study of corruption advanced to include process theories explaining
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1 the development of corruption through processes of rationalisation (Anand et al.,
2 2005) seen by some to be prompted by emotions (Smith-Crowe & Warren, 2014), the
3 field appears to be ready to adopt frameworks of cognition. Future research could
4 make further use of social psychology and empirical investigations could inform such
5 research.
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12 In terms of theory, our choice of attributive projection is not the only one through
13 which corruption perpetuation could be explored - other theoretical frameworks refer
14 to dissonance reduction strategies such as those we describe in this paper (such as
15 believing in the inevitability of corruption, minimizing its impact, or
16 compartmentalizing self-states): Hirschhorn's (1990) splitting, projection and
17 introjection, Piaget's (1950) operational and figurative intelligence, subjection theory
18 (Lacan 1976, Roberts 2015), pluralistic ignorance (Miller and Macfarlane, 1991),
19 moral disengagement (Bandurra et al. 1996), social identity and self-categorization
20 theories (Hogg and Terry 2000). However, they do not go far enough in explaining
21 the social processes which occur during and immediately after crises, particularly
22 around scapegoating, which is what our examples in this paper so poignantly
23 described and on which the authors focused their reflection on corruption perpetuation
24 in large collectives.
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46 The practical implications of theory for management are complex. A projection theory
47 of corruption perpetuation does not paint an optimistic picture, therefore it is hardly
48 conducive to action. While suggestions for managerial practice need to be made with
49 caution, one central implication of our theory is that, at the corporate governance
50 level, boards of directors faced with organisational crisis as a result of corruption
51 exposure should be aware that removing the leader does not suffice in eradicating
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1 corruption in organisations. This is because scapegoating effectively enables the
2 perpetuation of collective corruption. This is not hard to imagine in the aftermath of
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4 successive episodes of unethical behaviour in organisations such as the RBS (Royal
5 Bank of Scotland) which has known two CEO changes in the past seven years, with
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7 little impact on the ‘blamed’ practice of bonus giving for under-performance.
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13 Predictions, rather than suggestions, may be easier to put forward on the basis of our
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15 arguments in this paper. To start with, the theory underlines that there are limits to
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17 conscious rationalisation of corruption behaviour. In organisational corruption, where
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19 corrupt behaviour is in line with organisational goals, we suggest that, even if this
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21 process is top-down, when the leader is removed, corruption is likely to continue.
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