Article

Administration & Society
2016, Vol. 48(5) 527–558

DOI: 10.1177/0095399713514845
aas.sagepub.com
SAGE

The Role of Power in Organizational Corruption: An Empirical Study

István Jávor[1] and David Jancsics[2]

Abstract

This article concerns the extent to which corrupt behavior is dependent on the organizational power structure and the resources available for illegal exchange. This qualitative study is based on 42 in-depth interviews with organizational actors in different organizations in Hungary. Four core themes emerged from the analysis of the interviews: (a) isolated corruption at the bottom, (b) the middle level's own corruption, (c) "technicization" when middle-level professionals and expert groups are used to legalize the corruption of the dominant coalition, and (d) "turning-off controls" when organizational elites intentionally deactivate internal and external controls to avoid detection.

Keywords

organizational corruption, power structure, Central and Eastern Europe

Almost all corrupt transactions have organizational aspects, as the participants are typically organizational members or have organizational affiliations. However we know surprisingly little about the forces that give rise to and sustain corruption within organizations. Most scholars assume that it is

[1]Eötvös Loránd University Budapest, Hungary
[2]City University of New York, New York City, USA

Corresponding Author:
David Jancsics, Department of Sociology, Graduate Center, City University of New York, 365 Fifth Avenue, Room 6112, Sociology Department, New York, NY 10016, USA.
Email: djancsics@gc.cuny.edu

very hard to study corruption up close, believing that those in the know will refuse to talk for fear of prosecution or retribution. Some researchers try to understand corruption by looking at cases that have previously been uncovered and prosecuted, but that strategy also has its problems: Cases that are uncovered by journalists or by the police or by fact-finding commissions rarely provide an insider's understanding, and may be biased by the political interests of the investigators (Vaughan, 2006).

Most research on corruption has tended to go down the easier route, and that means using survey research to capture the perceptions of a population about corruption in their society. These perceptions can be aggregated into "corruption indices" that can then be linked to macro-level variables such as economic development, the quality of legal institutions in the society, government size, and intensity of competition (Treisman, 2000; Venard, 2008). Such studies have their place, but they cannot provide us with a picture of how corruption works within organizations, or about who the players are, what their roles in corruption are, and so on.

These gaps in the literature, the lack of insight into how corruption evolves, inspired our research project. In this qualitative empirical study, we provide a picture of corruption based on interviews with people inside organizations, individuals who themselves have been corrupt or have dealt with others who are involved in incorrupt activities. Our data cover figures at all levels of organizations. The empirical research we report here was carried out in Hungary in 2010. We conducted 42 in-depth interviews with employees who were actually participating in corruption or at least had a very close and direct insight into the phenomenon. We talked to top executives, middle managers, professionals, and lower level employees in both state and privately owned companies and governmental organizations.

In this research project, we used the widely accepted definition of organizational corruption claiming that corruption is abuse or misuse of authority for personal, subunit, or organizational benefits (Anand, Ashforth, Joshi, & Martini, 2004; Sherman, 1980). This research did not begin with established hypotheses. We believe that inductively developed concepts and theory from rich data may contribute to the discovery of original and heuristic ideas. In contrast to this, testing logically deduced hypothesis often leads to only slightly modified versions of already existing theories (Charmaz, 2006, pp. 4-5; Glaser & Strauss, 1967). However, in our project we did not go in completely blindly. At the outset, we wanted to obtain a better insight into organizational corruption by collecting real and detailed cases of corruption. We were interested in factors such as hiding mechanisms and collusion that might contribute to "successful," not detected corruption.

Our interest in the role of resources emerged from preliminary interviews. We found that without access to organizational resources, corruption would not be possible, because different forms of organizational resources are what corrupt actors exchange illegally. Sometimes there is slack (Bourgeois, 1981) in an organization, surplus or unexploited opportunities in the system that might be marketable in corrupt exchanges. In other cases, corrupt actors create resources by squeezing the organization's formal operational structure, for example by lowering the quality standards or "milking" other organizational assets.

There is often some slack in complex systems that can be used for illegal purposes (Perrow, 1986, pp. 14-20; Schulman, 1989), and those firms with slack plentifully available have more alternatives to behave illegally than other firms with less slack (Baucus & Near, 1991). Here is one example. A middle manager in a sales department of a private firm in Hungary told us that he always finds slack in the system:

> You know, even if we are in the middle of the financial crisis and even if our German mother company is messing with us, I can take out a few hundred thousand forints [HUF] for myself in every month [illegally]. I think my boss knows about this but he just does not care because I bring much more money for the company. I can let my people in the department "deliver the numbers" for the Germans . . . and this is what matters.

But a resource can be anything transmitted from one person to another (Foa, 1976), and we discovered that the resources being exchanged are often not money; they took different forms such as decisional power over assigning benefits or influencing selection processes, providing restricted information relating to bidding procedures or to future plans, the ability to set up and legitimize organizational rules and values; control over accelerating, slowing down, delaying, or manipulating administrative processes; or informal contacts with other influential actors.

The allocation of resources in an organization is typically very unequal and often determined by power relations (Hills & Mahoney, 1978; Pfeffer & Leong, 1977; Rajan & Zingales, 2000). After initial interviews, we recognized that the forms and the amounts of resources that corrupt actors illegally exchange depend both on organizational actors' power positions and on their relations with others. Therefore, we refined our research question to study available resources in an organization and actors' power relations, two structural sources of corruption within formal social systems.

This article is based on an organizational power approach. Our power concept has three definitional elements. First, we agree with Dahl's (1957) power definition: "A has power over B to the extent that he can get B to do something that B would not otherwise do" (pp. 202-203). According to Dahl, the basis of one's power includes resources, opportunities, acts, objects that can be exploited to affect others' behavior. Second, as Bacharach and Lawler (1981) claim, "'Outcome' is an important implicit element of power. Power must be an impelling influence, therefore, power that is not impelling is not power at all" (p. 45). The final condition of our power concept comes from Pfeffer (1992) who argues that an important source of power is the "match between style, skill, and capacities and anything that is required in a situation" (p. 77).

Our main premise is that organizational actors' access to resources and opportunities depends on the persons' position in the power structure. Their power position also determines the actors' ability to influence and manipulate the allocation of such resources, the content of contracts, and other organizational data. We analyze organizational corruption through the lens of power relations. The opportunities to be corrupt vary among organizational levels. Different amounts and types of resources are available for illegal exchange for a top executive, for a middle-level manager, and for a low-level employee. Those who participate in corruption may use the organizational opportunity structure for individual, group, or organizational benefits. We argue that the sum of corrupt individual acts creates an institutionalized system of corruption within an organizational context.

The two main research questions we answer here are as follows: (a) What kinds of resources are used illegally at different levels of an organization? and (b) which mechanisms make corruption effective? Corruption is "effective" if corrupt actors can illegally siphon off organizational resources and extract considerable amount of profit from the transaction while they minimize the chance of being detected.

Theory and Background: Individual Versus Systemic Approaches

Greedy employees are often blamed for failing to resist temptation and for becoming corrupt. "Bad apple" theories suggest that individual greed, unethical behavior, and crude rational self-interest are responsible for organizational corruption (Trevino, 1986; Trevino & Youngblood, 1990). In this view, corruption is for private benefit (Aguilera & Vadera, 2008) and is typically a violation of an organization's formal goals. This is corruption against the organization. This utility-based model often views corrupt individuals as atomized human actors who do not have social relations with each other.

Because it overlooks systemic elements behind corruption, this greedy individual approach provides little explanation for how widespread long-term corruption remains invisible within an organization, to investors, business partners, regulators, and other external watchdogs. In contrast, a "bad barrel" view of corruption argues that organizational deviance and corruption are not exceptional individual events, but instead are systematic results of a complex combination of different factors, including environmental forces, organizational structures and processes, and individual choices. The "bad apples versus bad barrels dichotomy" was discussed by several scholars (Ashforth, Gioia, Robinson, & Trevino, 2008; Coleman, 1987; Pinto, Leana, & Pil, 2008; Wheeler & Rothman, 1982). From this second perspective, organizational systems and structure may facilitate or enable corrupt behavior. Corrupt behaviors may even be taken in accordance with organizational goals and thus the organization, not the individual, is the primary beneficiary of the illegal activities (Baker & Faulkner, 1993). Organizational structural features such as the division of labor, geographic dispersion, and the presence of specialized units ensure "structural secrecy," and provide opportunities to conduct corrupt practices invisibly (Vaughan, 1996, pp. 196-278; Vaughan, 1999). A meta-analysis reviewed 30 years of research on unethical decision in organizations and concluded that there are multiple facilitators of this complex phenomenon (Kish-Gephart, Harrison, & Trevino, 2010). Bad barrels, the ethical issue itself (bad cases), and bad apples play a role as well. However, the authors also claim that bad and good social environments ("barrels") created by organizations have especially strong influence on individual-level unethical decisions.

Corruption may become taken for granted and perpetuated in some organizations (Ashforth & Anand, 2003). When corruption becomes institutionalized, this means that stable and repetitive patterns of illegal activity emerge that are conducted by many people in the organization without much thought or reflection about the nature of their actions. The initial corrupt action is gradually embedded in organizational structures and processes. Thus, a deviant culture arises within an organization to tolerate collective corruption, and repeatedly enacted corruption becomes routine, an everyday mechanical action without the necessity for thought.

Actual strategies that are used by the actors and the relationship structures between participants constitute a relatively unexplored field in corruption research. We know little about what mechanisms are used to hide corrupt deals and how power dynamics shape the actors' behavior at different levels of organizational hierarchy. Using actual corrupt cases, this study is intended to provide some pieces for this incomplete puzzle.

Corruption From the Bottom-Up or the Top-Down?

A few scholars focus on the role of hierarchical levels within the organization in corrupt practices. Pinto et al. (2008) argue that an "organization of corrupt individuals" is a bottom-up phenomenon where individuals are the primary beneficiaries of corruption at the cost of the organization. This form of organizational corruption is manifested at the lower level or "periphery" of the organization and usually involves only internal actors. The opposite version looks at organizations that have been highly corrupt, and at corporate crime as a top-down phenomena where the organizational elite has embraced corrupt ways of doing business for its own clique's benefit or to benefit the whole organization. This latter type of corruption typically involves the "core" of the organization, sometimes with third parties or external actors.

Sometimes, top management teams can cause middle-level employees to become corrupt by setting unrealistic financial and sales goals that are not achievable legally, and then just turn a blind eye to the illicit means by which employees achieve them (Ashforth et al., 2008). The phone-tapping scandal in the British newspaper industry in 2011 seems to follow this pattern. In this case, due to the extreme rivalry in the media industry, journalists engaged in phone hacking and police bribery and did whatever it took to publish a story before the competition. However, there are also cases in which high-ranking corporate officials pressure their employees into illegal behavior. Refusal to engage in such corrupt acts would lead to negative sanctions from the executives. In this situation, middle-level actors participate in corruption because of fear. In contrast to this "crime-coercive" model, other, "crime-facilitative," systems (Needleman & Needleman, 1979) provide high incentives and opportunities, together with low risks, that encourage and facilitate middle-level employees' corruption.

When corrupt cliques are detected, middle-level participants may play a buffering role to "take the fall" and protect their bosses. These middle-level managers are more likely to be found guilty and punished more harshly compared with top managers (Baker & Faulkner, 1993; Jackall, 2010, p. 90). Clinard and Yeager (1980) found that most of the cases they studied of employees charged with criminal antitrust violations were middle managers. However, the senior management were often aware of these illegal activities. Although these scholars provide some interesting examples of corrupt practices at organizational layers, the literature still lacks a more detailed model about different organizational level's role in corruption. The aim of this article is to offer some explanations of this phenomenon.

Three Levels of the Power Structure

In organizations, power is omnipresent because "getting things done requires power" (Pfeffer, 1992). Actors at different organizational levels differ from each other based on their ability to control crucial resources and procedures and effect organizational outcomes (Mintzberg, 1979). Following this analysis, we distinguish between three organizational power zones, each with its own function in the firm or organization:

The Dominant Coalition

James Thompson (1967, p. 128) used the term *dominant coalition* to represent "the agents of social control" who are powerful enough to control other member's behavior and determine the operative organizational goals, which may differ from its manifest or formal goals. This elite group controls the critical organizational resources necessary to continue functioning, regulates allocation of resources, makes rules and strategic decisions, and enforces regulations (Pfeffer & Salancik, 2003, p. 48). This is also the level of an organization where politics is most evident, building pragmatic compromises among different interest groups within an organization. Only a well-established and relatively large coalition of the elite can ensure the survival of an organization (March & Simon, 1958). Although the dominant coalition mostly includes the members of the top management team, there may be some "significant outsiders" or figures at middle levels who can control critical resources and there are sometimes people formally at the top, who are not really part of the real organizational power elite.

The Middle-Level Mediator Zone

The middle-level mediator zone contains specialists, organizational professionals, expert groups, and middle managers. Although middle-level officials have some decision-making autonomy, the most important source of their organizational power is expertise. They maintain power because top-ranking actors are dependent on them for their skills and their access of certain kinds of information and organizational processes (Mechanic, 1962). Among their professional tasks, members at this level have another important role in the organizational power system. They transform the orders or directions of the dominant coalition into applicable form. Steers (1977, pp. 30-36) highlights elements such as measurement, goal displacement, vague motivation and rules, and so on that link actors at different organizational levels informally and influence the relationship structures, communication patterns, and interest games between them. They communicate the compromises of the elite, translating the language of power into the language of the formal procedures and executable actions. This middle level converts the results of power struggles among the elite into performance assessments, salaries, bonuses, and employee stock options (Jávor, 1988). We call this level the mediator zone.

Another function of this zone is to protect the dominant coalition against the outside influences. Problems and conflicts that arise lower down the organization do not get passed directly to the dominant coalition, but often get stuck (or are hidden) in this middle mediator zone (Steers, 1977). Because cooperation between the mediator zone and the elite is a part of the everyday organizational operation, the zone closely observes many activities at the top. Thus, the relationships between these two levels of an organization are based on trust and have a political as well as a technical aspect (Feldman, 1976). The basis of the middle level's power derives from its almost exclusive control over the technical system and over organizational boundaries as well as intermediate decisions of the organization; its special knowledge of law, economics, accounting, engineering, computing, and so on. The mediator zone has its own interests and power that provide considerable potential for maneuvering and making formal and informal bargains (Pearlin, 1962).

The Bottom Level

A third power zone encompasses the lowest level of the organization. It is relatively easy to measure the performance and control the activities of people at this level. Members of this zone have less room for maneuver or discretion because their performance is less abstract and esoteric. The actors here do not have influence over important decisions and cannot control critical resources associated with strategic goals. However, even at this level, members have some control over local technologies, information, and processes (Nichols & Armstrong, 1976).

Here the person's physical location in the organization may also be a source of some power (Mechanic, 1962). Those who work close to the organization's boundaries are able to control or affect transactions between the organization and the outside world. In these informal negotiations and deals with outsiders, street-level bureaucrats often neglect formal organizational goals (Blau, 1955). Others can accelerate or slow down processes, or operate machines, vehicles, and devices. Sometimes people at the bottom form coalitions with other lower participants and such acquaintances may give them the ability to control some organizational processes informally (Mechanic, 1962). This also gives them power that is used to make informal deals and reach compromises with managers (Gouldner, 1955). Such control opportunities over some slack can become sources of resources for corruption at this level.

The Hungarian Context

Despite their fairly developed market economies and democratic political systems, many post-communist Eastern-European countries are places where corruption permeates social life from big public contracts at one end of the spectrum to very small everyday exchanges at the other. Petty corruption is found in all manners of transactions in Hungary (Jancsics, 2013). However the central locus of this corruption complex is the remarkably high level of state redistribution. The state aid in Hungary (as a percentage of GDP) spent on economic development projects is among the highest in the European Union and such huge grants have produced a phenomenon called "development corruption" (Báger, 2011). In a recent report, Freedom House (2011), an independent global watchdog organization, estimated that 65% to 75% of the Hungarian public procurements are corrupt. Illegal campaign contributions also lead to profitable business arrangements with the government, which contributes to stable political corruption (Sajó, 2002).

In Hungary, the private and the nonprofit sectors as well as the public administration are highly politicized. There are many formal and informal ties between political parties and private and nonprofit organizations. From boards of directors to "old boy networks," institutions outside of the state nevertheless tend to align with one political faction or another. (Böröcz, 2000; Stark & Vedres, 2012).

Data and Research Strategy

Sample

We undertook 42 in-depth interviews with different organizational actors in Budapest between 2009 December and 2010 July. Thirty-nine interviews were conducted by the second author and three interviews by the first author. Corruption is a hidden activity. In our research, we used snowball sampling, a technique applicable when it is difficult to identify and contact the members of a target population. Snowball sampling is a process where each interviewed respondent suggests other respondents who may have knowledge relevant to the research project. Snowballing translates the trust that an interviewer has built up with one respondent into a "vouched-for" introduction to the next informant. Given the topic, this is a particularly suitable methodology.

We began by drawing an initial group of Hungarian organizational actors, a wide spectrum from low-level private firm employees to top executives of national governmental organizations. We had 10 initial starting points, a middle-level manager at the Ministry of Education, a CEO at Hungarian subsidiary of an international distributor, four investigative journalists, a former assembly committee member of a local government in Budapest, a founder-executive of a small company in the infrastructure sector, an economic policy adviser in the prime minister's office, and a painter at a public company. The Hungarian Chapter of Transparency International also helped arrange interviews. Using this approach, we very soon gained access to different organizational populations who were eager to be interviewed and also highly affected by corruption. Finally, we interviewed people at 4 national and 5 local governmental organizations, 5 state owned companies, and 13 private firms.

There are possible biases in this sampling method. For example, individuals may nominate others who think like them. In local and national governmental organizations, we tried to reduce the chance of this kind of bias by interviewing actors from different opposing political parties. However, in most cases we could not control this problem. Nevertheless, our sample is diverse and includes individuals from different sectors, forms of ownership, firm size, and organizational position. Table 1 summarizes the organizational background characteristics of all the respondents. About 29% were (national and local) government members, 19% were state owned firm members, and 38% were private firm members. As shown, 36% were top executives, 29% were middle-level managers or professionals, and 21% were lower level employees.

Interviews

We kept the first phase of interviews relatively broad, letting our interviewees "tell their stories." At the beginning of each interview we allowed our interviewees to spontaneously talk about corruption. We also asked them to tell us stories of corruption. From each of these informants, we elicited a catalogue of corruption, detailed instances of the corruption they had encountered or participated in during their organizational activities. We were interested in what is really happening in the black box. In an early phase of our research, we also obtained interviews with four investigative journalists who recently revealed the most serious and scandalous corrupt cases in Hungary. As a result of their exposure, several important Hungarian politicians and top executives were sent to jail in recent years. These journalists followed the "dirty money" through state owned and private firms and offshore companies. They searched at registry courts to uncover ownership structures and interlocking directorate networks of companies.

Table 1. Characteristics of All Respondents.

Organizational background	Respondents Number	%
State administration		
National government		
Top executive	2	29
Middle manager, professional	3	
Lower level employee	1	
Local government		
Top executive	4	
Middle manager, professional	2	
Lower level employee	0	
State owned firm		
Top executive	3	19
Middle manager, professional	3	
Lower level employee	2	
Private firm		
Top executive	6	38
Middle manager, professional	4	
Lower level employee	6	
Small enterpreneur	2	5
Investigative journalist	4	9
Total	42	100

Our interviews kept a fairly open framework rather than holding to a fixed sequence of standardized questions. Our interviewees were free to follow up or raise issues they found important. However the following questions were asked from all interviewees: Have you ever participated in corruption? If not, have you seen corruption close up? How did you get involved in a corrupt transaction? Can you describe the main phases of the transaction? What was your role in the transaction? What were the other (insider or outsider) actors' role in the transaction? What was the organizational status of the actors? Why was the organization unable to prevent and control corruption? Were there other organizational members who did not participate but have knowledge about corruption? Why did they remain silent about it?

Analysis

All interviews were audiotaped and transcribed. Finally, we transcribed approximately 63 hr of interviews that ranged from 50 min up to 2.5 hr each, with an average of about 90 min. Transcripts were coded by the second author, using Atlas Ti6 software, and the codes were reviewed by the first author. The disagreements on codes between the authors were resolved through ongoing negotiations. Finally, both authors agreed about all codes. The coding process was guided by the research questions. During the coding process, our main concern was to look for similar patterns of corrupt actions between and among different organizational settings.

We systematically compared each new corrupt case and its core elements with former ones, to decide whether it fitted in an existing category or represented a new one. During the research process, the authors arranged frequent meetings when they discussed the cases and the emerging categories and wrote theoretical and interpretative memos about the main themes. The data collection was partially controlled by the ongoing analysis and the developing concepts. In the meetings, we discussed the possible direction of *theoretical sampling* and, based on the available options, agreed about who would be the next interviewee in data collection (Glaser & Strauss, 1967, pp. 45-60). The interview questions were also influenced by our preliminary findings and slightly adjusted to each interview.

Our memos from the data collection period suggested that corruption has significantly different forms at different levels of the organizational hierarchy. Therefore, to organize the material, we sorted the text by organizational level (low, middle, and top) where the actual story happened. In the 42 coded transcripts, we identified 138 corruption cases, short stories about actual corrupt transactions. Only a few stories are well detailed; most are incomplete capturing some particular aspects of the phenomenon. Of the 138 cases, 25% of the stories took place at the lower level of an organization; however, it was sometimes more difficult to distinguish middle-level from top-level corrupt cases because of the overlapping involvement of these two levels.

The first cycle of coding was "process coding" (Miles, Huberman, & Saldaña, 2013, p. 75) focusing on actions and interactions in our corruption stories that explained how and why actors were able to avoid detection. This initial coding process was closely stuck to the data and here we consciously avoided using too abstract notions. This provided us freedom and openness to find new ideas instead of relying on others' earlier elaborated concepts (Charmaz, 2006, pp. 47-48). The second phase of coding was "pattern coding" (Miles et al., 2013, pp. 86-87) when we grouped our codes that described similar behaviors into more general and abstract units of analysis. It also reduced the large amount of codes into a much smaller number of categories. For example, the category of "Document Manipulation" that includes different corruption hiding techniques emerged from the integration of process codes such as *manipulating firm records, getting rid of personal data,*

Table 2. Core Themes and Categories.

Organizational power zone	Core theme	Category
Bottom	Isolated collusion	Isolated collusion
Mediator	Middle level's own corruption	Ad hoc deals
		Higher interests
	Technicization	Document manipulation
		Technological conditions
		Bureaucratic errors
Dominant coalition	Turning-off controls	Inside control deactivation
		Outside control deactivation

falsifying financial information, and so on. This second phase yielded nine larger categories.

In the final phase of our analysis, we synthesized our data and integrated the theoretical and interpretative memos and category systems into higher level of analytical meanings. Finally, four core themes emerged from this iterative process: (a) isolated corruption at the bottom, (b) the middle level's own corruption, (c) "technicization," and (d) turning-off controls. We use selected verbatim quotations in this article as examples to support our argument. The themes occur at different organizational power zones. Table 2 summarizes the major themes and the related categories.

Here is an example of how we created one of our core themes, "technicization," from our empirical materials. During the coding process, we realized that several forms of corruption refer to collusion between elite members and middle-level employees and the actors' joint effort to keep corruption secret constitutes an essential part of these stories. We also found that corruption hiding techniques such as document manipulation, technological conditions, and bureaucratic errors are closely related to middle-level experts' everyday organizational tasks. Then we understood that mainly the middle level does this "job" and hide illegal deals for the dominant coalition by manipulating documents, and hiding corrupt deals in technological conditions or bureaucratic errors. We concluded that all of these techniques are closely related to the organizational technology, normal organizational processes used to transform inputs into outputs. Therefore, we called this core theme "technicization."

The presentation of findings follows the three organizational power zones and reflects the main research questions considering resources they may illegally sell and how their corrupt practices are related to other levels.

The Bottom Level: Isolated Collusion

We found that, although actors at lowest level of an organization do not have influence over important decisions and cannot control crucial resources, they still can find or create slack and sell resources by accelerating or delaying organizational processes, playing with time, holding back information, or as several examples from our interviews suggest giving permissions or turning a blind eye to the small offenses. Ticket inspectors, parking attendants, policemen, gatemen, bus drivers, and "street-level bureaucrats" are the most typical of corruption at bottom. Lower level employees who often have to contact with outsiders are best able to participate in corrupt practices and sell local organizational resources. They can also exploit their knowledge about and control over locally used technologies. They manipulate machines, information, and administrative processes.

Our findings suggest that at this lowest level, small groups or cliques, rather than single individuals, are the primary beneficiaries of corruption. Knowledge about others' corruption can be used in informal organizational bargains. Corruption, even at the lowest level, often requires cooperation among two or more individuals. Of the 35 low-level corruption cases we collected, we found only 6 (17%) where one individual acted secretly without the knowledge of any other colleagues. A good example of pure individual corruption was a parking attendant, in a large shopping mall, who worked alone and "sold" parking spots for half price and pocketed the profit. However, when the illegal profit is higher and the activity is repeated, more sophisticated techniques are necessary and individuals have to cooperate and negotiate with others who see their wrongdoing. The following example from a cashier at a swimming pool in Budapest illustrates how actors manipulate technology (entry gates), collude, and share the illegal profit, and buy the silence of others with favors who know about corruption:

> The gatemen can hack the entry system. These guys have a special technique to keep the gates open with their leg and do not let it measure the number of visitors. When the customer brings a ticket, which is actually an electronic card, to the entrance gates the gatemen takes the card but does not scan it. So, the customer is not registered electronically either by the scanner and nor by the gate's mechanical counter. Then, the gatekeepers bring back the "unused" tickets to me and I resell them, but this time it is pure money for us. At the end of the day we share the "profit" . . . How would management know the actual number of the visitors a day? They really do not care if it was 3000 or 3100 . . . Only the swimming instructors know about our machinations but they are silent because we let their friends and relatives into the pool for free.

Although lower level actors often collude with their supervisors or immediate chiefs, the corruption here is rather isolated from the top levels of the organization. A CEO of an IT company, who often pays kickbacks in return for generous public tenders, even gave the following cynical opinion about corruption at the bottom:

> Who cares what they doing there . . . it is pathetic . . . they can probably steal some package of printer paper and that is it.

Corruption at the bottom is typically invisible to higher level managers. Conversely, low-level employees do not see either the "big organizational games" or the nature of illegal deals higher up in the organization either; however, through gossip, they assume the existence of corruption at higher levels of their organization.

The Middle Level's Role in Corruption

Our interviews suggest that in contrast to the lowest level corruption that is relatively isolated, middle-level actors and the dominant coalition are linked to each other in corrupt deals in many ways. Our data suggest that professionals and middle managers often assist in covering up the dominant coalition's illegal deals. A top executive of a private firm explained,

> Managers always need subordinates to conduct corruption. There are always people who assist their bosses in the dirty business. This is the part of their career strategy . . . They want to get higher in the hierarchy and will do anything for it . . . or also possible that they do dubious bookkeeping for their chiefs because this is the secret of the sheltered life in the organization. They think: I do what my boss told me and I do not care anything else.

The main resource that middle-level actors can bring in the illegal business is their expertise, their ability to hide informal deals in the formal processes. They carry out this "task" for the dominant coalition but they also sell this capacity for their own benefit.

"Technicization": Covering Up for the Elite

Several interviewees explained the middle's role in hiding illegal and corrupt deals that result from the elite's negotiations, often with outsiders. A middle-level manager in a Hungarian subsidiary of a multinational firm put this:

> Of course, they need the middle level because the elite simply do not have access to certain procedures and forms. It would be really odd to see our president typing a call for tender. I am sure, he can make the decision who would win but it is a long administrative process before somebody really wins the tender and signs the contract.

Our interviews echoed Needleman and Needleman (1979), who claimed that superiors use a mixture of coercion and incentives as tools to encourage subordinates to act illegally. The middle level often helps in corruption because of the danger of being fired. The most typical answers were as follows:

> If you are not willing to do it, your boss will find someone else who does it.

> They just simply told me to delete that record, if you disobey you play with your job.

> These subordinates fear, they just fear of their job. They dare not disagree.

> I am just a bureaucrat with a moderate salary. I often see what is happening but if I do not sign the documents I will be fired immediately. I just want to pay my mortgage . . . of course I close my eyes and shut my nose.

However, middle-level actors do not always cooperate because of threats. Many also engage in the elite's corruption because they count on some reward. Sometimes, rewards for illegal activities seem perfectly legal. We collected an anecdote from a manager in a financial department when the elite rewarded the middle level from the formal incentive system of the organization, for its passive cooperation (not reporting suspicious cases) in corruption:

> Nooo . . . do not tell me that if you are a manager in the financial department and see that totally irrational numbers on the contract that you have to put your signature on and you do not understand why those numbers are there. Of course you will sign it because they [top leaders] grabbed your balls. They know that you know. But it is also true that you can expect something extra in return. Nobody has to tell a word about anything. I have already seen many 'in return' things people got for closing their eyes, like brand new company cars, long weekends in resorts or paid internships for children.

The theme emerged from our data here is "technicization." The main goal of technicization is to hide an illegal or informal deal and present it as it was in accordance with the organization's normal operation, internal and external regulations and requirements. Organizational technology includes many different forms of processes used to transform inputs into outputs (Scott, 1981). We called this theme technicization because in our examples corrupt actors manipulated different elements of organizational technology such as engineering, economic, administrative, and legal processes. Technicization requires professionals who understand and control technology. The ability to manipulate the technological system provides middle-level experts bargaining power over elite members (Jávor, 1988; Pettigrew, 1974; Pfeffer, 1981).

Mainly middle-level professionals hide illegal and corrupt deals behind normal operation because they have access to and knowledge about organizational technology. Of the 138 cases we found, 32 (23%) involved the mediator zone converting illegal deals and decisions into technologically correct processes. Although the middle level do this work, the main beneficiary here is the elite. Technicization cases fall into three subcategories: document manipulation, technological conditions, and bureaucratic errors.

Document manipulation. The category of document manipulation integrates corruption hiding techniques related to middle-level professionals' ability to control the organization's administrative document systems. The middle level has direct access to organizational documents and enough discretion to falsify them. A manager offered this story:

> The new expat CFO wanted a maid in his house who would be paid by the company. We [department] hired the maid as a normal employee, so she was on our headcount. But this was totally against the company's policy. She could not appear on the headcount reports we quarterly sent to the mother company. She was in our inside records, but did not show up anywhere else. As with any other employee, she was originally on the bonus list, but the HR director told me to get rid of her from there. We had to cut these connection points, so that many people were told not to give her things that are automatically given when it is a new hire . . . for example, meal vouchers, company phone, computer, username and password, employee ID and access to the building . . . She was our virtual colleague . . . she was the boss' maid.

There are often hidden agreements in Hungarian public tenders because the leaders of the public administration and private organizations have already "fixed" who will win the tender even before the publication of tender documentation. However, the actors have to play out a show of following a seemingly legal selection procedure. The corrupt deal, and the rejection of competitors has to be transformed into tender conditions, technological, financial, and reference requirements. If done correctly, these seemingly technical requirements will allow only the "correct" (corrupt) applicant to win. An ex-middle manager in government who often formulates calls for tenders explained how to manipulate documents and "tailor" public tenders:

> If you publish a call for a tender legally, it is not easy to tailor it in order to favor your friends. Before tendering, you have to start a three to four month process. During this period, you are searching the small patterns in the operation of your friend's company which may become extra eligibility criteria of the tender. For example, the applicant must have employed four experts of a very special field between 2008 and 2010. You have to tread very carefully because you try to reduce the number of potential applicants but you must be protected also. You have to set up a sophisticated system of requests. Serious expertise is needed to tailor the tender documentation for your friend, because if it is a huge project you must publish it not only in the Hungarian Official Gazette but in the European Union too.

Technological conditions. Illegal deals can be also hidden behind technological conditions. Because the rationality of complex technological requirements in a contract can be assessed only by a few experts such conditions provide effective means to embed corruption in them. An interesting example of this category is a highly publicized scandal that was investigated by the Hungarian Public Procurement Council. The Arbitration Committee of the Council finally cancelled the results of the competition. This case is especially remarkable because the public party who "tailored" the tender was the National Tax and Customs Authority (NTCA). The NTCA published a public procurement for 100 company cars. The tender conditions stipulated the cars' engine capacity, the car's length, and the volume of the trunk. For example, the cars' required length was within 1.2 inch margin (4,490-4,520 mm). These parameters only met a certain German brand's cars. The required size of the trunk ousted a French brand, and the required length excluded another German firm from the competition. Some other brands did not meet the engine capacity conditions. According to the assessment criteria, the cost of the car weighted only 45% whereas the usual proportion in similar Hungarian public tenders is 60%. Because the price was less important, the company had to meet only the technological requirements and therefore it was able to win with a very expensive bid. This particular case was exposed because one of the ousted companies raised an objection.

Bureaucratic errors. The middle level is sometimes able to convert illegal practices into bureaucratic "errors." Here consciously conducted illegal practices are presented, as they were unintended errors of the organizational technology. This blurs personal responsibility and the intentional criminal character of the corrupt act. A local government member at a downtown district of Budapest described how private companies translate deliberate violations of building rules into accidental mistakes:

> Several historical buildings in Budapest are under "street view protection" which means that the investor must keep the frontage of the building in the original condition. Behind the front they can do whatever they want to. But keeping the front is extremely expensive and complicated. So, what happens in this situation? Usually the mechanical excavator or backhoe "accidentally" grabs the historical frontage. The investor's senior construction engineer then asks for a life-threatening verification for the building from the local government which requires them to demolish the whole building. They usually bribe the bureaucrat to get this verification quickly. They pretend that it was an unintended mistake but indeed they get rid of the costly frontage protection passage. Everything looks legal. Nobody is responsible for this but the driver of the excavator who will probably get an extra bonus from his boss.

The Middle Level's Own Corruption

This does not mean that only the dominant coalition uses the middle level to cover up and legalize its illegal activities. We found 21 (15%) cases when professionals and middle managers were the main beneficiaries of their own corrupt practices. We asked why the organization did not recognize these illegal actions. The answers revealed two related subthemes: ad hoc deals and higher interests.

Ad hoc deals. There are cases where the organization and the dominant coalition do not see the middle level's corruption because of sophisticated cover-up techniques, collusion, or structural secrecies. However, the resources that the middle level illegally sells are strategically more important than those at the bottom and it proves difficult to maintain corruption over a longer term without it becoming evident. Thus, these invisible actions tend to become ad hoc deals. We interviewed a bank clerk who permitted mortgage loans to people who were not entitled because of too low legal income or lack of job. Fake employer's certificates were provided by her friend and colleague who recommended the clients to the bank. She explained,

> There is a risk. If you are too hungry, sooner or later it will be conspicuous. But I make this kind of deal only when everything is perfect . . . and only with

> people suggested by my friend, it is just some little extra money a year, I think it is okay.

Higher interests. There are also cases when the dominant coalition becomes aware of corruption in the middle level but does not intervene. Sometimes organizations allow misconduct to continue because it is less expensive than intervening (Beamish, 2000). However, we found that the typical reason for this passivity is often the defense of higher level organizational interests. Sanctioning or disrupting illegal activities at the middle may cause a power imbalance and a threat to coalition at the top. This example was provided by a CEO of a private company with approximately 100 employees, where two top executives control the organization. Our informant explained a sensitive situation when he realized that another executive's assistant was corrupt:

> I get on well with him [the other executive]. We have been managing the firm together for 10 years. I know that his assistant is stealing too much and I hate that guy . . . Last year he [the assistant] arranged the firm's Christmas party and it was three times more expensive than the market-price. The costs were just ridiculous . . . So, he [the assistant] had the audacity to do this…but I will not go after him because it is not worth it . . . I do not need a conflict with my fellow CEO, we just run the firm too smoothly together to bother this relationship with petty cases.

Dominant Coalition

Organizational elites control crucial organizational resources. This high level of discretion allows them to informally reallocate such resources for private benefits. Hidden elite cliques or networks of people are often consciously organized to protect their members from detection (Baker & Faulkner, 1993; Raab & Milward, 2003). Two main mechanisms emerged from our data explaining how dominant organizational coalitions keep their machinations secret from internal and external observers.

Turning off Inside Control

Our findings suggest that organizational elites are able to deploy more sophisticated techniques to cover up corrupt practices than at lower levels. We found that the most important thing in successful corruption is to intentionally "turn off" all crucial organizational control mechanisms. There are several different forms of control mechanisms that should detect corruption in organizations. Control may focus on personal behaviors or outputs and may be transmitted through administrative or social/cultural channels (Ouchi & Maguire, 1975). There are also administrative internal mechanisms (compliance management, board of supervision, controllers, quality assurance, trade union, etc.) and external controls (regulatory agencies, police, court, public prosecutor, chambers, etc.).

Corrupt elites are able to "turn off" these control systems inside or outside the organization. The cliques encroach on control points or build informal ties to control points through corruption brokers. Finally, these informal networks constitute almost complete decontrol circuits in which each crucial control mechanism is deactivated (Jávor, 2008).

When the middle level legalizes corrupt transactions, it may also deactivate a control system by falsifying records and manipulating documentation or approving improper transactions. However, changing the division of labor, rules, processes, and routes of information into less transparent structures is also a form of control deactivation. In such cases, the elite intentionally creates structural secrecy. A chief financial officer of a public company told us this story about a new director who significantly reduced organizational control:

> Previously serious paperwork was needed to verify financial procedures. There was a protocol list that must be filled out by the director, the accountant, the engineers, and project managers to prove that the project was necessary. It was a one-page check list attached to each receipt with many signatures. Now, this item is totally missing. The new director just cancelled it. The reason for reorganizing these processes was not to create a transparent, straightforward, and regulated system. The story was about reducing control. Now, he [the new director] can pump money from the firm.

Control Deactivation at the Inter-Organizational Level

Organizational elites are sometimes able to create "professionalized" corrupt networks that link together different formal organizations such as private, nonprofit, and state owned firms; governmental institutions; and political parties. The investigative journalists we interviewed provided detailed descriptions of such networks. We collected 14 such cases. These sophisticated structures are intentionally designed by some top leaders. We found several cases in which the actors of corrupt cliques were able to reach detectives, judges, and prosecutors. Sometimes they "turn off" the control of the judicature when they are under investigation, but in other cases they use the police and prosecutors to investigate competitors, investigative journalists, opposition political parties, using false or real accusations. The central actors in these networks have meta-power (Baumgartner, Buckley, Burns, & Schuster, 1976). They have control not simply over individuals and over transactions within a given organizational structure, but over a wider social relationship network.

There have been scandals for years in Budapest about some parking companies. Citizens and investigative journalists accused them of unethical business practices, false parking tickets, more than suspicious links to politicians and political parties, and extreme levels of corruption. Despite these accusations, these powerful companies seem to be untouchable. A lawyer told us this story about a trial in which he defended his client against a parking company. The case well illustrates how powerful actors are able turn off external judicial controls:

> The parking company sued my client for unpaid parking tickets. The company's lawyer was not there, just me and the judge. The payable amount was 56 000 HUF but the case was ambiguous. The judge told me that she had to sentence my client at least to half of the amount otherwise the Court of Appeal won't agree with it because the parking company had bought all judges at the Court of Appeal. Ordinary people cannot win against the companies, they can do everything.

We discovered that an elaborate and time-tested corrupt network can be adapted to facilitate many corrupt deals; indeed, the network can be thought of as selling corruption services to clients as easily as a finished product. Actors who buy the services of a corruption network obtain a complete social system with trustworthy personal ties, corruption legalizer functions, and inactivated control mechanisms. There are no further costs of partner searching, trust building and problem management.

A CEO of middle-size local company explained us how local government leaders and local firms built a corrupt system in an industrial district of Budapest. In this example, each party brought its own network of corrupt actors into the business:

> These guys [at the local government] have standard prices. The deputy mayor, the notary, and the director of the Infrastructure Asset Management of the local government have the highest tariffs. Seemingly the mayor is not in this business, but he must know about it. So, for example, the director's nickname among the local companies is "Dr. 30%." If we [top managers of local firms] talk about Dr. 30% everybody knows who this guy is. You have to meet and make a deal with Dr. 30% in a Turkish bath. If you want to win a local public tender you have to incorporate the 30% into your price, invoice for 30% more, and give him the difference. You apply for the tender, but you have to bring in

> at least two other firms that will propose offers but not win the tender. They are your friends, they help you now, and you help them next time. The typical trick is that your offer will be ranked as the second best because its quality is good but it is too expensive. One of your friends will win the tender with a cheap offer but immediately he will declare a withdrawal from the project. Then the second applicant, you, will do the job. If you pay to Dr. 30%, you buy the whole tender with its all mechanisms. He guarantees the votes of the local assembly members to select your firm; he brings accountants and lawyers who will help you. He also has people to get rid of other 'hostile' competitors. Do not ask me how [laughing].

Discussion

Based on rich empirical materials, this study attempted to identify the main resources available for illegal exchange and the mechanisms that make corruption hidden in organizations. The analysis of 42 semistructured in-depth interviews revealed that different amounts and types of resources are available for illegal exchange at the three levels of an organizational power structure. In this study, we identified four major themes in organizational corruption. Table 3 summarizes the key findings of our study.

We identified *isolated collusion* at the bottom. Corruption remains invisible for the organization when the exchanged resources are not associated with major strategic organizational goals; therefore, the control mechanisms do not even perceive these illegal activities. This is especially true at the lowest organizational levels. People on the "shop floor" can sell resources illegally by cooperating with their colleagues and immediate supervisors. Their opportunity to become corrupt derives from their ability to control and manipulate local technologies, information, and processes. Structural position also matters. Those who work close to the organizational boundaries and have regular contact with outsiders have many more opportunities for corruption. Corruption at this level is possible because the top of the organization "does not care" about it. However these small local networks of corruption at the lowest level remain relatively undetected only until the losses reach a critical level.

Middle-layer experts' role in illegal organizational deals is a neglected area in the literature. Here we identified two patterns, *technicization* and the *middle level's own corruption*. The mediator zone's repeating (not ad hoc) corruption would not be possible without the elite's knowledge and tacit consent. Corruption at this middle level is possible because the dominant coalition is interested in it somewhat. The main resource that the middle level can exchange is based on its professional knowledge and control over the technical procedures. Middle managers and experts are able to sell technological

Table 3. Characteristics of Corruption at Different Levels of an Organizational Power Structure.

	Bottom level	Mediator zone	Dominant coalition
Main resources available to exchange illegally	Control over local technologies and processes	Professional knowledge: Creation and manipulation technical verifications, economic procedures, analytical data, legal schemes and contracts	Control over critical resources, regulations, strategic decisions, and large-scale contracts
Cover-up mechanisms	Collusion and cooperation with others, manipulation of local technologies, information and processes	"Technicization": transformation illegal deals and self-interest into formal and legal forms often for the dominant coalition	"Turning off" internal and external controls intentionally; telling the middle level to "technicize"
Linkage between the levels	Visible mostly to local colleagues and supervisors who often cooperate actively or passively	Without the informal permission of the elite corruption is risky for the middle	Dominant coalition needs the middle level's help to "technicize"; visible to the middle level who uses this knowledge in informal bargaining; penetrate informal dependences into the hierarchy up and down
Relation with external actors	Illegal business with outsiders but tend to be one-off relations	Regular relations with reliable outsiders	Professional inter-organizational corrupt networks
Effects on the hierarchical coordination	Do not use critical resources, do not bother the normal organizational functions	Increase both dependency and informal leverage of the middle	Corruption becomes a management technique; reduce the transparency and predictability in the hierarchy

verifications, economic procedures, analytical data, and legal interpretations for private or clique benefits. People at this level have esoteric knowledge to translate the intentional inactivation of organizational control mechanisms into exceptional mistakes, variances, ambiguous task definitions or inaccurate technological conditions, and seemingly correct documentation (Lozeau, Langley, & Denis, 2002). However, the elite's large-scale corruption wouldn't be possible either without the assistance of the mediator zone. In this study, we called the phenomenon of translation of the elite's illegal deals into the formal administrative procedures and technical data by midlevel actors "technicization" (Jávor, 2008). Because only the mediator zone can do this for the elite, the expertise of lawyers, bookkeepers, controllers, engineers, and economists becomes a marketable asset and these midlevel individuals will definitely sell this skill. The mediator zone "legalizes" and thus embeds corruption in the everyday formal procedures of the organization.

Organizational literature mentions cases when organizational deviance or misconduct, which serves the interest of organizational elites, is hidden into seemingly normal processes. This is somewhat similar to our technicization phenomenon. In the 1970s in the United States, a large drugstore chain initiated a computer-generated double billing scheme that caused huge costs for the government in Medicaid funds (Vaughan, 1983). In this case, organizational elite used middle-level computer experts to hide the fraud using high technology data processing. Another example is the scandalous case of two engineers who manipulated the technical results of F-10 bombers' brake system assessment process (Vandivier, 1978). Here the engineers also conducted this "technicization" for the benefit of the dominant coalition. There are also cases when public hospitals attempted to adopt private sector quality management programs in response to institutional pressure to obtain accreditation (Lozeau et al., 2002). Here, quality management effort was rather driven more by the need to satisfy the accreditation agency and the actors used false documentation to prove and legitimate the changes while the actual quality of care was not improved.

Knowledge about others' corrupt behavior may be used as leverage in negotiations and becomes a special management control technique. The dominant coalition sees the professional group's illegal machinations, the *middle level's own corruption*. The knowledge about each other's wrongdoing results in mutual dependence between the two groups but also provides bargaining power to them (Pfeffer & Salancik, 2003, p. 40; Smith, 1991). A bartender in a large discotheque told us his opinion about this interdependence:

> If you put your knife to someone's throat you can be sure that the other man will put his knife to yours too. It is true, the bar manager knows things about me, but I also know about his plays with those beer wholesale guys. So, we are both dirty. Conclusion? The chances of being caught are minimal . . . for both of us . . .

Middle-level professionals in corruption were often rewarded by the elite from the formal incentive system. They received a new company car, an extra bonus, or a sponsored vacation. However, earlier studies reported that tolerating corruption as "unofficial rewards" sometimes becomes a significant element of the incentive system (Banfield, 1975; Dalton, 1987). We also found that in return for its loyalty and help in top-level corruption, the organizational elite often tolerates illegal practices by midlevel personnel and allows this middle level to sell its expertise and knowledge for its own benefit

(Hansen, 1999). They are informally permitted by the elite to build their own client networks whose members will win tenders and become midsize suppliers to the organization. These mechanisms result in a politicized, sometimes terrified but loyal group of professionals and experts who are motivated by corruption. Therefore, corruption becomes one of the tools of managing with power (Pfeffer, 1993). In our cases power relations based on participation in corrupt exchanges often become an element of management practices. A marketing manager of a middle size IT company told us as follows:

> I control the whole annual media budget. I think this position is typically one where you can get back something in return for giving an order. You buy media for your company but it is not a concrete thing…a web page design, digital artwork or an advertising campaign. It is not like a pallet of cement. You have room for maneuvering with the prize and you can easily hide your share in it . . . For instance, I surrounded the company with small firms; firms of my schoolmates and best friends. I order the media from them and then they buy the real service from the real providers. I could not do this without the informal approval of my CEO. Yes I can earn real money, but I do favors for him. It is like he calls me in the middle of the night and says: I need 10 million HUF in cash tomorrow morning. And then, this is my job to squeeze this money out for him from somewhere the system and do the paperwork. Actually I am his cashier . . . "

The highest level of an organization —the dominant coalition—controls the most important decisions and organizational resources. These organizational leaders have the opportunity to informally sell the whole organizational operation (Weick, 1979). They decide who the contractors of the organization will be, and they influence contracts with others in the organization's social, economic, and political environment. Here, we identified two mechanisms used by the elite to "turn off" controls and thus hide corruption. Elites can intentionally "turn off" controls and build professionally designed inter-organizational corrupt networks that are market assets, because the fact that they are tested and reliable makes them cheap and less risky than pursuing business in a non-corrupt way. Thus a market for corrupt networks emerges. Exercising their networking power, elites are able to control almost all critical factors in the corrupt exchange systems.

We believe that it is hard to capture the complexity of organizational corruption with a single perspective. Different approaches cast light on different dimensions of the phenomenon. The viewpoint of this paper differs from the systemic view of organizational deviance in the way that our emphasis is not on normalization, socialization, culture, or motivation but rather on power structures and resource exchange. The "normalization approach" suggests that actors participate in corruption almost unconsciously because they do not see their behavior as deviant or wrong. This paper is based on an organizational power approach. Our empirical findings suggest that actors are clearly aware of other's corruption around them and use this knowledge in informal bargaining, blackmailing, threatening, and rewarding. They consider the possible risks, benefits, and punishments participating in corrupt games. They intentionally use their professional knowledge and positional power to alter the organizational structure to cover up corruption.

Based on our experience in this study, we can provide some suggestions about how to prevent or reduce corruption. We believe that the existence of three important conditions is necessary to launch successful anti-corruption programs in an organization. First, there must be some organizational actors who are interested in reducing corruption. These actors must believe that corruption represents a higher risk for the organization than the impacts that drastic corruption reduction efforts might trigger such as losing orders and tenders and the emergence power struggles among elites. Second, such actors should have enough power to initiate an anti-corruption strategy. This means that anti-corruption is only possible if a significant fraction of the dominant coalition supports it. Finally, such reformers should be willing to come into fierce conflicts with their colleagues who are the main beneficiaries of organizational corruption. Briefly, the organization's power systems should be radically restructured by elite members who are supportive toward corruption reduction.

There are some obvious limitations of our research. It represents a single case study. One might reasonably ask whether research findings based on a non-representative sample in Hungary can be generalized to other settings. Our view is that, at a minimum, research on corruption in the Hungarian context yields insights into various organizational aspects of corruption in that particular context. We also believe that our exploratory study has generated new ideas and conjectures for further research. The phenomena that we observed in Hungary may be present to varying degrees in other countries and cultures. However, further research is needed in different organizational, political, and cultural environments to verify whether these features really exist in other parts of the world.

Conclusion

This article addressed the questions of what kinds of resources are available to, and used illegally at, the different levels of an organizational structure and what mechanisms make corruption effective.

Our research indicates that organizational resources are crucial elements of corrupt transactions. Therefore, the working definition of this study should be completed with this "resource" component: Corruption is abuse, or misuse, of authority for personal, subunit, or organizational benefits by intentional reallocation of organizational resources.

The organization's formal and informal systems, its legitimate and corrupt activities, become twisted and embedded in each other. In the formal system, the organization seemingly functions well, and finances, motivates, monitors, and controls its members; however, the informal corrupt system can transform all of these processes and relations. This transformation is based on power relations that do not always reflect perfectly the formal hierarchy.

The findings suggest that the middle level has an important role in organizational corruption in two ways. First, this level acts as a buffer between the top and the lower levels. Professionals (lawyers, bookkeepers, engineers, etc.) and middle managers at this layer detect the lower levels' corruption but reduce its impact on the higher spheres of the organization. They convert the losses caused by illegal activities of low-level actors into justifiable legal costs. Thus the middle level "technicizes" corruption and embeds it into the normal operation. Second, the middle also has in important "top-down- buffer role" when it converts legal and illegal deals and decisions made by the elite, into numbers, processes, rules, technical solutions, and legally correct contracts. For example, professionals can manipulate public procurements by adding unnecessary technical requirement to the tender documentation. Here, "technicization" means collecting technical data about the "winner" company but not because they want to improve the technical quality of the tender. This activity is very similar to industrial espionage, gathering, analyzing, and managing information to find eligibility criteria applicable only to the "friendly" firm.

One of our main findings is that in organizational corruption, the top level often colludes with the mediator zone, middle-level professionals, and managers. Both parties use the opportunities in corrupt agreements available at their power level. Usually the dominant coalition makes the corrupt deal; however, without the help of the middle-level, top executives would not be able to manage the entire corrupt transaction. The top can deactivate several internal and external controls, but the middle elaborates the corrupt contract's technical, economic, and legal parameters. Through this "technicization," the middle level acts in its own interest.

Our article contributes to a better understanding of how and why corruption takes place in formal organizational context. The organizational power approach, emphasized in this paper, focuses on the opportunity structure of corruption. The question is not who benefits in corruption but rather from where the corrupt profit is extracted and who has opportunity to extract it. Corruption may have two main sources in an organization. First, the actors often use the available spare resources, the slack in the system as an exchangeable resource. Second, corrupt cliques can also "eat up" the technical quality and the goals of the organization. In the first case, corruption leads to corrupt culture and widespread informal relationships while the second case might result in lower quality standards and reduced efficiency and profit.

Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

References

Aguilera, R. V., & Vadera, A. K. (2008). The dark side of authority: Antecedents, mechanisms, and outcomes of organizational corruption. *Journal of Business Ethics*, *77*, 431-449.

Anand, V., Ashforth, B. E., Joshi, M., & Martini, P. J. (2004). Business as usual: The acceptance and perpetuation of corruption in organizations. *The Academy of Management Executive*, *18*, 39-55.

Ashforth, B. E., & Anand, V. (2003). The normalization of corruption in organizations. *Research in Organizational Behavior*, *25*, 1-52.

Ashforth, B. E., Gioia, D. A., Robinson, S. L., & Trevino, L. K. (2008). Re-viewing organizational corruption. *Academy of Management Review*, *33*, 670-684.

Bacharach, S. B., & Lawler, E. J. (1981). *Bargaining, power, tactics, and outcomes*. San Francisco, CA: Jossey-Bass.

Báger, G. (2011). Corruption risks in public administration. *Public Finance Quarterly*, *56*, 44-57.

Baker, W. E., & Faulkner, R. R. (1993). The social organization of conspiracy: Illegal networks in the heavy electrical equipment industry. *Social Problems*, *29*, 373-379.

Banfield, E. C. (1975). Corruption as a feature of governmental organization. *Journal of Law & Economics*, *18*, 587-605.

Baucus, M. S., & Near, J. P. (1991). Can illegal corporate behavior be predicted? An event history analysis. *The Academy of Management Journal*, *34*, 9-36.

Baumgartner, T., Buckley, W., Burns, T. R., & Schuster, P. (1976). Meta-power and structuring of social hierarchies. In T. R. Burns & W. Buckley (Eds.), *Power and control: Social structures and their transformation* (pp. 215-288). New York, NY: Sage.

Beamish, T. D. (2000). Accumulating trouble: Complex organization, a culture of silence, and a secret spill. *Social Problems*, *47*, 473-498.

Blau, P. (1955). *Dynamics of bureaucracy: A study of interpersonal relationships in two government agencies*. Chicago, IL: University of Chicago Press.
Böröcz, J. (2000). Informality rules. *East European Politics and Societies*, *14*, 348-380.
Bourgeois, J. L. I. (1981). On the measurement of organizational slack. *Academy of Management Review*, *6*, 29-39.
Charmaz, K. (2006). *Constructing grounded theory: A practical guide through qualitative analysis*. London, England: Sage.
Clinard, B. M., & Yeager, C. P. (1980). *Corporate crime*. New York, NY: Free Press.
Coleman, J. W. (1987). Toward an integrated theory of white-collar crime. *The American Journal of Sociology*, *93*, 406-439.
Dahl, R. (1957). The concept of power. *Behavioral Science*, *2*, 201-215.
Dalton, M. (1987). *Men who manage*. New York, NY: Garland.
Feldman, D. C. (1976). A contingency theory of socialization. *Administrative Science Quarterly*, *21*, 433-452.
Foa, G. U. (1976). *Resource theory of social exchanges*. Morristown, NJ: General Learning Press.
Freedom House. (2011). *Nations in transit 2011: Hungary*. Retrieved from http://www.freedomhouse.org/report/nations-transit/nations-transit-2011
Glaser, B., & Strauss, A. (1967). *The discovery of grounded theory: Strategies for qualitative research*. Chicago, IL: Aldine Transaction.
Gouldner, A. W. (1955). *Patterns of industrial bureaucracy*. New York, NY: Free Press.
Hansen, M. T. (1999). The search-transfer problem: The role of weak ties in sharing knowledge across organizational subunits. *Administrative Science Quarterly*, *44*, 82-111.
Hills, F. S., & Mahoney, T. A. (1978). University budgets and organizational decision making. *Administrative Science Quarterly*, *22*, 454-465.
Jackall, R. (2010). *Moral mazes: The world of corporate managers*. New York, NY: Oxford University Press.
Jancsics, D. (2013). Petty corruption in Central and Eastern Europe: The client's perspective. *Crime, Law and Social Change*, *60*, 319-341.
Jávor, I. (1988). *A hatalom szerkezete a válallatban*. [The Structure of Power in the Company] Budapest, Hungary: Közgazdasági és Jogi Könyvkiadó.
Jávor, I. (2008). A politikai korrupció szervezeti struktúrája. [The Organizational Structure of Political Corruption] *Társadalomkutatás*, *1*, 11-38.
Kish-Gephart, J. J., Harrison, D. A., & Trevino, L. K. (2010). Bad apples, bad cases, and bad barrels: Meta-analytic evidence about sources of unethical decisions at work. *Journal of Applied Psychology*, *95*, 1-31.
Lozeau, D., Langley, A., & Denis, J. (2002). The corruption of managerial techniques by organizations. *Human Relations*, *55*, 537-564.
March, J. G., & Simon, H. A. (1958). *Organizations*. New York, NY: Wiley.
Mechanic, D. (1962). Sources of power of lower participants in complex organizations. *Administrative Science Quarterly*, *7*, 349-364.

Miles, M. B., Huberman, A. M., & Saldaña, J. (2013). *Qualitative data analysis: A methods sourcebook*. Thousand Oaks, CA: Sage.
Mintzberg, H. (1979). *The structuring of organizations*. Upper Saddle River, NJ: Prentice Hall.
Needleman, M., & Needleman, C. (1979). Organizational crime: Two models of criminogenesis. *The Sociological Quarterly*, *20*, 517-528.
Nichols, P., & Armstrong, T. (1976). *Workers divided*. London, England: Fontana Press.
Ouchi, W. G., & Maguire, M. A. (1975). Organizational control: Two functions. *Administrative Science Quarterly*, *20*, 559-569.
Pearlin, L. I. (1962). Sources of resistance to change in a mental hospital. *American Journal of Sociology*, *68*, 325-335.
Perrow, C. (1986). *Complex organizations: A critical essay*. New York, NY: McGraw-Hill.
Pettigrew, A. M. (1974). *The politics of organizational decision-making*. London, England: Tavistock.
Pfeffer, J. (1981). *Power in organizations*. Marshfield, MA: Pitman.
Pfeffer, J. (1992). Understanding power in organizations. *California Management Review*, *42*, 29-50.
Pfeffer, J. (1993). *Managing with power: Politics and influence in organizations*. Boston, MA: Harvard Business Press.
Pfeffer, J., & Leong, A. (1977). Resource allocation in united funds: Examination of Power and Dependence. *Social Forces*, *55*, 775-790.
Pfeffer, J., & Salancik, G. R. (2003). *The external control of organizations*. Stanford, CA: Stanford University Press.
Pinto, J., Leana, C. R., & Pil, F. K. (2008). Corrupt organizations or organizations of corrupt individuals? Two types of organization-level corruption. *Academy of Management Review*, *33*, 685-709.
Raab, J., & Milward, H. B. (2003). Dark networks as problems. *Journal of Public Administration Research and Theory*, *13*, 413-439.
Rajan, R. G., & Zingales, L. (2000). The tyranny of inequality. *Journal of Public Economics*, *76*, 521-558.
Sajó, A. (2002). Clientelism and extortion: Corruption in transformation. In S. Kotkin & A. Sajó (Eds.), *Political corruption in transition: A sceptic's handbook* (pp. 1-23). New York, NY: Central European University Press.
Schulman, P. R. (1989). The "logic" of organizational irrationality. *Administration & Society*, *21*, 31-53.
Scott, R. W. (1981). *Organizations: Rational, natural, and open systems*. Englewood Cliffs, NJ: Prentice Hall.
Sherman, L. W. (1980). Three models of organizational corruption in agencies of social control. *Social Problems*, *27*, 478-491.
Smith, V. (1991). *Managing in the corporate interest*. Berkeley: University of California Press.
Stark, D., & Vedres, B. (2012). Political holes in the economy: The business network of partisan firms in Hungary. *American Sociological Review*, *77*, 700-722.

Steers, R. (1977). *Organizational effectiveness: A behavioral view*. Santa Monica, CA: Goodyear Publishing.

Thompson, J. D. M. (1967). *Organizations in action*. New York, NY: McGraw-Hill.

Treisman, D. (2000). The causes of corruption: A cross-national study. *Journal of Public Economics*, *76*, 399-457.

Trevino, L. K. (1986). Ethical decision making in organizations: A person-situation interactionist model. *The Academy of Management Review*, *11*, 601-617.

Trevino, L. K., & Youngblood, S. A. (1990). Bad apples in bad barrels: A causal analysis of ethical decision-making behavior. *Journal of Applied Psychology*, *75*, 378-385.

Vandivier, K. (1978). Why should my conscience bother me. In M. D. Ermann & J. R. Lundman (Eds.), *Corporate and governmental deviance* (pp. 81-101). New York, NY: Oxford University Press.

Vaughan, D. (1983). *Controlling unlawful organizational behavior: Social structure and corporate misconduct*. Chicago, IL: University of Chicago Press.

Vaughan, D. (1996). *The challenger launch decision: Risky technology, culture, and deviance at NASA*. Chicago, IL: University of Chicago Press.

Vaughan, D. (1999). The dark side of organizations: Mistake, misconduct, and disaster. *Annual Review of Sociology*, *25*, 271-305.

Vaughan, D. (2006). The social shaping of commission reports. *Sociological Forum*, *21*, 291-306.

Venard, B. (2008). Organizational isomorphism and corruption: An empirical research in Russia. *Journal of Business Ethics*, *89*, 59-76.

Weick, K. E. (1979). *The social psychology of organizing* (2nd ed.). Boston, MA: Addison-Wesley.

Wheeler, S., & Rothman, M. L. (1982). The organization as weapon in white-collar crime. *Michigan Law Review*, *80*, 1403-1426.

Author Biographies

István Jávor is an associate professor of sociology at Eötvös Loránd University, Budapest. His research focuses on many aspects of power relations in organizations, including decision-making process, political influence, and illegal organizational activities. His current research focuses on hospitals, judicial institutions, and governmental organizations.

David Jancsics recently completed his PhD in sociology at the Graduate Center of the City University of New York. His research interests include organizational deviance, corruption and informal practices, social and political changes in Central and Eastern Europe, and elite groups. His dissertation examines how people at different organizational and social class levels view and deal with corruption in post-communist Hungary.