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How Organizational Structures, Policies and Practices Trigger Corruption

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ABSTRACT

Organizational corruption results in dismantlement of the entire structure, resulting in inefficient decisions and implementations. We examined how corruption is being triggered by the embedded organizational structure and policies after interviewing more than 40 individuals from both blue & white collar employees in both private & public sectors. We argue that corruption is not only practiced for private gains, but there are situations where an individual is bound to get tangled in routinized corrupt activities due to embedment of irrational structural background and processes, emphasizing on an important point that the overall system needs to be strengthened to eradicate corruption in a different dimension.

Introduction

The phenomenon of corruption has gained an immense importance in recent times. Corruption can be described as an abuse of entrusted power for a private gain. Along its course, it hurts everyone whose livelihood or happiness depends on the integrity of people in a certain position of authority. Its devastating impact could sometimes be visible or invisible depending on the situation. For example a small shopkeeper weekly bribing a local inspector, or when politicians don't work for the benefits of general public but for themselves. Corruption by government officials or politicians is not just an envelope filled with money, these people make decisions that not just affect our lives, but could be the single biggest obstacle social and economic development of the country. We all know that corruption is a problem around the world, but how bad is it? What are the root causes of corruption? Moreover, what can be done to eradicate corruption? These are some of the important questions that are hardly ever taken into consideration.

The causes, mechanisms and outcomes of corruption have been studied on many different levels across many disciplines political, social, economic, and even in the managerial perspectives they are being deeply studied on individual as well as organizational levels; however scholars in the domain of corruption have ignored some major factors that may possibly trigger corruption. Could the answer lie in organizational structure, policies, process or practices? We will investigate and uncover the gaps in existing research under a similar topic, and propose models to justify how initially an external source is the most important factor that is triggering an individual to indulge in a corrupt activity. We will explain some policies and structure and how they are promoting corruption. There are studies conducted on corruption in Pakistan, but we will go one step further in highlighting the root causes that leaves an individual with no

choice but to remain under the shadow of corruption. The model initiates with the explanation of how corruption is normalized in an organization in Pakistan when it is institutionalized in an organization i.e. when the corruption is embedded in organizational structure and its procedures. Furthermore, it explains the rationalization in organizations that contains a self-serving ideology for justification of own wrong-doing, and gives additional value or support to their act even when they are indulged in a corrupt activity. Lastly, it explains the concept of new workers in organizations who are new to the structure and how the structure itself induces them to perceive corruption as a permissible act.

It is very important to bring out something unique in the research, for those gaps in the existing research are needed to be filled very carefully. With the passage of time new concepts, new technologies, new policies come in organizations, and they should be clearly analyzed before embedding them in their structure. According to the Corruption Perceptions Index published by the transparency international Pakistan has scored 126/174 in 2014 which is very high. So it was very important to conduct the study in a country which has been affected immensely.

Therefore, the main objectives of our study is to find out how organizational policies and their structures trigger corruption in individuals and present it in a way it can be used globally to eradicate corruption triggered by any organization itself. We will be targeting both private and public organizations to find out those policies and structures that need to be changed immediately. Furthermore, we will be conducting interviews with different industries to find out what their employees think about their policies that are causing problems.

Literature Review

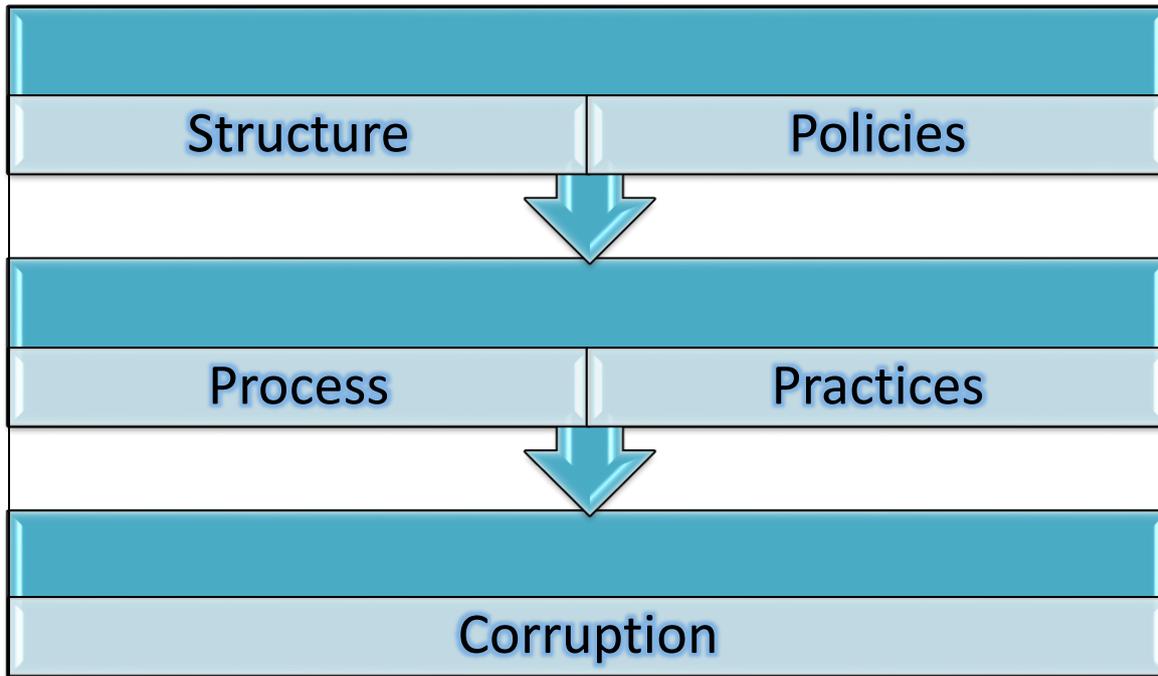
One of the difficulties in understanding the definition as well as the topic itself rises from the use of widely accepted definitions of corruption. According to Wagenaar (2007, p.1) corruption is defined as “Breaking the rules pertaining to a certain office, it can be defined economically, and it can be defined as acting against general interest.” He tries to describe corruption in what we can say, a three way process. Firstly, it could be public office-centered. Secondly, market-centered. Thirdly, public interest-centered. The first could be elaborated as the violation of the trust that public puts in officials. The market-centered way could be explained in a situation where an official considers his position of authority above his deliverables to the society and look for ways to maximize his personal gain at the expense of the public benefit. Lastly, the public interest-centered explains the violation of public or general interests of the society in order to find a way to cater for special interests that would directly or indirectly favor regulatory officials. In a similar way, Economist I.Senior (2006,p.19) defines corruption as “An action to secretly provide a good or a service to a third party so that he or she can influence certain actions which benefit the corrupt, a third party, or both in which the corrupt agent has authority.” These classifications of definitions merely fit in a specific corrupt event; otherwise these are not easy to understand for a lay man. These widely used definitions lack the essential generality that is to be analytically useful globally under all circumstances. Therefore, in order to fill this gap, we provide a basic definition for a basic interpretation of corruption, by incorporating our analysis done on the subject. We define corruption as any wrong use of authority or public power for private gain. Such a concept would be helpful in easy interpretation for everyone, and would cater a wide range of practices that could now be further fitted into and described under the prior definition. Although no one has ever composed a universal one line definition for corruption that would satisfy the entire lot, and we do not attempt to do so either, however a need has emerged to recognize and consider one simple definition of corruption covering all major dimensions.

Existing research shows a major dimension under which most of the corruption around the globe has always been observed i.e. Police department. There is a general consensus around the

world that police misconduct mostly results from three main factors: individual, ecological, and organizational factors (Ivkovic, 2009). Individual factors simply consist of police officers who are problematic and somewhat isolated from the organization and its structure. This is usually the case when initial screening out of unqualified officers has not been done, therefore they are the ones indulging in such corrupt activities later in their field, and ruining not only their own selves, but the entire organization as well. In this case the organizational structure in hiring the officers from the start should have been strict enough to prevent these unqualified individuals from joining the department. Although some aspects cannot be taken in control for e.g. when officers go rogue without any fault at the managerial end. However, some measures should be taken in examining the background check of an individual applying in a police department, they include previous job firings, discipline records, criminal history, driving records (Hoon Lee, 2007). Despite the measure being taken there still remain controversies in the structure and process that eventually results in an individual level corruption. The results by Knapp Commission (1972) show that in the most well organized, integrated, and efficient police force of the world NYPD the New York Police Department of the New York City had half of the officers involved in corrupt activities.

The Ecological factors originate from Mckay and Shaw's social disorganization theory (1942). These factors specifically highlight the causes of different behaviors under different characteristics such as residential instability, family issues, ethnic diversity, population changes, and economic status (Osgood & Chambers, 2003). These factors do not promote a healthy environment, instead they discourage the society from achieving shared values or other society related problems, which further results in social conflicts among community members and weakens the overall control of society. Therefore, under these irregular circumstances members of a society become fraudulent and crime bound.

Apart of the context explained above, police organizations are primarily responsible for the corrupt activities done by their officer. The organizational factors leading to corruption include cultural issues within the department and mismanagement of the entire department itself. In order to prevent the organizational factors resulting in corruption, the organization must clearly identify and communicate its goals and objectives, distribution of authority and hierarchical flowchart, efficient division of labor, good top-down bottom-up communication within organization helps in building an efficient and effective managerial structure.



Methodology

The data for the research will be collected using probing questions via interviews. Research type was qualitative in order to get inclusive and relevant data. Information was collected using primary source of data collection. The sample size was 40 individuals. It included employees of both public sector as well as private sector of different organizations consisting of all ages and all genders. The interviews included probing questions which are carefully designed to get the effective and desired response out of the employees. We approached both upper level and lower level employees in the organizations and ask them which policies and structures they think are triggering corruption in their organizations. Different questions were asked from employees during the interviews like how they can report regarding the policies which they think have a negative effect. They were asked to share some stories/cases in which any of their colleague misused or did not comply with the organizational policies. After discussing the cases it was inferred which policies should be changed? Interviewers were also asked about the structure of their organization and how that structure itself is responsible for corruption in a way. After collecting and filling data, it was studied and analyzed completely to examine different possible inclinations.

Results

The main objective of this research is to find out the dependency of corruption upon structures and policies used by organizations which includes both private and public sector of Pakistan. Different persons belong to different public and private organizations, and they have presented their view about it.

Review from various senior employees in ZTBL stated that according to them policies are correct but when it comes to implementation, it's the other way round. In most of the cases in public sector policies are implemented in different ways for different people, according to him what happens in ZTBL is when a person who joins an organization through some strong source, they are being treated differently compared to the other one who joins without any reference, their policy is to frequently promote the ones who join the firm with a strong reference. According to a senior member of the executive department of ZTBL the structure in public sector leads to corruption and policies are implemented according to the way they want to,

because it's a very common practice used by every person, mostly strong political parties or bureaucrats and they are not even held responsible for that. If we just look into the past historical trend of our politics, those parties who were elected during 1990s, they were dismissed due to some corruption charges. The one who gets involved into corruption, their corruption related cases are either cleared through some powerful source or it gets lined up for several years, which clearly shows that there is no implementation of anti-corruption laws in our country. According to our research, the phenomena highlights that most of the corruption is because of the organizational structure and policies and very few people practice it for private gains.

According to employees of NADRA, corruption takes place in public sector mostly, in some cases public sector workers are paid less which demotivates them and just to make their living better they start following the path of corruption, this is the reason that employees in Pakistan working in a public sector are less honest to their jobs. According to them corruption has been at a very high level in NADRA due to instability of organizational structure, their employees regularly indulge in bribery when an individual wants to get his/her work done regarding their national identity card, they pay them more money other than the fixed cost of the entire procedure, in order to get it done quickly, dismantling the entire organizational structure. This results in long queues of individuals waiting for their turn the whole day, who cannot afford to pay huge amounts of money.

According to the phenomena observed in our research, corruption also takes place in a public sector due to the selection of employees through some strong source or hiring is purely reference based instead of merit based, due to which the employees being hired are less skilled, and sooner or later they get involved in the corruption for personal benefits as well as due to the overall vague structure of organization.

One of the most corrupt departments in Pakistan is considered to be the police department, which is being mostly controlled by various political parties. The structure and the practices followed by seniors of this department is responsible for increasing level of corruption, each of the hired person is involved into it, their actions and decisions are controlled by political parties for personal motives. Some of the employees of police department stated that people who are having a strong position in any organization are prone towards corruption because they are provided with many opportunities to get involved into it. According to the data we have gathered from our source in police department, individuals in power in this department favor their relatives by the wrong use of their power, when they are being caught in an illegal activity. There is no role of monitoring the activities of these individuals who possess high power in the organizational structure. Another senior person from the Police department stated that according to their organizational policy the police officials are not paid daily allowances for working overtime which results in officials practicing bribery.

Looking into the private sector, a senior person from a private organization presented his view regarding the factor that causes corruption to occur. According to him structure and policies of a company incline in individual towards corruption more than anything else, and corruption being practiced at a senior level increases corruption at lower levels too. Although in private sector, employees are paid well, but most of them are involved in corruption to get higher returns from what they are earning. The higher level authorities are involved in further investing their money through illegal ways because they get better opportunities for example, in most of our sectors, the selling is done on a much higher price than the original price allotted by companies; people sell services and products to interested parties on a higher price to get more in return. When a similar interview was conducted with the employees of Bahria Town their main concern was regarding their salary structure. The senior workers are given regular bonuses and incentive for their good performance whereas lower level employees work on the same salary without any promotions and incentives. This demotivates them and forces them to

indulge in corrupt activities. Most of the private organizations of Pakistan have one main problem which was the foremost reason for people to indulge in corrupt activities i.e. Red-tapism. Red-tapism plays a huge role when we talk about people who are involved in corruption. Employees of Ufone and Telenor (telecom companies) stated that there a lot of strict rules and regulations. According to one of the senior executive of Telenor, if a person lower in the hierarchy wants to approve something from a senior person he has to go through many procedures. This takes a lot of time; therefore in order to get their work done quickly they incline towards an inappropriate path by bribing those in authority.

Conclusion

Corruption in Pakistan has grown a lot in recent years which is hindering the economic growth of the country. During the last decade, the political corruption has gained a lot of attention. There are many categories of corruption and the highest corruption that is commonly practices in Pakistan is bribery and fraud. The overall literature and the reviews from some of the major entities belonging to different private and public sectors suggests that the root cause of corruption is in policies, structures and historical traditions followed by the organizations. The trend of corruption is more in public sector as compared to private sector because of the use of old-school, traditional, and vague policies and structures. The implementation of anti-corruption laws could reduce the increasing level of corruption in Pakistan, but our political parties play a vital role in letting our officials lay these foundations.

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