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# The Social Psychology of Corruption

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## **Abstract**

This paper identifies and discusses a number of key sources of behavioral influence that contribute to the establishment and conduct of corrupt behavior in organizations. It first discusses basic models of decisionmaking behavior, such as Professor Daniel Kahneman's "System One and System Two" (i.e., behavior dependent on intuition and mental shortcuts v. deliberate behavior), and how those can apply in organizational settings. It then identifies some key modes of faulty intuition and mental shortcuts that are most likely to influence corrupt behavior. In doing so, it draws on key psychological and economic research findings and actual examples of such behavior in foreign- and domestic-bribery and corruption prosecutions and enforcement actions, including the Bank of New York Mellon, Hewlett-Packard, and Alstom cases, as well as other corporate cases such as the BNP Paribas sanctions prosecution. Those influence modes include the overconfidence effect, reciprocation, scarcity (particularly when enhanced by perceived rivalry for the desired good), consistency and commitment (especially the use of the "foot-in-the-door" effect), social proof (including the bystander effect and pluralistic ignorance), and confirmation bias. It then examines Professor Stephen Pinker's concept of "off-record indirect speech" as a structure of speech that can contribute to individuals' corrupt behavior. Here too, the paper draws on specific examples of relevant behavior in foreign-bribery and corporate cases, such as the Louis Berger International and BNP Paribas cases. It concludes with a discussion of how organizations might apply these findings to counteract these forms of corrupt-behavior influence, by explicitly identifying these forms in training materials and lectures and fostering a climate of "organizational safety," so that employees can both recognize corrupting-influencing behaviors and be encouraged to speak out about them.

## **Keywords**

Commitment, "foot-in-the-door", indirect speech, reciprocation, scarcity, social proof

## 1 Introduction

In discussions of corruption involving legitimate business organizations or government agencies, it is commonplace for scholars to refer either to “corrupt organizations” or “organizations of corrupt individuals” (Pfarrer et al. 2008; Pinto et al. 2008). While certain organizations may be so thoroughly infused with corrupt norms and behavior that they could be considered “corrupt” (Zapotosky 2016), this scholarly dichotomy is false. Organizations can consist of individuals who are not inherently corrupt or criminal, but who engage in acts that later are identified as criminal. As a leading scholar in social psychology, Professor John Darley, has written, “Some of the people who launch . . . corruption-initiating acts do not scrutinize these contemplated acts from an ethical perspective. Strange as it may seem, they do not see them as unethical” (Darley 2005).

Contrary to the belief of traditional economics that people behave rationally, consciously weighing risks and benefits in decisionmaking, a growing body of research in social psychology and behavioral economics demonstrates that decisionmaking is influenced by what Professor Daniel Kahneman has termed “System 1 and System 2”: intuitive decisionmaking that often relies on mental shortcuts “hardwired” into human behavior, as well as deliberative and controlled decisionmaking (Kahneman 2011). As this paper will discuss, people’s overreliance on faulty intuition and mental shortcuts, rather than innately corrupt natures, is what can lead them into condoning or participating in corruption. As Professor Darley stated, “Many of the actions that begin cycles of corruption are the products of the intuitive judgment system, which means that they are rapidly arrived at, less than consciously considered, and unintentional in their ethical dubiousness” (Darley 2005).

## 2 Faulty Intuition and Mental Shortcuts

This section identifies some of the key types of faulty intuition and mental shortcuts that can influence individuals into participating in corrupt behavior.

### 2.1 The Overconfidence Effect

One of the more fundamental biases that appears “hard-wired” into humans is the overconfidence effect: a bias in which a person's subjective confidence in his or her judgments is reliably greater than the objective accuracy of those judgments (Pallier et al. 2002). This effect has been documented in various studies to influence faulty financial and investment decisionmaking (Myers 2004). But it can also warp self-perception on ethical issues. Dean Nitin Nohria has written about “moral overconfidence” – the gap “between how people believe they would behave and how they actually behave”, which “tends to be most evident in high-pressure situations, when there is some inherent ambiguity, when there are competing claims on our sense of right and wrong, and when our moral transgressions are incremental, taking us down a slippery slope” (Nohria 2015). As various foreign-bribery prosecutions (discussed below) have shown, intense business negotiations for multimillion-dollar contracts, licenses, or concessions precisely fit that description.

## 2.2 Reciprocation

Reciprocation is another “hard-wired” and powerful behavioral influence that indicates “we should try to repay, in kind, what another person has provided us” (Cialdini 1993). Inherent in every business negotiation, it also can become an influence that individuals exploit to make individuals more susceptible to corruption, and later to sustain a corrupt relationship.

### 2.2.1 Example: United States Bribery Prosecution of State Legislator

In a 2015 corruption trial in the United States, a state coal-mine inspector testified that a state legislator “first offered him money in 2009 to help with his wife's medical expenses. Before long, tens of thousands of dollars were headed his way, [the inspector] said, and [the legislator] repeatedly told him, ‘If you'll help me, I'll help you’”; eventually, according to the inspector, the legislator arranged for about \$46,000 in bribes, and “gave the impression he would use his influence as a state lawmaker to help [the inspector's] career” (Cheves 2015).

### 2.2.2 Example: Bribery of South African Fisheries Enforcement Inspectors

Similarly, in a 2015 study of corruption affecting South African fisheries law enforcement, fishery inspectors explained how reciprocation is endemic in the process of corruption. One inspector stated that the fishermen “will give me fish. They are preparing your mind. They want to have a favor. They think, ‘tomorrow, you back me up [in tolerating fishing violations].’ . . . It is not a difficult choice . . . [and the following day] they will know if you are a guy who will fine them or be willing to build a relationship.” Another stated, “Many fishermen will ask you if you want money when they get caught [violating fishing regulations]. . . . The person first gives you a fish. Then you know they want something in return” (Sundström 2015).

## 2.3 Scarcity

Many business opportunities involve situations in which the opportunity is dependent on the availability of a key asset or resource that is available for a limited time or limited by its inherent scarcity (e.g., oil concessions). Scarcity, however, trades on our weakness for shortcuts (Cialdini

1993), particularly when, as Professor Jack Brehm has established, individuals perceive that their free choice of something of value is threatened, making them want the thing of value even more (Brehm 1966). In business negotiations, scarcity can become a malign influence on decisionmaking, as pressure to close the deal and concern for losing a scarce opportunity can draw negotiators into offering favors to improperly obtain or retain business. “Research shows that when we are under extreme time pressure, we are more likely to behave unethically” (Nohria 2015), and that likelihood may be increased by “loss aversion,” an unconscious bias that makes people weight losses more heavily than gains (Kahneman 2011).

### 2.3.1 Example: Hewlett-Packard Russia Case

Various recent foreign-bribery prosecutions provide ample evidence of the influence of perceived scarcity in fostering corruption, especially when corrupt officials directly or indirectly threaten loss of the business opportunity if the negotiating business does not accede. In the 2014 United States prosecution of Hewlett-Packard (HP) and certain HP subsidiaries for Foreign Corrupt Practices Act (FCPA) violations, records indicate that HP Russia officials sought a \$100 million project to automate the telecom/computing infrastructure of the Russian Prosecutor General Office, viewing it as the “golden key’ to open the door of huge business opportunities with other legal authorities” (ZAO Hewlett-Packard A.O. Plea Agreement 2014). When a credit manager asked an HP Russia manager why a particular intermediary company (in fact merely a pass-through company to facilitate bribery of foreign officials) was being paid an additional €8 million, the HP Russia manager lied about the services that the intermediary was providing, and another HP Russia manager emailed the credit manager that exclusion of the intermediary company could “lead to problems with HP participation in the contract” (ZAO Hewlett-Packard A.O. Plea Agreement 2014).

### 2.3.2 Example: Alstom Case

In the 2014 FCPA prosecution of Alstom S.A., a leading French power and transportation company, Alstom pleaded guilty to FCPA charges and agreed to pay a criminal fine for its conduct of a foreign-bribery scheme involving tens of millions of dollars in countries around the world, including

Indonesia, Saudi Arabia, Egypt, and the Bahamas (United States Department of Justice 2014). In connection with its efforts to bid on contracts for Egyptian power grid projects, several Alstom and Alstom subsidiary employees and supervisors sent emails expressing concern about the risks to their business if a particular so-called “consultant” (listed in court documents only as “Consultant H”), whose primary purpose was actually to pay bribes to Egyptian officials who had the ability to influence the award of the contracts, did not have his invoice paid. In one such email, an Alstom employee emailed several Alstom executives, “We have the visit today in Levallois of [Consultant H]. Still nothing has been done on this issue. Please inform me by return on the exact situation. We are in a bad position for all our other Businesses and thus we need urgent clarification” (Alstom S.A. Plea Agreement 2014).

### 2.3.3 Example: Avon Products (China) Case

In another 2014 FCPA case, Avon Products (China) Co. Ltd. pleaded guilty to charges stemming from the concealment of more than \$8 million in gifts, cash and non-business meals, travel, and entertainment that Avon China gave to Chinese government officials to obtain and retain business benefits for Avon China. In that case, an Avon China executive told an Avon internal audit team that Avon China executives and employees “could not record the names of government officials who were given gifts or entertained or the purpose of the gifts or entertainment because government officials did not want their participation in these activities recorded and that if AVON CHINA maintained such records, government officials would sever their ties with AVON CHINA, which would harm AVON CHINA’s business prospects” (Avon China Plea Agreement 2014).

### 2.3.4 Example: Bank of New York Mellon Case

In 2015, the United States Securities and Exchange Commission (SEC) entered an order stemming from its investigation of the Bank of New York (BNY) Mellon, which focused on BNY Mellon’s alleged creation of internships for three relatives of two officials of a Middle Eastern sovereign wealth fund. The SEC order stated that during the relevant time period the assets BNY Mellon held for the sovereign wealth fund totaled \$55 billion. According to the order, when the sovereign wealth

officials, “Official X” and “Official Y”, requested that BNY Mellon provide their family members with valuable internships, one BNY Mellon asset management account manager emailed that BNY Mellon was “not in a position to reject the request from a commercial point of view” even though it was a “personal request” from Official X, noting that “by not allowing the internships to take place, we potentially jeopardize our mandate with [the sovereign wealth fund]”. In addition, internal BNY Mellon documents reflected Official Y’s importance in making decisions directly affecting BNY Mellon’s business, stating that Official Y was “crucial to both retaining and gaining new business” for BNY Mellon (Securities and Exchange Commission 2015).

### 2.3.5 Example: Vimpelcom Case

In a 2016 FCPA resolution of an investigation into the Dutch telecommunications company Vimpelcom Limited and its Uzbek subsidiary Unitel LLC, Vimpelcom and Unitel pleaded guilty to criminal informations and agreed to pay more than \$795 million in penalties. The charges related to participation in a conspiracy to pay more than \$114 million in bribes to an Uzbek government official, to enable Vimpelcom and Unitel to enter and continue operating in the Uzbek telecommunications market. Court documents show that in trying to acquire an Uzbek telecommunications company, Vimpelcom considered both Unitel, then the second-largest operator in Uzbekistan, and Buztel, a much smaller operator (but one in which certain Vimpelcom management knew the Uzbek government official held an indirect interest). Minutes of a Vimpelcom Finance Committee meeting recorded that though some participants “identified the likelihood of corruption and expressed concerns,” certain Vimpelcom management explained that it was “more important to follow the political requirements suggested for entry into the market versus [the] questionable risk of acquisition of Unitel as [a] standalone,” and that Vimpelcom would be “in opposition to a very powerful opponent and bring [the] threat of revocation of licenses after the acquisition of Unitel [as a] standalone” (Vimpelcom Information 2016).

### 2.3.6 Example: BNP Paribas Case

Finally, the 2015 United States prosecution of BNP Paribas (BNPP) resulted in BNPP pleading guilty to criminal charges and paying a record \$8.9 billion in financial penalties for processing billions of dollars of transactions through the U.S. financial system on behalf of Sudanese, Iranian, and Cuban entities subject to U.S. economic sanctions from 2004 to 2012. This case shows that scarcity concerns can infect the judgment of even legal compliance staff. Documents relating to a Credit Committee Meeting of BNPP's general management showed that BNPP senior compliance personnel signed off on the continuation of the transactions, despite expressing a concern about BNPP's role in processing U.S. dollar transactions with Sudanese Sanctioned Entities. An email summarizing that meeting stated that "[t]he relationship with this body of counterparties is a historical one and the commercial stakes are significant. For these reasons, Compliance does not want to stand in the way of maintaining this activity for ECEP and [BNPP Geneva]" (BNP Paribas Statement of Facts 2014).

### 2.3.7 Scarcity and the Perception of Competition

A key exacerbant to the effects of scarcity on individuals' judgment is the perception that there are rivals for access to the scarce resource (Cialdini 1993). In the SEC BNY Mellon case, the SEC order stated that Official X "persistently inquired of BNY Mellon employees concerning the status of his internship request, asking whether and when BNY Mellon would deliver the internships. At one point, Official X said to his primary contact at BNY Mellon that the request represented an 'opportunity' for BNY Mellon, and that the official could secure internships for his family members from a competitor of BNY Mellon if it did not satisfy his personal request" (Securities and Exchange Commission 2015).

In a 2014 criminal FCPA case, Alcoa World Alumina, a subsidiary of Alcoa Inc., pleaded guilty to a criminal information and agreed to pay \$223 million in criminal fines and forfeiture, to resolve charges that it paid millions of dollars in bribes through an international middleman to officials of the Kingdom of Bahrain. In connection with the use of a "consultant" (listed in court documents as "Consultant A") to make corrupt payments to two Bahrain officials, a former Alcoa senior executive

with ties to Consultant A told two Alcoa World Alumina executives “that if they attempted to negotiate a direct contractual relationship between Alcoa of Australia and Alba, a state-owned aluminium smelter in Bahrain, rather than negotiate a supply arrangement through Consultant A and one of his companies, some or all of Alba’s business could be lost to another alumina supplier” (Alcoa World Alumina Plea Agreement 2014).

## 2.4 Commitment and Consistency

Another widely recognized mental shortcut involves individuals’ dedication to commitment and consistency with past behavior. “Once we have made a choice or taken a stand, we will encounter personal and interpersonal pressures to behave consistently with that commitment” (Cialdini 1993). In particular, psychology studies have demonstrated the existence of the “foot-in-the-door” effect. This is a behavioral phenomenon that people, after making a small commitment to a particular view or type of behavior (such as agreement with certain political views, support for safe driving or charitable causes, and willingness to buy certain goods), are more likely thereafter to comply with larger requests of the same type (Cialdini 1993).

### 2.4.1 Example: United States Executive

Examples of the “foot-in-the-door” phenomenon can be found in corruption-related behavior. Richard Bistrong, a United States executive who pleaded guilty to corruption charges and cooperated with law enforcement authorities, stated that “When I first started working overseas, intermediaries were sharing with me that they were bribing, using many words other than ‘bribe,’ but not asking me for anything. They were just letting me know that to win tenders they were intertwining legitimate and corrupt services. That was how I first started to confront corruption, and ‘nodded’ my way as a co-conspirator to violating the FCPA” (Pulaski 2015).

### 2.4.2 Example: South African Fisheries Enforcement Employees

Similarly, in the South African fisheries enforcement study mentioned above, interviews of inspectors and informants indicated that while an initial exchange might involve one or a few fish, inspectors

eventually could receive boxes of fish. Enforcement agency scientists who gave permission for fishing reportedly even had “large freezers in their office” to accommodate the bribes (Sundström 2015).

#### 2.4.3 The Roles of “Ethical Fading” and the “Induction Mechanism”

The presence of consistency and commitment in business interactions also helps to explain how certain individuals may display a long-term commitment to corrupt behavior within their organization. Unfortunately, people who are focused on common organizational goals and fail to notice that a decision has an ethical component may unconsciously engage in “ethical fading”: the ability to behave unethically or overlook the unethical behavior of others “while maintaining a positive self-image” (Bazerman and Tenbrunsel 2011). In other words, if they have a positive image of themselves as an ethical person, they may infer that their actions are consistent with that self-image. Those same people may also unwittingly employ the “induction mechanism,” a mental shortcut in which they use “the past practices of an organization as a benchmark for evaluating new practices. If the past practices were ethical and acceptable, then practices that are similar and not too different are also acceptable” (Tenbrunsel and Messick 2004).

#### 2.5 Social Proof

Another mental shortcut that can influence people to overlook or acquiesce in corrupt behavior within an organization is social proof: the tendency, in ambiguous or confusing situations, to take cues from others in the vicinity on how to act (Cialdini 1993). Thanks to the “bystander effect,” people tend not to speak up or act in response to a stressful situation if they perceive that no one else witnessing that situation is speaking up or acting (Latané and Darley 1970). Any person can assume that others either are responsible for taking action or would do so if they thought it necessary, leading to an unintended diffusion of responsibility within the group and a failure by any group member to take action.

Some individuals may also experience another effect known as “pluralistic ignorance,” in which, “[r]ather than realize that the other silent individuals are being silent for exactly the same reasons that he is, the individual tends to conclude that these others think that the act is an acceptably moral one

and are keeping silent for that reason” (Darley 2005). Taken together, these two effects may powerfully influence organizational members, who themselves neither receive nor make corrupt payments, to remain silent even as others continue supporting the corrupt scheme.

## 2.6 Confirmation Bias

Another mental shortcut, confirmation bias, is worth noting as a potential influence on participants in ongoing corruption. Confirmation bias, in brief, prompts an individual to look for confirming evidence of his decision before seeking disconfirming evidence (Kahneman 2011). Even if an individual begins to discern a possible ethical or legal problem associated with his organization’s receipt or payment of bribes, confirmation bias is highly likely to affect his ability to process and act on that initial perception, as it influences that individual to look for and accept more innocent or less malign explanations for others’ corrupt actions (while, consistent with ethical fading, enabling him to reinforce his self-image of being ethical).

## 3 The Structure of Corrupt Communications

### 3.1 Off-Record Indirect Speech

The preceding examples of faulty intuition and mental shortcuts provide a substantial basis for understanding how corrupt behavior can originate and continue. What they do not explain is how people in organizational settings can conduct the actual day-to-day business of communicating their wishes and intentions without using words, such as “bribe” or “payoff,” that they would have to acknowledge as directly associated with crime.

Professor Steven Pinker offers a solution to that problem with the concept of “off-record indirect speech” (ORIS): “the phenomenon in which a speaker says something he doesn’t literally mean, knowing that the hearer will interpret it as he intended” (Pinker 2007). In the context of bribery, the use of ORIS means more than simply using euphemisms for “bribe”; it requires that the speaker frame a statement or question in a way that provides both the speaker and the listener with plausible deniability should the listener be offended or angered by the speaker’s implicit offer. One especially

pertinent example that Pinker cites is a magazine writer who went to a number of leading New York restaurants without a reservation, handed the maitre d' a folded \$20, \$50, or \$100 bill, and made one of several vague statements such as "I hope you can fit us in" or "We were wondering if you had a table for two." In all cases, the writer "jumped the line" (though not all maitre d's accepted the bills) and was seated within two to four minutes, even though the restaurants' management, when separately contacted by telephone, uniformly rejected the idea of accepting money for a table (Feiler 2000).

ORIS, then, appears indispensable – whether in spoken or written communications – for corruption schemes, if conspirators are to communicate their interests, concerns, needs, and intentions with sufficient vagueness that they believe affords plausible deniability, but using enough words or other indicators to ensure that both speaker and listener understand what is being asked or said.

### 3.2 Example: Louis Berger International Case

Close scrutiny of the record in foreign-bribery and other corporate crime cases reveals that ORIS is often critical to the initiation and conduct of corrupt schemes. In a 2015 FCPA case, Louis Berger International Inc. (LBI), a New Jersey-based construction management company, admitted to FCPA violations and agreed to pay a \$17.1 million criminal penalty to resolve charges that it bribed foreign officials in India, Indonesia, Vietnam, and Kuwait to secure government construction management contracts. The record in that case showed not only that LBI employees used code phrases like "commitment fee," "counterpart per diem," and "management fee" to refer to bribes, but engaged in ORIS to initiate the communications that could lead to the making of corrupt payments.

Early on in his relationship with an LBI Senior Vice President, an LBI agent needed to introduce the executive to the appropriate euphemisms in an unusually direct manner, stating: "Commitment fee is the misnomer for bribe money. The fee ranges from 3.5 percent to 20 percent. It is based on foreign and local currency remuneration. It is estimated that the balance on commitment fee payable for existing projects stands at about \$210,000. A percentage of the commitment fee is initially paid after the mobilization advance is received, and the balance is spread out during the life of the contract". As

time passed and the corrupt scheme continued, ORIS became routine between LBI representatives. For example, when an LBI agent emailed an LBI Senior Vice President, “If the commitment fee issue can’t be avoided, what if we sent in as a sub [etc.]?”, the Senior Vice President replied, “I am not willing to pay any commitment fees, however we could agree to a ‘management fee’ taken from our invoices by the lead firm” and suggested that the agent speak with a consultant to gauge his interest in participation; and the agent responded that the consultant “seemed happy for the news and open to the association” (Louis Berger International Deferred Prosecution Agreement 2015).

### 3.3 Example: Alstom Case

Other examples of ORIS can be found in numerous documents relating to the Alstom case discussed above. For example, in connection with Alstom’s efforts to win bids on various power projects in Egypt, Alstom sought to retain the services of a consultant (“Consultant G”), whose primary purpose was not to provide legitimate consulting services but rather to make millions of dollars in payments to Egyptian officials who oversaw the bidding process for the purpose of influencing the award of the power contracts. Initially, Alstom sought to pay the consultant on a pro rata basis, per its usual practice. When an Alstom employee emailed another Alstom employee in Egypt about the pro rata terms of payment, asking “Is that a problem with [Consultant G]?”, the Alstom employee in Egypt replied, “I called [Consultant G] and he does have a problem due to the coverage required etc. ... You know what I mean ...” [ellipses in original]. Alstom then changed the terms of payment so that Consultant G received a large payment up front, which provided cash to bribe Egyptian officials in connection with the bidding and awarding of power contracts (Alstom S.A. Plea Agreement 2014).

When Alstom also bid on certain electric grid projects in Egypt, Alstom employees paid for entertainment and travel for a particular Egyptian government official (listed in court documents only as “Official 7”) and other key Egyptian government decisionmakers at the relevant government agencies, and provided those officials with envelopes of cash and other gifts during such travel. At one point, an Alstom subsidiary employee emailed several individuals, including a key executive, at an Alstom U.S. subsidiary, “As you [k]now [Official 7] will be in the US [for several days] on a

mission for the RPC project; Needless to say that we have to take very good care of the lady with an excellent services for her, especially that she was/is still one of the main support to all of us in the running Project and more importantly in the due – under negotiation 3 X S/St. project....[L]ast time when she was [i]n the US she was complaining that less care was give[n] to her, she even told me that the other trainee[s] who were with her were better hosted.” Two days later, the U.S. executive responded, “I will make sure that she is taken care of very well. Either I personally or if traveling, I will ask [another employee] to see that she is entertained in the best fashion].” The next day, another Alstom U.S. subsidiary employee replied to the first email, “We have planned a special weekend in NYC with shopping, sightseeing, dining and tickets to a Broadway Musical. We are also hopeful that [Official 7] will be able to resolve the commercial issues that remain unresolved on the RPC Project” (Alstom S.A. Plea Agreement 2014). Note that although none of the email correspondents ever mentioned “bribe” or equivalent terms, the ORIS they used was sufficient to convey the need to ensure that Official 7 be provided with lavish travel and entertainment, and assurances that that would be done, with a reminder that Official 7 would also need to provide assurances of her help on the project in question.

Finally, ORIS can sometimes play a role in intraorganizational efforts to deter responsible conduct by other employees. For example, during the Alstom bribery scheme, an Alstom finance employee emailed an Alstom project manager that she could not process the invoice for Consultant G relating to the Egyptian grid projects because there was insufficient proof of the services that Consultant G provided to justify paying the invoice. In response, the project manager called the finance employee and said “that if she wanted to have several people put in jail [she] should continue to send emails as [she] had earlier in the day,” and further instructed her to delete all emails regarding Consultant H (Alstom S.A. Plea Agreement 2014). Note that the manager’s response does not contest the accuracy or the justification for the finance employee’s statement, but invites her (1) to infer that continuing her inquiry could have adverse consequences for others and (2) to avoid that consequence by deleting evidence relevant to the underlying corruption.

### 3.4 Example: BNP Paribas Case

ORIS, however, is not uniformly effective. If the speaker incorrectly perceives the listener's interest in responding to the speaker's implicit invitation to respond, ORIS may have no effect and the speaker must choose to be more direct in speech – thereby risking greater likelihood of clear self-incrimination or of a negative response by the listener – or to abandon the effort altogether.

An example of failed ORIS can be found in the documentation relating to the BNPP sanctions prosecution already mentioned. Records showed that senior BNPP managers and compliance officers knew from at least 2004 that BNPP had a central role in providing Sudanese financial institutions access to the United States financial system, despite the Government of Sudan's role in supporting terrorism and committing human rights abuses. Nonetheless, a BNPP Paris executive with responsibilities for compliance across all BNPP branches issued a memorandum stating, "In a context where the International Community puts pressure to bring an end to the dramatic situation in Darfur, no one would understand why BNP Paribas persists [in Sudan] which could be interpreted as supporting the leaders in place" (BNP Paribas Statement of Facts 2014). This statement – which could be translated as “we need to stop conducting these illegal transactions, but I'm unwilling to confront you with the issue of our illegal conduct directly” – had no effect, and the sanctions violations continued for some time.

## 4 Conclusion

Law enforcement authorities often tout the virtues of a “culture of compliance” (Holder 2010): i.e., an organizational culture that expects and supports compliance with law. As the preceding discussion indicates, there can be more than one type of “compliance” culture: either the preceding type, or an organizational culture that – thanks to the faulty mental shortcuts and indirect speech on which individuals unwittingly rely -- results in compliant behavior that furthers law violation.

To forestall the latter type, and reify the former type, organizations of all types need to acknowledge and put to use the body of empirical evidence in social psychology and behavioral economics in combating corrupt behavior within their ranks. Among other steps, organizations should consider

how to incorporate this information into their ethical and anticorruption training materials and courses, so that individuals can more clearly recognize those sources of improper influence when they arise, and provide explicit strategies on how to respond in ways other than tacit acquiescence. For example, communication of descriptive norms (i.e., norms about the frequency of behavior, such as “Most people do X”) can affect whether people are likely to engage in corrupt behavior (Köbis et al. 2015), and prolonged exposure to social norms often causes people to internalize positive principles (van der Linden 2015).

Training videos and lectures alone, however, cannot adequately prepare individuals to resist the temptation to succumb to faulty intuition and mental shortcuts or to be drawn into off-record indirect speech that can foster corrupt behavior. It is also necessary for organizations to create and support a climate of what Professor Amy Edmondson has termed “psychological safety”: i.e., a shared belief that the team is safe for interpersonal risk-taking, which can lead to team members candidly identifying, rather than ignoring, problems and errors (Lebowitz 2015). Employees need to be encouraged “to take risks – report mistakes, ask questions, pitch proposals – without the fear that they will be blamed or criticized” (Nohria 2015). Organizations that tell employees how to recognize corrupting-influencing behaviors, and encourage them to speak out about them, will be more likely to head off the development of persistent corrupt behavior in the future.

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