Article

When in Rome, do as the Romans do: a case study of Odebrecht and the continuum of destructiveness

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This research conducts a case study on Odebrecht, a heavy construction company, to answer the question of how an individual rationalizes crime in a corrupt organization? The study is based on the concepts of a corrupt organization, the continuum of destructiveness, moral disengagement, and rationalization. We analyze four books, artifacts on Odebrecht's culture and videos on 49 executives that collaborated in the Car Wash corruption probe. The results describe the paths employees undertake in the organization by acquiring its internal set of values, beliefs, and assumptions. These paths lead to the rationalization of corruption. This case study shows that the continuum of destructiveness starts when employees encounter unethical behavior in the organization and that their rationalization mechanism changes with time in the corrupt culture. At any point, executives can quit or blow the whistle; however, with time, it becomes more challenging to exercise either of the options. By applying and refining the continuum, this research provides an understanding of how moral disengagement and rationalization to help employees to progress in the continuum in a corrupt culture.

Keywords: organizational culture; corrupt organization; rationalization; the continuum of destructiveness; corruption.

Quando em Roma, faça como os romanos: um estudo de caso da Odebrecht e o contínuo da destrutividade

Esta pesquisa conduz um estudo de caso de uma empresa de construção pesada Odebrecht para responder à questão: Como um indivíduo racionaliza o crime em uma organização corrupta? Este estudo é baseado nos conceitos de organização corrupta, contínuo da destrutividade, desengajamento moral e racionalização. Nós analisamos quatro livros que são artefatos da cultura da Odebrecht e vídeos de 49 executivos que colaboraram na investigação da Lava Jato. Os resultados descrevem os caminhos que os funcionários trilham dentro da organização, adquirindo seus sistemas de valores, crenças e pressupostos. Estes caminhos levam a racionalização da corrupção. Este estudo de caso mostra que o contínuo da destrutividade começa quando empregados encontram comportamentos antiéticos dentro da organização e que os mecanismos de racionalização se modificam com o tempo dentro da cultura corrupta. A qualquer momento executivos podem pedir demissão ou denunciar; no entanto, com o tempo se torna difícil exercer qualquer uma dessas opções. Ao aplicar e refinar o contínuo, esta pesquisa prove um entendimento sobre como desengajamento moral e racionalização incentivam funcionários a seguir adiante no contínuo.

Palavras-chave: cultura organizacional; organização corrupta; racionalização; contínuo da destrutividade; corrupção.

Cuando estés en Roma, haz como los romanos: un estudio de caso de Odebrecht y el continuo de destructividad

Esta investigación realiza un estudio de caso de la empresa de construcción pesada Odebrecht para responder a la pregunta: ¿Cómo un individuo racionaliza el crimen en una organización corrupta? Este estudio se basa en los conceptos de organización corrupta, continuo de destructividad, desvinculación moral y racionalización. Analizamos cuatro libros que son artefactos de la cultura Odebrecht y videos de 49 ejecutivos que colaboraron en la investigación "Lava Jato". Los resultados describen los caminos que toman los empleados dentro de la organización, adquiriendo sus sistemas de valores, creencias y suposiciones. Estos caminos conducen a la racionalización de la corrupción. Este estudio de caso muestra que el continuo de destructividad comienza cuando los empleados encuentran un comportamiento poco ético dentro de la organización y que los mecanismos de racionalización cambian con el tiempo dentro de la cultura corrupta. Los ejecutivos pueden renunciar o denunciar en cualquier momento, sin embargo, con el tiempo se vuelve difícil ejercer cualquiera de estas opciones. Al aplicar y refinar el continuo, esta investigación proporciona una idea de cómo la desconexión moral y la racionalización alientan a los empleados a ascender en el continuo.

Palabras clave: cultura organizacional; organización corrupta; racionalización; continuo de destructividad; corrupción.

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1. INTRODUCTION

Corruption literature can be divided in different approaches towards its cause such as public choice, bad apples, decisions on moral values, organizational culture, ethos of the public administration and correlation with other variables (Graaf, 2007). This research understands it as the result of an organizational culture, which has seen the growth of two research streams. The first portrays corruption as a cultural norm (Nelson, 2017). The second investigates how contextual and institutional factors turn corruption into an institutionalized practice (Castro, Phillips, & Ansari, 2020). These two streams present corruption as a norm. However, neither can explain how corruption becomes an institutionalized norm departing from individual attitudes. The concepts of moral disengagement and rationalization, which refer to justifying wrongdoing and distancing from it, are central to understanding this process (Bandura, 1999; Klerk, 2017b). Nevertheless, researchers have failed to evaluate these theories empirically owing to the lack of reliable data on corruption (Campbell & Göritz, 2014). To do this, this research will focus on the continuum of destructiveness framework (Zyglidopoulos & Fleming, 2008).

The continuum of destructiveness describes the path individuals undertake after joining a corrupt organization. Specifically, this framework describes their evolution from organizational bystanders in corrupt organizations to innocent participants, rationalizers, and corruption perpetrators incentivized by ethical distance (Zyglidopoulos & Fleming, 2008). Certain surveys and simulations investigating the effects of rationalization variables show that rationalization occurs after individuals participate in unethical activities (Rabl & Kühlmann, 2009). While some studies focus on public sector rationalization

(Gannett & Rector, 2015), there is a limited number of empirical studies on corrupt agents from private companies and on how corrupt organizations encourage the continuum of destructiveness. This gap calls for the refinement and application of corruption theory on empirical evidence (Castro et al., 2020).

By using this framework to understand the perspective of collaborators, we can determine if there is a decision point or if, during their careers, the executives were led by mechanisms such as rationalization and moral disengagement that enabled them to rationalize their immoral actions. This investigation draws from the following research question: How an individual rationalize crime in a corrupt organization? This question can be divided into the following three research objectives:

- Explain the rationalization path individuals, undertake after joining a corrupt organization.
- Refine the continuum of destructiveness.
- Understand the relationship between a corrupt organization and the continuum of destructiveness.

To achieve these objectives, this research used data provided by the collaborators in the Car Wash corruption probe, which was a massive investigation of the systemic corruption of the oil, gas, and construction companies. With the aid of plea bargains, the investigators launched an operation that led to the arrest of several executives and politicians (Ministério Público Federal, 2014). This article analyzes corruption data on the largest construction company involved in the scam, Odebrecht. The company made a leniency agreement and its executives made plea bargains. In their testimonies, they recount corruption acts and their trajectories in the corrupt corporation. The analysis of these testimonies describes the story of the 49 executives in the corrupt organization and the corruption culture constructed over the past decades. By using judicial data to research corruption, this research also responds to the need for more empirical and innovative research on a theme proven to be difficult, unsafe, and sometimes unethical for researchers (Castro et al., 2020). To support this dataset, we also analyze four books – three books from a collection called TEO (*Tecnologia Empresarial Odebrecht*) (N. Odebrecht, 2011) and one book titled "Trust and Serve" written by Odebrecht's former president and board member (E. Odebrecht, 2007).

This research empirically explains and refines the continuum of destructiveness (Zyglidopoulos & Fleming, 2008). This approach facilitates the creation of a framework that is empirically based. It describes how executives, at different stages of the continuum, rationalized differently and presents ethical disengagement as an important construct for the continuum framework. It also shows that there is no decision point at which rationalizers become perpetrators and that, at any time, individuals can rationalize their participation or exercise the option to not participate. The research uses judicial data – plea bargains in this case – to conduct qualitative research on corruption (Castro et al., 2020).

The next section conducts a literature review to explain the definitions of corrupt organizations and the continuum of destructiveness. It also explains the concepts of moral disengagement and rationalization observed in the trajectory of Odebrecht executives. After that, we discuss the data collection and the methods used to analyze the data. Finally, we analyze the data and discuss the findings and the final remarks with the contributions of empirically observing the continuum of destructiveness.

2. LITERATURE REVIEW

2.1 Corrupt organizations

Corruption is an abuse of entrusted power for personal or organizational benefit (Anand, Ashforth, & Joshi, 2004). Recently, researchers have been developing corruption theories and using them to understand corruption mechanisms inside an organization (Castro et al., 2020). These theories include the institutionalization (Nelson, 2017) and rationalization of corruption. While the former discusses how corruption becomes a norm, the latter shows how perpetrators rationalize and justify their acts (Castro et al., 2020; Klerk, 2017b). Both cannot explain how the individual rationalization and attitude turns corruption in to a norm, and as all corruption research they lack empirical evidence, due to the difficulties of acquiring reliable data from corrupt agents.

In an environment where corruption is the norm, organizational mechanisms and processes may facilitate wrongdoing. This separates an Organization of Corrupt Individuals (OCI) from a Corrupt Organization (CO). While it would be easier to remove corrupt individuals from an OCI, the removal of corrupt individuals may not be sufficient to end corruption in a CO. The norms and mechanisms of a CO are modified to manage illegal activities. This creates a process of illegal payments, alternative information systems to hide illegal activities, and ultimately a lenient culture toward corruption (Pinto, Leana, & Pil, 2008).

The studies on corrupt organizational cultures rely on data from specific cases such as the Enron scandal (Sims & Brinkmann, 2003) or the United Kingdom National Health System (Pope & Burnes, 2013) and expert interviews (Campbell & Göritz, 2014). In the public sphere, higher-level organizational corruption impacts street-level corruption (Gofen, Meza, & Pérez-Chiqués, 2022). In the private sphere, a corporate corrupt culture influences employees to make unethical decisions (Arewa & Farrell, 2015; Messick & Bazerman, 2001). In this context, it is imperative to analyze the process of the continuum of destructiveness to understand what culture is and how it influences corruption.

This study describes a corrupt organization from the perspective of corrupt agents. In this sense, it focuses on the impact of organizational culture on individual behavior. Organizational culture can be defined as:

> [A] pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein, 2004, p. 17).

In a corrupt organization, the values driving decisions are constructed in a way that justifies and rationalizes corruption (Klerk, 2017b). Histories and narratives are built as a rationale to convince the agents that they are not morally wrong (Messick & Bazerman, 2001). These agents create frames and toolkits to facilitate illegal activity, such as paying bribes, overpricing a contract, and generating slush funds. These practices become part of the internal process of the organization.

Culture is also a source of power; it creates constraints that help organizational members to behave according to certain values and assumptions. Organizational culture can be harmful to employees (Pagès, Gaulejac, Bonetti, & Descendre, 1998). Individuals are assimilated into the corporate culture to the point that they trust in this culture more than their moral sense. The continuum of destructiveness represents this acculturation and evangelization (Zyglidopoulos & Fleming, 2008).

Several studies shows that the culture and the nature of the construction industry can facilitate fraud and corruption. Irrespective of the geographical location of the studies, the industry's close relationship with the government, lengthy supply chains, and complex contracts make this industry susceptible to corruption at a global level (Arewa & Farrell, 2015). This perspective cannot dismiss the influence of organizational culture on corruption. An individualistic culture promotes shrewdness and justify unethical activities to achieve organizational goals. This culture also promotes bad leadership, avarice, and low corporate ethical values, which hinders the growth of a company in the long run (Sims & Brinkmann, 2003).

These studies lead to the question of what happens to the individual who joins a CO and how does this person morally distance themself from the corrupt behavior. This question can be answered by the continuum of destructiveness (Zyglidopoulos & Fleming, 2008).

2.2 Continuum of destructiveness

Zyglidopoulos and Fleming (2008) created the continuum of destructiveness to explain how innocent bystanders become guilty perpetrators of corruption in COs. The progress from an innocent bystander to a perpetrator is mediated by ethical distance. Therefore, it is important to define ethical distance.

Ethical distance is the distance between unethical activity and its consequences which entails the dissociation from the action from its moral implications. In the case of structural ethical distance, the agents remain unaware that their position in the company can play a relevant role in altering the unethical activity they observe or undertake. Often, these individuals may not actively participate in the action but may witness the participation of their superiors in illegal activities. In the case of temporal ethical distance, the agents remain unaware of the future negative consequences of their unethical activity. This occurs in the case of corruption crimes, given that bribery to political officials or overpriced contracts does not exert direct or at least immediate visible negative effects on communities (Zyglidopoulos & Fleming, 2008).

Not every organizational member may be subjected to the continuum. Especially, in large organizations, employees may not be aware of the corruption scheme, are not active participants of the scheme, nor are involved in a job promoting or related to the illegal activities. These employees maintain a structural ethical distance from the illegal activity to the point of not being aware of it. Employees become organizational bystanders the moment they become aware of the corruption schemes of their organization. Hereafter, the process of the continuum of destructiveness will analyze individuals that are aware of illegal practices in their organization, to any extent.

Employees become organizational bystanders when they see the necessity of action but do not participate directly in the activity. From a general perspective, and not from the viewpoint of COs, organizational bystanders can be defined as follows:

> Organizational bystanders are individuals who fail to take necessary action when important threats or opportunities arise. They often have crucial information or a valuable point of view that would improve an organization's decision-making capability, but for a variety of psychological and organizational reasons they do not intervene (Gerstein & Shaw, 2008, p. 5).

Agents who react to an illegal issue are viewed as whistleblowers. In the absence of any issue, they act as alarmists. In any case, organizational bystanders engage in psychological rationalization; for example, such individuals diffuse responsibility, desire peer acceptance, and fear consequences (Gerstein & Shaw, 2008, p. 11). The structural distance of the employees from the act – the fact that they are not directly involved in the act – draws them closer to becoming innocent participants (Zyglidopoulos & Fleming, 2008).

Innocent participants are involved in situations leading to the wrongdoing, but they are not directly responsible for it. Despite moral self-sanctions of employees being more easily activated when they think about future repercussions (Agerström & Björklund, 2009). Innocent participants cannot foresee the moral impacts of their actions or inactions, that is, they cannot visualize the consequences of the unethical actions. This can be attributed to their temporal distance, especially in a culture demanding short-term results. Temporal distance is the distance between the fact and its consequences, which accelerates the process of converting an innocent participant into a rationalizer (Zyglidopoulos & Fleming, 2008). Owing to the structural distance, innocent participants perceive their roles as unimportant or irrelevant to corruption perpetuation, then they become rationalizers who do not face charges despite being responsible for the outcomes of the corrupt action. The separation between these labels is analytical and only used for understanding purposes (Zyglidopoulos & Fleming, 2008).

Perpetrators maintain a reduced ethical distance and visualize the consequences and moral implications of their actions. After they become aware of their wrong actions, they can decide to become whistleblowers or perpetrators (Zyglidopoulos & Fleming, 2008). At each stage of the continuum, rationalization makes it difficult to make ethical decisions. This is because the agents justify or fail to visualize the moral implications of their actions and inactions. These agents can evaluate the ethical quality of their decisions by applying different mechanisms about how the world works and how unethical activity may make changes on their identity (Messick & Bazerman, 2001). This model of ethical distance can be seen in Figure 1. It proposes that ethical distance facilitates a bystander to become an innocent participant, and an innocent participant to become a rationalizer, however it decreases to the point individuals must decide between becoming guilty perpetrators or whistleblowers (Zyglidopoulos & Fleming, 2008, p. 270).

FIGURE 1   **ROLE OF ETHICAL DISTANCE IN DETERMINING THE TRANSITION OF PARTICIPANTS BETWEEN THEIR DIFFERENT TYPES**
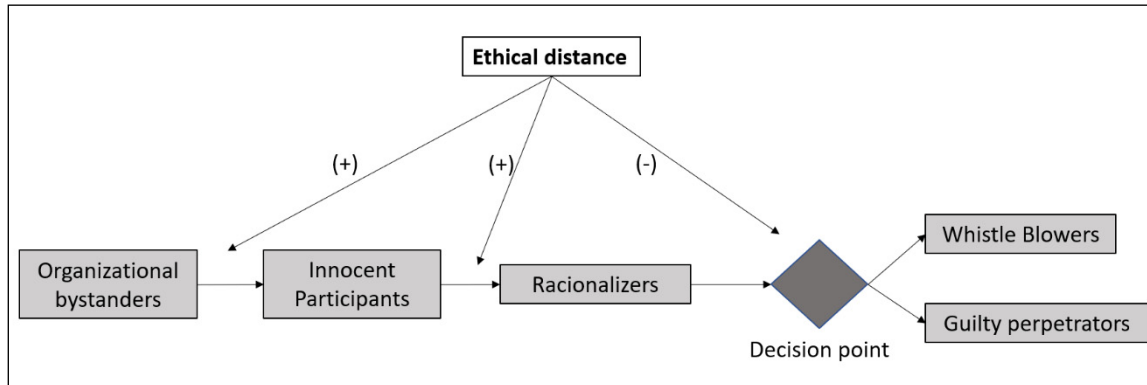
Source: Adapted from Zyglidopoulos and Fleming (2008, p. 270).

This model explains corruption from an individual perspective, focusing on how individuals become perpetrators. This research does not measure the ethical distance, given the qualitative nature of the data. Nevertheless, the testimonies of the Odebrecht executives can show how the rationalization mechanisms lead to moral disengagement. A corrupt culture helps executives make an excuse to engage in and adopt leniency toward corruption. This idea that executives' actions are not morally implicated justifies and normalizes corruption. In this context, it is necessary to define moral disengagement and rationalization mechanisms.

Moral disengagement is the misperception that an inhumane activity is not wrong. It is achieved through rationalization – the cognitive process that makes individuals perceive their actions as justifiable, not morally wrong, or inculpable (Anand et al., 2004; Bandura, 1999). These individuals can morally disengage themselves by increasing their ethical distance, misconstruing the consequences of their actions, creating excuses, and rationalizing corruption. These processes make the employees believe that their actions are not wrong or are morally justified, and thereby hinder the ethical decision-making of organizations (Messick & Bazerman, 2001). The morally disengaged employees do not implicate themselves in their unethical decisions.

The development of this idea has led researchers to identify rationalization mechanisms, different cognitive processes leading to moral disengagement. Klerk (2017b) described eight rationalization mechanisms: The first mechanism focuses on the rationalization of responsibility – the denial, displacement, or diffusion of individual responsibility. The second mechanism focuses on the legality or legal ignorance, justifying corrupt behaviors that are not illegal. In the third mechanism, the perpetrator minimizes or misconstrues the consequences of corrupt action by denying injury or victim. The fourth mechanism focuses on how the perpetrator redeems himself from corrupt activities by refocusing attention in favor of the business. The fifth mechanism shows that perpetrators engage in social weighting by comparing their crime with other worst crimes. In the sixth mechanism, perpetrators exercise entitlement, claiming that it was their right to be corrupt. The seventh mechanism shows

how perpetrators appeal to higher loyalties or higher-order values. In the eighth, rationalizing intention, perpetrators claim to pay back for the wrong or make the action seem less grievous. The executives use different rationalization mechanisms at different points of the continuum. This enables the executives to increase their ethical distance and morally disengage themselves from their unethical behavior. Before elaborating on this process, it is important to describe the methodological choices of this research.

3. METHOD

3.1 Case context and data collection

The Operation Car Wash started in Brazil in 2014 but unraveled crimes in at least 49 other countries. The investigation focused on a corruption scheme mainly in the oil and gas and construction sectors. It used bilateral accords and plea bargains that allowed the prosecutors to target important politicians and companies. The task force was marred in controversy. It was accused of engaging in collusion between judges and prosecutors, using plea bargains excessively, and interfering in the elections by prioritizing the cases of leading candidates (Silva, 2020). This operation was aided by the Brazilian media, and it became the center of the Brazilian public debate (Andrade, 2018).

At the time of the investigations, Odebrecht was the largest construction company to face charges. In this research, we compiled the testimonies of 49 Odebrecht executives at all company levels. These testimonies describe the executives' involvement in the corruption cases and their trajectory in the corporation. Since Odebrecht is representative of large-scale corruption, it provides an understanding of the factors leading to the emergence of a corrupt culture in large corporations and thereby confirms the theoretical and pre-established ideas (Seawnght & Gerring, 2008). It is also a theoretically relevant case owing to its insights into the internal dynamics of a corrupt organization (Dyer & Wilkins, 1991).

The data comprise the video testimonies of 49 executives, spanning a total of 141 hours and 5 minutes. The duration of individual testimonies varied from 13 minutes to 10 hours. We organized and analyzed the videos using computer-assisted qualitative data analysis software, which facilitated the transcription of the coded parts. Each testimony was assigned the letter C followed by a random identification number.

Apart from these videos, we analyzed four books written and published by former Odebrecht executives from the founding family. The first three books are part of a collection called "Survive grow and perpetuate: Odebrecht business technology" (N. Odebrecht, 2011). These three volumes are artifacts that according to the executives explains Odebrecht's culture. Hereafter, we will refer to this collection as TEO (*Tecnologia Empresarial Odebrecht*). The fourth book is called "Trust and serve: ideas about the development of Brazil and its companies" (E. Odebrecht, 2007). It presents the analysis of a former Odebrecht president on the Brazilian business context. Those books were important to give context and insight over Odebrecht culture, increasing the capacity to describe the case study of a corrupt corporation.

3.2 Method of analysis

As the amount of data gathered and analyzed is part of a bigger research project, we commenced by open coding the videos of the executives (Dyer & Wilkins, 1991). The goal was to organize and summarize pieces of data, keeping an open mind for theoretical insights that will be latter refined (Charmaz, 2000). In this initial step, it was coded the names of important characters, places and cases that helped us organize the vast quantity of data.

The second step was to compare the data using axial coding (Charmaz, 2000) This provided a logic for organize and summarize data from empirical statements; in this phase, we coded every excerpt from the videos. This coding allowed us to compare the experience of each collaborator. It was also important to understand the events they were describing and abstract the research ideas based on the immense dataset. The constant comparison between codes allowed for the emergence of three important groups of codes that described the trajectory of the executives within the company, the organizational culture, and the rationalization mechanisms.

While these first two steps were inductive, they revealed important insights that could be analyzed considering theoretical frameworks. The trajectory of the executives remounted to the continuum of destructiveness and to the rationalization mechanisms. Which led us to make a methodological decision to deductively analyze the data based on the categories of these two frameworks.

The third step was making a conceptual coding, based on the rationalization mechanisms, and the continuum of destructiveness. For both categories the process was similar. We conducted a minute-by-minute codification process, which filled the codes with in *vivo* quotes that empirically described theoretical concepts. Those were each stage of the continuum: organizational bystanders, innocent participants, rationalizers, decision point, guilty perpetrators, and refusal of participate; and the eight rationalization mechanisms: rationalization of responsibility, legality or legal ignorance, misconstruction of the consequences, redemption, social weighting, entitlement, appeal to higher loyalties and rationalizing intention.

For the description of the corrupt organization category the open codes that were first created in the beginning of the analysis were grouped in concepts that described the culture, from the abstraction of the initial coding there were three conceptual codes: rules and internal process, stories and narratives, assumptions, and values. These represent the corrupt organization from their visible artifacts and processes to their underlying beliefs (Schein, 2010). After the conceptual coding, another step of constant comparisons to make links between codes and generating theoretical insight was made so to understand the relations between the rationalization mechanisms and each step of the continuum and how the corrupt culture enhances this process (Charmaz, 2000).

Box 1 presents the open and conceptual codes and the categories gathered from this analysis for the corrupt organization and continuum of destructiveness categories.

BOX 1   CODIFICATION PROCESS

Open coding and in vivo codes	Conceptual coding	Categories
Authorization		
Autonomy		
Donation limits		
Slush funds' generation	Rules and internal process	
Financial loss		
Operationalization		
Hierarchy		
Secrecy		Corrupt organization
Personal relationship		
Job description	Stories and narratives	
Serve the client		
Leadership		
Moral Values		
Normalization		
Rationalization process	Assumptions and values	
Trust		
Company – State relationship		
I don't need to explain, right? [...] you start to realize how things work (C03).	Organizational bystanders	
I was even surprised that the meeting was at a hotel and not at the government palace, then I got informed and saw that it was very normal to have several dispatches at the hotel (C02).	Innocent Participants	
80% of the infrastructure in Portugal was made by Odebrecht, a Brazilian company... it has the good side, don't just look at the bad side (C24).	Rationalizers	Continuum of destructiveness
I had never participated in any election campaign; this was the first one, so he instructed me on how to collaborate [make donations] (C32).	Decision point	
In this normalization process, it made us treat it [corrupt activity] as a great banality, which made it difficult for seeing what was legitimate and what was not (C31).	Guilty perpetrators	
He said that he was sorry, that he didn't want his name related to the bribe, he regretted it after [the money] had been credited into his account (C75).	Refusal to participate	

Source: Elaborated by the author.

The subsequent section presents an analysis of the data and discusses our theoretical contribution. Specifically, it describes a corrupt culture, how employees progress along the continuum of destructiveness rationalizing differently in this culture, and the relationship between culture and the continuum.

4. DATA ANALYSIS

The analysis showed that two theoretical categories "corrupt organization" and "continuum of destructiveness" were useful to explain the phenomenon. Both are related and influence one another. This section describes the factors leading to the construction of a CO and how its employees progress through the continuum of destructiveness.

4.1 The corrupt organization

Odebrecht created a permissive culture that helped organizational members to rationalize their actions. The CO was formed by rules and processes that operationalized illegal activities; it also developed stories and narratives that helped members to rationalize corrupt practices; and it established a set of shared values and beliefs between organizational members (Pinto et al., 2008).

Odebrecht had various **rules and internal process** that helped or were developed specifically to contribute to the illicit activity. The company was organized into small business units based on each contract, and therefore each contract or cost center had a dedicated executive. The executives of these centers could ask for illegal payments if the contract was profitable, and hence their superiors checked if the business unit was making financial losses. Beyond the financial loss, the bonuses of the executives were paid based on the profit of their projects. As in Enron (Sims & Brinkmann, 2003), the commission of the executives was directly related to their performance; these executives were expected to perform and achieve results, by any means necessary. These payments are explained in the following quote:

> In fact, when you made an allocation like that [illegal], at the time of closing the project, we knew that, through the structured operations sector, there was an expense on that project; this expense was deducted from profit to identify the executive who had shown that profit (C14).

Using information technology systems, the executives made untraceable e-mails and programmed illegal payments. The executives used these systems to deliver e-mails and spreadsheets to schedule illegal payments. An executive stated, "The system, I am grateful today for someone having put this system in place, what we have here, I now have in the system proof that the [illegal] payment took place" (C14). The structured operations sector was a department in the holding hierarchy responsible for making the illegal payments, they took care of the generating of slush funds and both the national and international illegal payments.

The executives used codenames when making transactions with the structured operations sector, where the illegal payments were programmed. Using these codenames, they scheduled the payments via money changers in cash or offshore accounts. If it was in cash, that sector provided the executive

with a password, location, and date; the executives provided this information to the contact that would receive the money.

> Furthermore, by the defined rules [...], we could never know the identity of the people receiving the payments. To guarantee this anonymity, employees requesting payments from us were instructed to create a codename or nickname for the recipient of the payment, so that only they would know the real identity (C35).

The generation of slush funds was also part of the job. The illegal payments could not be done with money registered in the legal account of the company. All the executives were aware of the risks. The company's rule did not allow generating slush funds in Brazil; this is attributed to Brazil's complex tax system. There were some exceptions from this rule in the data.

> We, in Brazil, had a rule of not making slush funds, a ban on making slush funds. The generation of slush funds was carried out by structured operations personnel, outside Brazil, generating dollars, generating euros, generating any foreign currency, and from there they found money changers who received this money abroad and delivered it here in Brazil (C14).

Beyond the rules and processes that allowed for the illicit activity, the company had **stories and narratives** that supported their belief systems. Slush funds were used to pay bonuses to the executives through the same system of illegal payment. One executive highlighted the need to develop mutual trust to avoid internal theft and fraud.

> They were working on trust, right friend, because of the money in these people's hands, if they wanted to take 2, 3 million and disappear into the world, nobody would ever find them (C35).

The use of bonuses and goal setting in a company focused on results confirms the arguments of Campbell and Göritz (2014) that these norms and values reflect the underlying assumption of rationalization mechanisms.

> Odebrecht had a historical practice of paying part of the bonus of some high-ranking executives with slush funds resources, with tax evasion (C35).

Besides their own bonuses the executives shared stories, some of them rationalizing corruption and enforcing their policies. When they did not comply with these internal norms, they were fired. This is highlighted in the following words:

> Why do you need to know what I do in my area, I didn't have to divulge what I did or what I didn't do? I fired a guy who made a mummery, I got on the elevator, me, [two other executives], and this clown in front of other people came to [my colleague] and said you're not ashamed to give money to these people, right? [My colleague] told him I don't give anything, I pay what the others say, I don't give anything. But I thought that the behavior of this person, who was

the subordinate of a person in a [foreign country], was not suitable, especially in an elevator where there were 8 or 10 people for him to comment on that, it wasn't appropriate. Then I called his boss and asked for his head, this type of behavior can't be, even because he, as the director of a project, at any given time, could ask [for illegal payments] (C35).

As it is possible to see in the final period of the quote, it was part of the job description of any director of a project that they could ask for illegal payments for a contract.

"A satisfied customer is the foundation of Odebrecht's existence" (N. Odebrecht, 2011, p. 42). This was done by creating personal relationships that would help Odebrecht gain access to public power. The incentive to have a personal and direct relationship with the client is stated in TEO. "For each client, there must be a previously identified entrepreneur; this entrepreneur must represent its respective team" (N. Odebrecht, 2011, p. 88). It was the company's strategy to depute an executive to maintain relationships with a politician (Coelho & Barros, 2021; Rodrigues & Barros, 2022).

TEO states that leaders should train new leaders and acculturate all employees based on their philosophy. In this regard, a repeated phrase in TEO is "[…] a large organization with the spirit of a small one." The organization also suggests that these executives should read the book to understand the culture associated regarding satisfying the clients and shareholders. As per the TEO, this reading of the book can make the executives socially responsible, however it also states that the client should be all the matters (N. Odebrecht, 2011).

Underlying the rules, processes, stories, and narratives there were the **assumptions and values**. The TEO describes several of the beliefs, assumptions, and values of the organization. The book enforces the observation of behavioral guidelines specified for the executives. Besides quoting the TEO, the executives used its organizational language in their testimonies. For example, they referred to Odebrecht as "the Organization" and the institutions, governments, and other contractors as "the Client"; they stated the company motto to "Serve the client," when asked about the company's purpose (Lamb, Lacerda, Dresch, & Morandi, 2018; N. Odebrecht, 2011).

The inversion of what is normal, and the rationalization of immoral activities change the underlying assumption that forms the company's objective. Despite having a small chapter on social responsibility (N. Odebrecht, 2011, p. 112), the assumptions of profits, results, bonuses present in the book overcome justice as a guiding principle. Odebrecht's culture worked for itself by having its own set of internal agendas, values, principles, and assumptions. With time, those values are assimilated by the executives and help them rationalize their illegal activities, that can be described as the continuum of destructiveness process.

4.2 The continuum of destructiveness

After explaining the context and culture of the company it is possible to describe the continuum of destructiveness, all their stages and how the executives rationalize in each one.

The collaborators state that, when they entered the organization, they "start to realize how things work" (C03). This awareness, after the entry phase, is reflective of the position of an **organizational bystander** in the continuum of destructiveness. In this stage, employees are aware of what is happening in their organization, but they do not participate in reunions or requests. Although they maintain a

structural ethical distance from the illegal activities, they fail to visualize the impacts of their actions and inactions (Zyglidopoulos & Fleming, 2008). At this point, the more evident rationalization mechanism is appealing to higher loyalties, which makes the executives blame their superiors or the values and importance they give to the product of the company (Klerk, 2017b).

> He spoke to [my superior] stating that there would be a need for an advance payment, it was the first time I had had such an experience, [...] I'm not sure if [my superior] paid, but I was with him [in this meeting]. Later I don't know how his dealings on this matter turned out (C73).

Organizational bystanders also rationalize their responsibility. It appeared in the form of misconstruing the consequences of the actions, thinking that the activities were legitimate.

> In this normalization process, it made us treat it [corruption activity] as a great banality, which made it difficult for what was legitimate and what was not. Even if you had a legitimate interest you dealt with slush funds (C31).

Concerning leadership, in Odebrecht when an employee becomes a leader, they can ask for illegal payments. As stated by one executive, "When I became the contract manager, even though I was working a lot in the private area, I knew that this mechanism [of illegal payments] existed" (C66). In this stage, they start participating in meetings and become **innocent participants**. As predicted by Zyglidopoulos and Fleming (2008), in this position, the structural ethical distance makes participants think that they do not contribute to corruption. In other words, they fail to see the consequence of their actions. The rationalization mechanism, at this point, makes them misconstrue the consequences. In this regard, an executive stated the following:

> The solution of the ports [a contract made with bribery] was fundamental for the maintenance of industrial activity in Brazil, preservation of jobs, and the production chain. And the generation of taxes with treasury gain. And that our performance was not just for the benefit of Braskem, but of an entire industrial sector (C17).

At this stage, the employees make social comparisons. They compare their crimes with other crimes: This rationalization is depicted in the following words: "A term I've never heard, is 'cartel', I've never heard. Now I knew that there was also what we call bidding fraud, market manipulation" (C50). The fact that the executives never heard of the names of the crimes they committed only demonstrates how their illegal activities were rationalized. They justified or did not think that it was wrong or illegal, at this point, the employees show leniency toward corruption. As part of the job, they were required to maintain a close relationship with political agents and entertain the possibility of asking for illegal payments.

Collaborators recount that they rationalize, differently from what was predicted by the continuum of destructiveness. This rationalization begins the moment they encounter unethical activities (Zyglidopoulos & Fleming, 2008). For example, by justifying that it was right to pay what others paid, the executive rationalized the responsibility (Klerk, 2017b), and thereby normalizing corruption. As stated in his words:

> I'm here doing a memory exercise, about illegal practices, because it's important to mark it, let's put it that way. Because since 1978, when I worked at Andrade Gutierrez, at that time still under the military regime, there had already been news of unorthodox practices, let's say, it's obvious that in our youth we just listened (C15).

Subsequently, at all stages of the continuum there is rationalization. However, there is a **decision point** when executives are asked to engage in corrupt practices and decide between blowing the whistle or becoming a perpetrator. The culture of Odebrecht led employees to rationalization after their recruitment. The culture did not provide the employees a scope to blow the whistle, even when they realized the folly of making illegal payments. The executives also expressed that any withdrawal from such acts led to their demission from the company. Previous research on whistleblowing has portrayed it as an ineffective tool (Johansson & Carey, 2016). Some agents say that it was difficult to turn down a bribery request.

> I never offered, but I never said no [to a bribery request]. I played the game and when I thought it was reasonable, I accepted. I might not agree, renegotiate. The refusal itself was always very complicated because there could be retaliation. in another contract, they could retaliate against us (C15).

Zyglidopoulos and Fleming (2008) describe the decision point as a moment of clarity when the ethical distance is diminished. At this point, the agents become conscious of their wrong actions, and they decide to perpetrate or blow the whistle. At Odebrecht, while agents, at the decision point, may have less ethical distance because their actions are directly related to corruption, the rationalization process that gives them moral disengagement, blurring their vision, started at the bystander phase and grew in the continuum. Therefore, in this case it is possible to see that the decision to become a perpetrator is more related to the moral disengagement and rationalization process than to their ethical distance from the wrongdoing (Klerk, 2017b). At the **guilty perpetrator** stage, executives feel entitled to corruption benefits. This is shown in the following quote by the executive:

> The tendency was to lose in the supreme [court]. We even interceded with the deputy for the relationship he had with the president, that he could sensitize the president so that the president could, I don't know if arbitrate, but be in favor of all this credit [for us] (C04).

The executives also sought redemption from the activity "that all this is very wrong if you allow me, may I say that?" (C13). And alleging that it was not legally wrong or disbelief the operation. This was done even before the testimonies when "the objective was to discredit the mechanism of whistleblowing [plea bargains]" (C31).

Considering the framework, our case study shows all the elements described in the continuum of destructiveness, however, the rationalization path undertook by the executives looks more like a continuum than having a single decision point. At any point, a person involved in a corrupt organization may decide to become a **whistleblower** or walk away. However, the willingness to engage in the act becomes weaker as the rationalization of corruption becomes stronger. It is

important to note that due to the nature of our data, all the executives became whistleblower under a leniency agreement made by Odebrecht with the public ministry, at that time the carwash corruption probe had already investigated other companies and cases with makes this decision not an individual one under the analysis of the continuum of destructiveness framework. With this in mind, we explained the rationalization of the executives and refine the continuum of destructiveness.
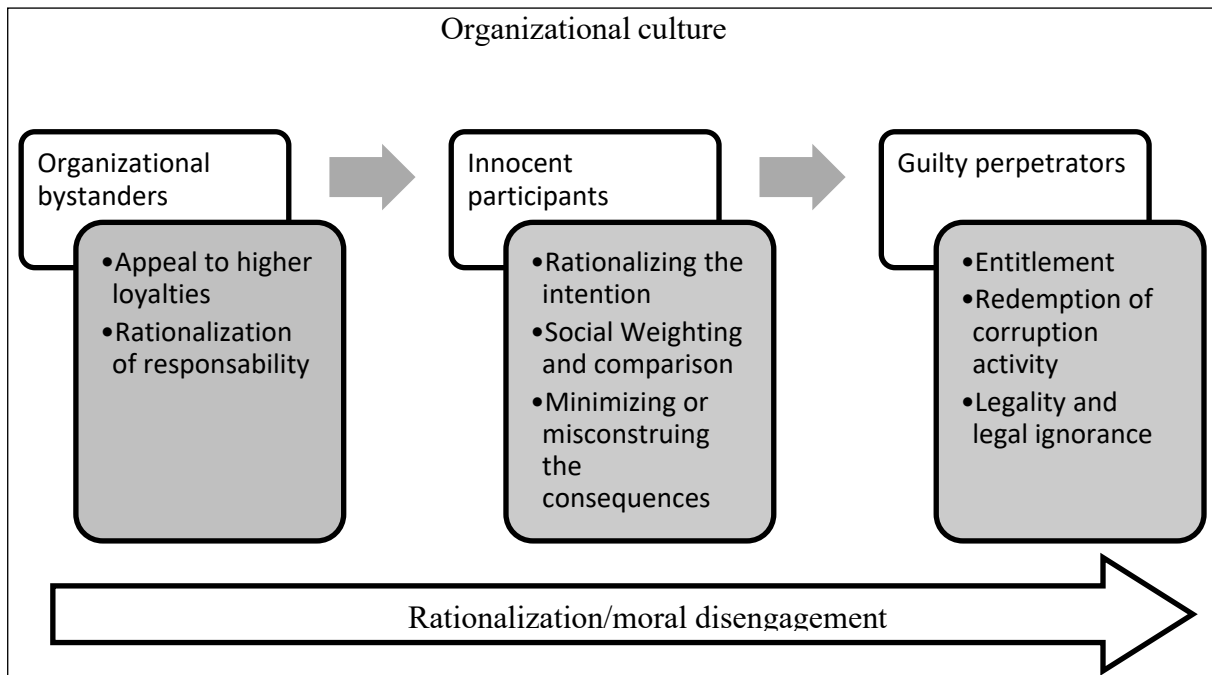
5. DISCUSSION

When entering a corrupt organization, it is necessary to comply with the rules, values, and beliefs. The construction industry provides an opportunity for wrongdoing; this is facilitated by its proximity to the State, complex contracts, and corporate culture (Arewa & Farrell, 2015). Given this culture and context, rationalization also becomes part of the job.

We could not assess the propositions on ethical distance and its effects on the transition between the phases of the continuum (Zyglidopoulos & Fleming, 2008). While some executives show that they maintained different structural and temporal ethical distances from corruption during their time in the organization, it does not directly relate to their capacity of progressing in the continuum. This can be attributed to the company's culture. Odebrecht imposed its culture in a manner that made its executives believe that the organization is important to their surrounding environment. This led them to rationalize wrongdoing from the moment they became aware of the illegal activities. Rationalization occurs even for organizational bystanders and innocent participants (Gerstein & Shaw, 2008; Messick & Bazerman, 2001).

Rationalization and the resulting moral disengagement provide a better understanding of what drives individuals further in the continuum. Although ethical distance mediates progress, the psychological mechanisms and moral self-sanctions influence individuals' decision to take one step further in the continuum, quit or blow the whistle (Bandura, 1999). Assuming this is true, two refinements take place in the continuum. First, there is no unique decision point; at every opportunity, the agent can decide to blow the whistle or quit the scheme. This can only occur if their moral self-sanctions overcome the rationalization mechanisms, in a corrupt culture, the willingness to blow the whistle diminishes with time.

Second, Individuals who are inside the corrupt organization start rationalizing as organizational bystanders. With time, new arguments convince individuals that their actions are not immoral. This excludes the stage of rationalization from the continuum because the individuals rationalize at all the stages. The further the individuals are in the continuum, the more rationalization mechanisms they use to justify or morally disengage from the unethical decisions. Figure 2 shows the refined continuum of destructiveness that occurred in Odebrecht.

FIGURE 2   CONTINUUM OF DESTRUCTIVENESS

Organizational culture

Organizational bystanders	Innocent participants	Guilty perpetrators
•Appeal to higher loyalties •Rationalization of responsability	•Rationalizing the intention •Social Weighting and comparison •Minimizing or misconstruing the consequences	•Entitlement •Redemption of corruption activity •Legality and legal ignorance

Rationalization/moral disengagement

Source: Elaborated by the author.

The idea that individuals in different stages of the continuum will rationalize unethical behavior differently makes it possible to operationalize the rationalization mechanisms described by Klerk (2017b). The case study shows which rationalization mechanisms are more used in each phase of the continuum.

As organizational bystanders, individuals rationalize by appealing to higher loyalties and rationalizing responsibility (Klerk, 2017a, 2017b). This is owing to the structural distance that makes agents not see the consequences of corruption or their inaction; this omission is part of the corruption culture (Zyglidopoulos & Fleming, 2008). As innocent participants, when temporal ethical distance is in place, the difficulty to see the consequences of the action makes agents rationalize the intention and leads them to engage in social comparisons. We agree with Zyglidopoulos and Fleming (2008) that perpetrators maintain less ethical distance than organizational bystanders and innocent participants. Data shows that perpetrators are directly involved in the corrupt action, which makes them know that what they are doing is wrong, leading them to feel entitled to corruption and its results.

6. CONCLUSION

This research aims to refine the continuum of destructiveness, by examining a corrupt organization and explaining what happens when an individual encounters and participates in such a culture. It presents a version of the continuum that puts emphasizes on the rationalization process rather than the ethical distance. These changes make the continuum look more like a path that individuals undertake when entering a corrupt organization. The contribution of the empirical research on Odebrecht showed that an individual starts rationalizing immediately after joining a CO and being aware of the unethical activity. The first contact of the individual with unethical activities leads to rationalization mechanisms, which, in turn, leads to moral disengagement and the progress of the individual in the continuum.

The individuals in the continuum start as organizational bystanders; they rationalize by appealing to higher loyalties and rationalizing responsibility. When they participate in meetings and draw closer to the illegal side of the business, they have a high intent to rationalize. Hence, they engage in social weighting and start minimizing the consequences. At this step, their peers also play a role in strengthening their reasoning and moral disengagement. Finally, after becoming a perpetrator, they seek entitlement and redemption; they also depend on legality to rationalize their actions.

Another aspect of this case study is that there is no unique decision point in the continuum; at any moment, the individual can quit or blow the whistle. The process of rationalization makes it more difficult. It must be noted that the culture of Odebrecht created a code of values, beliefs, and assumptions; these aspects made its members rationalize their actions. By teaching its employees that the purpose of the company is to serve the client and that each business leader must have personal relationships with important members of the clients' organizations, the corrupt culture contributed to rationalization. The relationship between the culture and the rationalization mechanisms becomes explicit when the TEO is used to rationalize corruption (Campbell & Göritz, 2014).

This research is part of an initial step to understanding theoretical ideas such as the continuum of destructiveness based on empirical evidence and how a corrupt organizational culture creates rationalization mechanisms. These changes in the conception of the continuum of destructiveness emphasize the rationalization mechanisms and moral disengagement. This does not mean that ethical distance does not play a role in the continuum; however, the acculturation process that changes the reasoning for wrongdoing should be better explained. As this is a qualitative study it did not intend to validate the continuum and its derived propositions, in that way we incentivize future research to investigate and measure how ethical distance and the rationalization mechanisms play their role in furthering individuals down the continuum of destructiveness path. Other studies should be conducted to validate and even generalize how culture leads to rationalization. This is important owing to the necessity of reviewing culture that was once viewed as a powerful tool to produce organizational results. Notwithstanding, it is one of the many causes of structural and even endemic corruption.

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