



## **Social Dominance Theory and the Roots of Organizational Corruption**

**Compliance and Ethics**



On April 18, 2013, New York State Senator Malcolm Smith was indicted by a federal grand jury for plotting to bribe his way onto the New York City mayoral ballot. The indictment also charged City Councilman Dan Halloran, Bronx Republican Chairman Joseph Savino, Queens Vice Chairman Vincent Tabone, Spring Valley Mayor Noramie Jasmin, and Deputy Mayor Joseph Desmaret for their participation in the scheme. During his appearance at a press conference announcing these indictments, an exasperated Preet Bharara, the US attorney for New York's Southern District, likened this episode of political corruption to a scene from the movie *Groundhog Day*. He asked: "What can we expect when transgressions seem to be tolerated and nothing seems ever to change?"

Given the never-ending stream of scandals involving powerful individuals in and out of government before and after Bharara's press conference, it's easy to share his despondence about both the ubiquity and the persistence of corruption despite significant efforts by legislators, regulators, prosecutors, and the business community to reduce its prevalence. Since Bharara made his statement, multiple former leaders of the New York House and Senate have been convicted of corruption. Corporate scandals involving high-profile individuals like Sam Waksal, Ken Lay, and Dennis Kozlowski continue with the regularity of clockwork. It seems that hardly a week goes by without reports of yet another corporate or government leader engaging in self-dealing, fraud, or some other form of reprehensible conduct.

Many of the efforts to stem the tide of political and corporate corruption have focused on enhancing systemic controls and enforcement. In the wake of the Malcolm Smith scandal, in which the former majority leader of the New York State Senate was convicted of corruption, New York Governor Andrew Cuomo advocated a campaign finance reform agenda to eliminate "pay to play" culture in New York. In the last two decades, we have also seen the passage of the US Sarbanes-Oxley Act of

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2002, the US Dodd-Frank Wall Street Reform and Consumer Protection Act, and aggressive enforcement of anticorruption laws like the US Foreign Corrupt Practices Act and the UK Bribery Act of 2010.

Enhancing controls and vigorous enforcement may very well succeed in reducing the prevalence of corruption in high places. At least one can hope they will. But we might also benefit from seeking a better understanding of the root causes of this seemingly unconquerable scourge. This was the aim of Valerie Rosenblatt, a professor at the Shidler College of Business, University of Hawaii, Manoa, in her research paper “Hierarchies, Power Inequalities, and Organizational Corruption” published in the *Journal of Business Ethics* in January 2012.

Applying social dominance theory, Rosenblatt concludes that “organizational corruption is driven by the individual and institutional tendency to structure societies as group-based social hierarchies.” Specifically, she asserts that:

“[I]ndividuals high in social dominance orientation, believing that they belong to superior groups, are likely to be less aware of corruption because of their feeling of entitlement to greater power and their desire to maintain dominance even if that requires exploiting others.”

Rosenblatt’s insights confirm the common perception that people in powerful positions seem to think that the rules don’t apply to them. They further imply that leaders are highly motivated to bend or break the rules to achieve greater power and maintain their dominant position. This certainly helps to explain the systematic use of tax havens by the world’s rich and powerful to hide their wealth — which was revealed with the release of the Panama Papers.

According to Rosenblatt, the inclination to rationalize corrupt acts is not limited to the ultra-rich and famous. We are all vulnerable to this affliction. This insight is key to understanding what we can do as individuals to fight corruption by candidly examining our own attitudes and behaviors.

If you are in a leadership position now, consider whether you may be falling into the trap that has caught so many others by taking liberties with the rules that you would not tolerate in your subordinates. Think about whether your desire to maintain your current leadership position, achieve performance targets, or climb the corporate ladder is clouding your judgment and causing your moral compass to point in the wrong direction. Take definitive steps, like conspicuously abiding by the rules, to lead by example. Seek an objective view of your workplace behavior from your subordinates, peers, and superiors to understand the way you are perceived and ask them to let you know if you appear to abuse your authority. Such acts of self-regulation, and the ethical culture they will promote, may be far more potent than stacks of control procedures to reduce your organization’s corruption risks.

As important as it is for leaders to consciously resist the temptation to abuse their power, Rosenblatt’s research also concludes that those of us in less dominant positions bear some responsibility for our leaders’ corrupt practices. Rosenblatt observes: “Members of subordinate groups are also likely to have lower awareness of corruption if they show more favoritism toward dominant group members to enhance their sense of worth and preserve social order.”

Before you dismiss this idea, consider how we tend to give the benefit of the doubt to, or perhaps even take the side of, political leaders caught in a scandal because they are aligned with our own political views. Similarly, think about the many times you have failed to challenge corporate leaders

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who appeared to engage in misconduct because doing so would jeopardize your own standing in the organization or result in a possible shakeup in the corporate chain of command that may not be to your liking.

Despite ever-tightening regulatory regimes and anticorruption enforcement efforts around the globe, we will likely continue to see a steady parade of prominent individuals who engage in corrupt practices. We cannot control what others do. But if Rosenblatt is right, each of us can do our part to reduce corruption risks in our organizations by recognizing our vulnerability to the influence of social dominance on our behavior and engaging in thoughtful, principled self-regulation both as leaders and subordinates.

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