

## On the dark side of the code: organizational challenges to an effective anti-corruption strategy

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**Abstract** Corporations have been fighting for decades to eliminate corruption. However, despite the proliferation of compliance programs and a recurrent surge of interest in business ethics, commercial bribery prevails as a “rational choice strategy” for economic success and thus is widely regarded as the result of immoral choices of greedy individuals. This article reports on a modus operandi study concerning corruption within a large industrial corporation (Siemens AG). Results highlight the fact that neither consistent anti-corruption norms nor severe formal sanctions were able to deter certain employees from deviant behavior in this landmark case of structural corruption. Sociologists and business economists have both pointed to the organizational culture that provides an explanation for this paradox. The author compares three diverging hypotheses: (1) private gain, (2) cognitive normalization, and (3) organizational cultures, and concludes that the structural causes of corrupt practices fit the definition of ‘useful illegality’ (Luhmann). To a large extent, this old sociological concept resembles the criminological idea of corporate crime, but it emphasizes the cultural factors that undermine management’s preventive strategies, and thus holds the promise of theoretical progress. Implications that emerge from the case analysis for the social control of corporate bribe payers are discussed. The discussion reveals why challenges to successful anti-corruption efforts persist at the organizational level.

“Fundamental ethical values are the basis for moral action. But, which values are useful in a globalized economy?”

Heinrich von Pierer<sup>1</sup> [1: p. 14]

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<sup>1</sup>Heinrich von Pierer joined Siemens in 1969. He served as ‘chief executive officer’ (CEO) since 1992 and as ‘chairman of the supervisory board’ in the last 2 years of his employment. He resigned in 2007, in the wake of the corruption scandal that is the subject of this article.

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