

# Conceptual View on Corruption and its Impact on Human Resources

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**Abstract:** Corruption is a global problem that manifests its self not only in the organizational environment, but also in the social system. Its affect negatively the human resources as a result of which diagnosed its scope. The publication is considered the essence of corruption, social and organizational phenomenon and illegal business practices. From the study of literature are grouped different theories and models on corruption and its impact on human resources. Corruption is identified according to its characteristics and forms.

**Index Terms:** organization views about corruption, corruption, human resource.

**JEL:** H83

## I. INTRODUCTION

Whether occurring in public system or in an organization, corruption hinders the effective implementation of social processes and violates ethics in administrative or business structures. The basis of such practices and schemes in each organization (and society) is the human factor, the decisions made and actions taken in such situations.

In a certain extent, considered on the level of organization, corruption may not only occurs at this level because it is a consequence of the environment in which the social systems work and operate. The organization is an open system that interacts with the environment (generally speaking community or society) where the influence of different factors and processes can be seen and understood.

With the most significant impact on corruption in the public system are the economic factors (economic growth, inflation rate, competition for operators liberalization of the market sector solvency of the population, poverty, etc.), political and legal factors (democracy and freedom of speech, government regulations, political stability and responsibility, stable functioning legislatures, efficiency of the judicial system etc.), social and cultural factors (religion, education, movement for rights and freedoms, urbanization, national culture, ethical perceptions of the population, etc.). (C. Shen & B. Williamson, 2005, pp. 327-345; V. Tanzi, 1998, pp. 559-594).

Corruption manifests itself in society and influences the management of processes in social systems, but the opposite is also true - human resources create corruption, reflecting the public systems. Therefore, corruption cannot be diagnosed on either point of view, which makes it complicated social and organizational phenomenon, with different shapes, effects and consequences (Fig. 1).

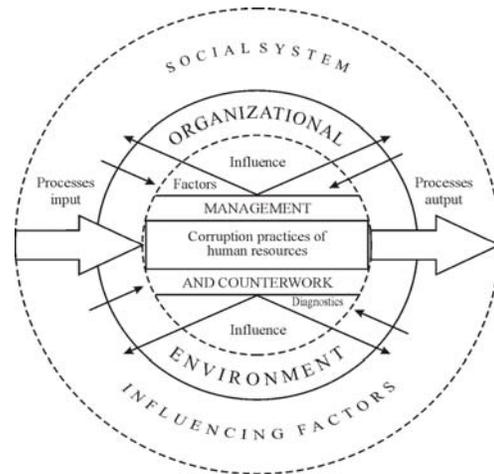


Fig.1. Relationship between corrupt practices and of human resources in organization and social system

This correlation (society - organization) is a complex construct of a number of components and trends within which corruption is difficult process to understand and demonstrate. Often it is hidden to the public, regardless of where and how it manifests itself comprises a chain of interconnected people and activities. (D. McKoy, pp. 83-98). This makes it a social and organizational phenomenon associated with negative trends for individuals, private or public organizations and demoralizes the ongoing processes. On national level, corruption leads to instability of the social-economic and political system, which reflects on the living standards of people and threatens the sustainability of the public sector (corporate competitiveness, infrastructure development and improper exploitation of national wealth). Corrupt practices and schemes are not in the public interest because they have a negative impact on the status and development of the national economy.

For doing a research on corruption and its forms in the public system people use different indicators, the most important of which are: 1) Transparency International's: Corruption Perception Index (CPI) - makes the ranking of countries by level of corruption in different spheres of community on the basis of a certain scale (from 0 to 10 points, a higher index indicates lower degree of corruption) methodology and a period (of each year). 2) World's Bank Worldwide Governance Indicators: Control of Corruption Index (CCI) - covers several dimensions that measure the level of corruption in society and business, and where respondents were businesses, government officials,

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individuals, NGOs and others. 3) Heritage Foundation: Index of Economic Freedom (EFI) - measures the level of economic freedom and labor activity of people doing business and the state's role on this process (not to apply restrictions), including corruption, hindering economic initiatives. 4) Corruption Index of the Political Risk Services Group (CIPRSG) - integrates the specific indicators that measure the impact of business on the political system and the corruption of political actors (parties and politicians). (W. Judge, D. McNatt & W. Xu, 2011, pp. 93-103; D. Kaufmann, A. Kraay & P. Zoido-Lobaton, Working Paper 2195, 1999). Corruption is a profitable business for many people, whether they hold responsible positions in the private or public organizations or are associated with their operation. The issue of corruption is particularly interesting, but in the book the focus is on micro level –its manifestation in the organizational environment.

## II. INNER CHARACTERISTICS, NATURE AND SCOPE OF CORRUPTION

Corruption and its manifestations dates back thousands of years and although it is not a new problem, it is constantly growing and acquiring new forms in all spheres of socio-economic life. It arouses great interest in academic sphere, in the activities of organizations and bodies whose task is to control corruption and schemes in order to counter against them.

In business organizations or administrative structures, fighting corruption, its forms and manifestations is carried out by special purpose departments and a team of professionally trained experts. At international level, so are a number of organizations and institutions that monitor the manifestation of corruption and take measures for its ignoring (for example Transparency International, US Foreign Corrupt Practices Act, Council of Europe, Organization of American States, OLAF, Euro just, etc.).

Literature (J. Wallis, 2006; T. Aidt, 2003, pp. 632–652) evidence of corruption from the time before Christ, ancient philosophy, it is even mentioned in the Old Testament. Over the last two decades of the 20-th century and beginning of the new millennium - today, corruption is constantly evolving. That issues attracts the academic discussions in psychology, sociology, law, political science, economics, anthropology and others. The dynamics of social-economic processes, globalization and new IT technologies have changed the perception of corruption. It is so prevalent in all spheres of society, it is difficult to determine its scope and the damage it brings. It questions the categorization of the scope of corruption, which in this publication is limited to organizational level (business organization or administrative structure). Otherwise, corrupt practices and schemes affect other layers of society - corruption of a state and political level, corruption in the judicial system and law enforcement, corruption in the educational system, corruption in health care, etc. It is not easy to analyze and manage because

different processes and people intertwine and they are hard to spot in society and adversely (immoral) of its development. In literature, corruption and the spreading out of it unregulated by law practices and schemes are the subject of ongoing research.

Corruption is a process that occurs in any country or organization, whether it is hidden, obvious, major or minor. Everyone is susceptible to participate in unregulated by law forms of corruption, which of course is the right of personal choice and lifestyle. Influence in this respect is made by the geographical position of the countries and the national culture. In every society there are cultural norms, religious values, perceptions, etc., which affect in one way or another corruption and its manifestation. In some nations corruption is considered a taboo and it is strictly prosecuted in other not so much, in others it is unimpressive or it is even stimulated. According to experts (S. Ackerman-Rose & B. Palifka, 2016, pp. 6-7; R. Clitgaard, 1988, p. xi) however, there is a universal trait that is typical for all people who incite (encourage) to corruption, regardless of gender, race, religion or geographical location of a country - it's self-interest and the pursuit of some benefit. Practically, they depend on the participation of people in corrupt practices and schemes, at what level they are carried out, how many people are involved, what determines their motives, etc.

Corruption manifests itself in all spheres of society, including the workplace (firms), which is why researchers (R. Ganther, 2016, p. 15; F. Fukuyama, 2016, pp. 1-19 (p.1); J. Hatchard, 2014, pp. 13-14) offer different definitions characterizing its essence and nature. Without differentiated separately, one can say that most of them contain similar signs in defining corruption and synthesizing, they define it like this:

- deforming the processes in the social-economic system;
- associated with various forms and categories;
- negative phenomenon in the organizational structures;
- results in a benefit to one or other entity, all of them and / or third parties;
- people who provoke/induce corruption are active hosts and those who accept it –
- passive participants;
- misuse of power, positions and influence;
- it corresponds to the committing different types of crimes;
- demoralizes and deteriorates the social climate.

A retrospective review of the literature shows that corruption is a phenomenon that has constantly been manifested in social organizations and has influenced the behavior and actions of human resources, which reflects organizational development. According to the authors (K. Anguelov, 2011; S. Ackerman-Rose & B. Palifka, 2016; A. Mungiu-Pippidi, 2015) corruption is a global phenomenon that limits the economic prosperity of countries and harms the business, social and political system, which affects

businesses and NGOs. In a narrower aspect this leads to three perspectives of corrupt behavior - public interest, public opinion and legal norms (J. Scott, 1972, p. 3).

The literature treats various theories and models on corruption and its impact on socio-political and economic development of nations. In the article, they cannot be shown in full scope and depth, so focus is only on the main ones (K. Anguelov, 2008; R. Winters, L. Globokar & C. Roberson, 2014; W. Huisman & G. Walle, 2010, pp. 115-145). It is believed that traditional theories of corrupt practices and schemes are formed by the neoclassical economics at national level driven by civil servants who have the necessary powers to influence the business and processes in the public system. Their corruption benefit them personally, which is to the detriment of society and undermines national institutions to effectively perform their duties (powers).

The theories focusing on criminological aspects of corruption and organized crime deal with illegal activities, which are the basis of human behavior. In this aspect corruption occurs mainly in the public system, where crimes are committed mainly by a social and economic nature. They have a point of intersection with the sociological outlook for the Study of corrupt practices and schemes, and the focus is on market mechanisms ("informal (grey) sector"), the political and administrative system and the activities of criminals.

Theories focusing on the sociological perspective associated with corrupt practices and schemes affecting issues of social action in which society is a product of a system of interaction between people. Their behavior depends on various factors (symbols, rules, norms, culture, gestures, social roles, etc.) whose interpretation is subjective for each person. There are complex relationships between individuals, group, organization, institution, which are an integral part of the public system. So people determine their own behavior through active communication among themselves, attach importance to the facts, phenomena and processes in the social environment. Changes in this environment are key for perception and their propensity to corruption. Even if they have no affinity for corrupt practices and schemes in their interaction with the social environment, people adapt to the norms and values and change their attitudes. So they do things (which they may not like), which are the result of various factors and situations in that environment and thus they are associated with it.

Theories dealing with economic crimes and corruption focus on the causal link between the reasons for them and the effect of the crime. Researchers are looking for the context of the situation, which takes into account the decision of the individual to participate in fraud and abuse, i.e. what is the price you will pay for their actions (criminal intent). In most cases, people assess the risk before making their decision whether to participate in corrupt practices and schemes - for some people- reason prevails over the desire for breaking the law, others think in a different way.

Some sources analyze the factors that people take into account before participating in corruption and abuses, namely: 1) what will be the benefits and negatives of the crime at the expense of legitimate activities. 2) What are the chances of discovery of the crime over the personality and the punishment that follows from it? 3) In what scale (how hard) will be the punishment. 4) Which are the possibilities to achieve the goal by legal means, i.e. to avoid corruption (R. Witt & A. Dryden-Witte, 2001, p. 5).

Theories focusing on the psychological state of the individual to participate in corrupt practices and schemes are followed by the effort to identify the reasons that provoke different behavior of people in one situation or another. This of course, is a personal trait of each individual, which largely depends on biological, genetic and neural structure of the human body (T. Gilovich, D. Keltner, S. Chen & R. Nisbett, 2015, p. 112). Man has different perceptions about the environment that surrounds them, as a result of receiving contradicting information about what is right or what is wrong to do.

For example, research on predictive behavior of personality aim to predict intentions (motivational effects) that lead people to act in a certain way. They look for relationship between behavior and consciousness of the individual (his beliefs) that his action will result in an expected (planned) result. The theory is applied in the organization to establish a corrupt intentions of human resources and taking precautions that this does not happen. Similarly, studies of social observation (learning) personality are associated with a state of mind in which a person learns from others, what they should or should not do. If some gets punished for their involvement in corruption, it acts as a deterrent to others who can make a judgment what awaits them if they are in his place. Conversely, if they do not realize the consequences of corruption, some people prefer to risk illegal activities and abuses.

The decision to corruption is affected by the psychological state of human resources. When unstable, people are more likely to engage in corrupt practices and schemes, because they lose their sense of judgment of the situation and lack self-control. Highly efficient and socially oriented organizations create collision-free working environment, appropriate ethical climate, trust and loyalty among people. On the other hand, individual assessment of personality is influenced by this group, which grows into conformity or reprehensible behavior. As regards corruption, we can apply the effect of the "broken window", according to which behavior that is immoral and violates ethical norms and values in society should be condemned by others as such. For example, if some people in the organization are prone to corruption and it is noticeable by others, such behavior is condemned as vandalism, which warns them of the possible consequences of this process. So the outside influences on behavior that is unacceptable to the public or violates the norms and

values of the organization are ignored (G. Kelling & C. Coles, 1998, pp. 11-35, 157-193).

Theories focusing on organizational aspects of corruption cover corrupt behavior of the individual / group and organization as a whole. They are a complex construct of human relations and business activities, reflecting the economic performance and corporate image. Covering different aspects of human behavior, from the needs of the people (ego) to meet specific needs by participating in corruption, the effect of the damage in the organization and the liability for damages (penalty). In the literature (S. Ackerman-Rose & B. Palifka, 2016, pp. 51-92; A. Schleifer & R. Vishny, 1993, pp. 599-617) authors see and talk about the manifestation of corruption, defined as large, routine, active and passive. Large-scale corruption occurs at senior official level, affecting high-profile in society, governmental institutions, covering the superiority of law or the economic system of the nation. Routine corruption is identified with embezzling money is "authorized" dimensions, petty theft, kickbacks, relatives appointments of executives, etc., as it is manifested in the administrative institutions, and so it is called bureaucratic corruption.

Therefore large-scale corruption at the political level and affects the national sovereignty and is the daily one is rather routine - this is the activity (work) the bureaucratic system. Large-scale corruption distorts the system of the government by acting on all the features that determine its structure, while routine corruption manifests itself in the management of this system and affects social relationships between people. Active corruption is defined by people willing to lobby on individuals with influence and / or money to benefit from what we aspire. Passive corruption is formed by people who are willing to take financial resources and are susceptible to influence by giving others what they need and can provide it to them. There are cases where there is active corruption, but no passive, i.e. corruption will be a chimera if some offers, but the other does not take. The opposite is not rational, because if no one takes, there is no need (and whom) to give! This is the meaning of the opposition - if people are not involved in corrupt practices and schemes, they do not create them. Also, corruption is a systemic, chronic manifesting in a certain sphere of society or episodic - occurs randomly without anticipated repeatability (regularity) because it is a single act that will not happen again.

Interesting typology of corruption is made in terms of private and public interest entities possessing the power to take administrative decisions. Impacted is the distribution of discretion (generally understood as unlimited powers of a particular entity (body, individual) take sole administrative decisions in a particular situation) between private entities carrying on corruption and public entities (bureaucrats) who accept (and here the system is again giving-receiving). Conflict of interest also leads to corruption (mostly in the public sector) due to misuse of authority and official position of officials. In the Republic of Bulgaria there is a "Law on Prevention and Disclosure of Conflict of Interests (CIPAA)" prom. SG. 94 October 31, 2008 According to this law (Art. 2) "A conflict of

interest arises when a person holding public office, a private interest that could affect the impartial and objective performance/execution of his powers or duties of office. (2) (amend. SG. 97 of 2010, effective 10.12.2010) Defined as "private" is every interest that leads to benefit from tangible or intangible character of a person holding public office or their related people, including any commitment. (3) (suppl. SG. 97 of 2010, effective 10.12.2010) Taxation of all income in cash or in property, including acquisition of shares and the grant, transfer or refusal of rights receipt of privilege or honors, receiving goods or services for free or at prices lower than the market, help, vote, support or influence, advantage, receiving or promise of employment, position, gift, reward or promise to avoid loss, liability, penalty or other adverse event.

Interests in this case are related to the recruitment of human resources at certain positions in the hierarchy of administrative structures, wrongful gain, financial and commercial interests, disclosure of confidential information and more. A certain liaison to corruption is launching preference of superior people (friends, relatives, family members, people who can trust and be trusted, etc.). Those who help them rise through the ranks have access to power and key resources used for personal purposes or taking controls over processes and personalities.

In the context of the international business authors (C. Haller & C. Shore, 2005; J. Cullen, K. Parboteeah & M. Hoegl, 2004, pp. 411-421) address the issue of corruption in terms of cultural differences between countries and their attitude towards this process. A thesis has been supported that business operations in international markets, are activities that cover risk, since each country has national characteristics and economic practices, resulting in difficult to anticipate and avoid corrupt practices and schemes. This concerns mainly multinational organizations are therefore forced to apply (where appropriate) different strategies and tactics to ignore corruption or limit it to acceptable limits. In fact, corruption internationally, limits the entrepreneurship and business investors and often denies them by the initiatives taken (K. Martin, J. Cullen, J. Johnson & K. Parboteeah, 2007, pp. 1401-1422; J. Doh, R. Rodriguez, K. Uhlenburuck, J. Collins & L. Eden, 2003, pp. 114-127).

Other authors (D. Torsello (Ed.), 2016; B. Davis (Ed.), 2016; Y. Luo, 2004, pp. 119-154) make a skillful comparison with the corruption from previous years and current trends in businesses and administrative structures. What distinguishes their publications is the claim that new developments in all spheres of social-economic system are dynamic and much more complicated, and this increases the corruption and the schemes of that kind. Why is that? Limited resources, the pressure of competitors, emerging markets and technologies require access to information and goods, which is crucial for the competitiveness of businesses and developing nations. And where is the place of corruption? For higher productivity and efficiency, shareholders and managers of companies resorting to

illegal practices to ensure profit. This requires various corrupt schemes acquisition of information, participation in public procurement, neglect of environmental or health requirements, unfair competition, lack of social responsibility, etc. This process affects the state administrative structures of employees who have access and provide confidential information, concealment of such, falsification of records, erasing her work in favor of a third party or parties (suppliers, dealers, agents, etc.).

In the literature, most authors (C. Lagarde et al., 2016; S. Ackerman-Rose & B. Palifka, 2016; L. Holmes, 2015) focus on various forms of corruption, the main ones are bribe, abuse and embezzlement, fraud, extortion. Other (S. Ackerman-Rose & B. Palifka, 2016, pp. 233-274; S. Arbogast, 2013, pp. 670-684) focus on corporate culture and ethical climate that promote or ignore (reject) corruption in the organization. This of course is a priority task of senior management, which must implement adequate strategies and approaches to deal (prevention) against corruption and its forms. One of the questions in this respect is how you perceive (interpret) the situations and processes in organizational environment, i.e. Human resources have different perceptions about what they see or hear. If they are inconsistent or do not match the values of the people and strategies for anti-corruption practices are not effective, it is a problem for the organization. Human resources required information and communication about what is happening in the organization, what is rumor, myth or reality in the fight against corruption and the consequences of this process (J. Bargh, 1988, pp. 9-32).

Some authors (O. Gorbaneva, G. Ougolnitsky & A. Usov, 2016; R. Burke, E. Tomlinson & C. Cooper (Eds.), 2011) believe that the organizational structure is a key aspect of the appearance of corruption because it covers processes and tasks type of professional relationship (as a result of hierarchical positions and power), the right to decision-making and more. This will depend on the level of corruption in the organization, i.e. whether senior managers or people by which are determined the nature of corrupt practices and schemes. What matters is whether corruption is on individual or collective level, what size it is, and how it will be overcome. Centralization and decentralization in organizational structure also affect corruption, but the assumption is that decentralized structures empowering managers and their assistants, and thus options for corruption progress. In cumbersome and bureaucratic companies (with multiple levels of government), the possibility of corruption is much greater than in flexible and "flat" organizational structures.

Considering organizational psychology, as the tangent point how it will perform/execute the work of the organization and its effectiveness, authors (H. Bernardin & D. Cooke, 1993, pp. 1097-1108; E. Lasson & A. Bass, 1997, pp. 121-146) investigate the processes of selection of human resources. They justify the thesis that characterological traits define human behavior in the workplace, i.e. his tendency to participate in corrupt

activities or his passivity. The selection of human resources are implemented through various instruments (study of past personality, psychological tests, tests determining the desire of people to theft, fraud, violence, etc.). (J. Jones, K. Slora & M. Boye, 1990, pp. 275-279; M. McDaniel & J. Jones, 1988, pp. 327-345). The final goal of Management is to select candidates who are even-responsible and conscientiously to fulfill their commitments, i.e. it is not likely for them to be engaged in corruption and abuse. A good example (T. Bateman & D. Organ, 1983, pp. 587-595; D. Organ, 1988) is given by military structures aiming to create the so-called Pomegranate. Universal soldier to serve effectively, to be loyal and multifunctional. The same analog can be done with the organizational structures in need of department personnel, i.e. high-performance, proactive, honest and responsible human resources without abusing their authority and powers.

Other authors (B. Ashforth & F. Mael, 1989, pp. 20-39; M. Williams & J. Dutton, 1990, pp. 3-30) focus on the process of socialization of human resources, which affects the corrupt practices and schemes in the organization. On the one hand, people can be interconnected through the tasks they perform and thus create collusion with each other. But it is also possible to have no direct connection with each other (in hierarchical organizational structures with multiple units), but know someone who is connected to their group and indirectly involved in corruption. Socialization of people in the organization can acquire critical frameworks when are loyal to each other and on the basis of certain criteria (ethnicity, religion, professional interests, political affiliation, etc.) and manifest the so-called social identification. Here people are emotionally tied to each other and support each other (A. Ledeneva, 1998; T. Sissener, 2000). This leads to a domino effect, because people tend to corrupt practices can influence others to do so. This process is a dangerous for the organization that monitors and regulates the negative effects of social belonging of human resources. This is difficult because it is an informal organization that is a complex system of human relationships, perceptions and values of the personality.

We need to take into account another fact: the ethnographic structure in the country is different and socialization between people may have specific dimensions to wrong perceptions of corruption. In some countries there acts a peculiar socio-cultural logic of personal relationships, even in the workplace (A. Ruud, 1998; Y. Yan, 1996). It is very difficult to identify corruption if subject A is benevolent and grateful to the subject B, and in recognition gives him a gift that person B does not want or cannot refuse. In a country like China, it is normal practice ("Guanxi") and is not associated with corruption and it strengthens social relations between people through solidarity and empathy (M. M. Yang, 1994, pp. 80-83, 139-142). But the border is thin, because even seemingly no

intent to corruption, it is still possible that the motives of the people (or some of them) be driven by personal interest or gain, which is a typical feature of human nature. So relations "giving-receiving" gain context, which is interpreted differently according to national-cultural specificity and behavior of people in the organization.

Some authors (W. Burke, 2014; T. Lingham, 2010, pp. 325-340) refract corruption in the process of change as corrupt practices and schemes should be ignored in any way. Within the scope of their studies is the process of normalization of corruption within the organization which goes through several transformations. First, the process of institutionalization - because the decisions and actions of management leading to corruption (serving one's interests) are generally built, i.e. accreted have the organizational structure and processes. Second, the process of rationalization, i.e. vulgar forms of corruption must be replaced with ethical climate and culture, suiting modern practices of corporate behavior. Third, we need a socialization that unites people in the organization, and assembling them into a team and conducting courses and seminars against corruption, help them to understand, manage and ignore this issue.

The authors (N. Iler & M. Samociuk, 2016; S. Manacorda, F. Centonze, G. Forti, (Eds.), 2014) offer a variety of tools for combating corruption, human resources and its management. The process is aimed at reducing the levels of personal corruption affecting the individual in the organization and blocking its manifestation. Here, however, it should clarify one important detail that defines the relationship between corruption and personal behavior of people and their work in an organizational environment. The aim of the organization is not to educate and supervise the people working in it, and give them the opportunity to develop professionally (individual and in a team), achieving notable personal and organizational performance. So designing corporate culture that unites people, it also provides them a chance to express themselves, create an ethical climate, organizational norms and values. In other words, the organization must hire professionally trained, honest and loyal people (experts) that create business value for its customers. But what if people are corrupt or are susceptible to abuse? Just then you need an appropriate strategy for combating corrupt practices and schemes, which is not covenant purpose of the organization, but is forced to do so. This leads to the point - Corruption is a burden for the organization, but it is necessary to intervene to prevent severe damage to its business. Some researchers believe that human resources in the organization should have a higher degree of self-control to refrain from abuse and that they are responsible to organizational goals and strategies. But this process is formed in the family environment where people are taught ethics, culture and adherence to social norms and values in society (T. Hirschi & M. Gottfredson, 2001). But fighting corruption is

expensive and difficult task that takes significant time and resources to organizations that can utilize them in other, more efficient and profitable operations. Corruption can always occur (where gone) or greatly escalate because human resources in the organization are driven by different drive for success, which does not exclude abuse. Therefore organizations implement tactics and strategies for preventing corruption and reducing the risk of wrongfully obtaining goods and violation of resources.

Authors (Y. Vardy & E. Weitz, 2016; R. Hollinger & J. Clark, 1987) emphasize the liaisons between corruption and the results that form of work organization. There are various mechanisms affecting human resources so that they renounce corruption and options to reduce them to the minimum level. Within the scope of their research are stimulating forms of influence (bonuses and rewards for high performance and production, systems for motivation, etc.), ways to respond to environmental factors, pressure from competitors, and return of investment and so on. According to these researchers if organizations are highly effective and competitive, corruption will be limited in acceptable levels or no longer exist, while those with low efficiency, increasing the likelihood is great. Furthermore, Human Resources will try to offset and compensate losses or gains that they do not get as involved in corruption and corporate malpractice.

Some authors (T. Brytting, R. Minogue & V. Morino, 2016; N. Lyer & M. Samociuk, 2016) considered the stages of corruption and its consequences for the organization, inflicting damage on its development (present and future). From the review of the literature we can outline the corruption model that encompasses three stages. In the first one, corruption has no particular influence in society and affects business organizations. It is manifested in small-scale and the negative effects cannot cause serious damage to organizations, even in case it is growing. Corruption does not penetrate deeply into social structures and damage are minimal. However, this is a "red light" for the government that there are strong shocks if corruption is not contained. The second stage is more dynamic than the first, because it has acquired a large scale and it is felt palpable and significant. Corruption prevails in much of the organizational structure and increases in an avalanche-like pattern. There is the effect of a "snowball" that involves human resources in corruption schemes. In the third stage, corruption is destructive, it permeates throughout the organization, it has made the social climate worse, organizational processes are not effective and corporate image is destroyed. These stages (especially the second and the third) cause serious damage to organizations (and society) with different consequences: an imbalance in the whole organizational structure, poor productivity and efficiency, lack of appropriate governance mechanisms, inefficient management decisions, poor social climate, conflict, etc.

There is a direct link between factors in the social system, influencing the corruption and the consequences for society of its manifestation. The effects reflect on the economic, political, legal, social and cultural factors. This is a bilateral process - corruption in the public system is linked to the functioning and development of the organization, and vice versa, its manifestation in the organization affects the society. In this context, the damage to the national economy are related to the reduction of GDP, reducing the purchasing power of the population, low investment activity, increased crime, violating the proportions of market mechanisms, expansion of the informal (grey) economy, underperforming government and administrative institutions, "leakage" of intellectual capital, spiritual impoverishment of the population, paralysis in the culture and values of the nation and others. For the effective prevention of corruption in the public system are offered different approaches, which are combined into three groups (S. Rose-Ackerman & R. Truex, 2012; W. Judge, D. McNatt, W. Xu, 2011, pp. 93-103): 1) "legal approach", where there is increasing national spending to prevent corruption by creating new legislative mechanisms or improve already existing ones. 2) "Business-administrative approach" in which there is rising wages of different categories of civil servants so as to reduce corruption and bureaucracy and increase work efficiency and respectively administrative services. 3) "Market-economic approach" that stimulates the activity of businesses and their interaction with the state administration.

### III. CONCLUSION

From the foregoing it is clear that corruption is diagnosed and understood in different ways, whether it comes to organizational structures or its manifestation in society. The mechanism, however, is uniform - personal or group gain with things and /or resources, which comes as a result from the excess of available power, hierarchical position or influence peddling in social structures. In the narrower context corruption demoralizes the value norms and principles of conduct of human resources in the organization, violates ethical requirements of moral social behavior. In this aspect, corruption manifests itself through illegal acts or abuses which are the basis for meeting personal goals and interests that are commensurate with tangible or intangible benefits. As a result of the publication is achieved the following:

- established the correlation between the appearance the corruption in organization and the social system;
- are grouped some theories and models on corruption and its impact on human resources;
- corruption is identified according to its characteristics and forms.

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