UNDERSTANDING CONTEXTUAL “READINESS” FOR ACHIEVING INSTITUTIONAL BREAKTHROUGHS: A STUDY OF THE FIGHT AGAINST CORRUPTION IN BRAZIL

Martins Brelaz de Castro, Armando
Imperial College Business School
Imperial College London
South Kensington campus
London SW7 2AZ
United Kingdom
T: +44 (0)20 7589 5111
F: +44 (0)20 7823 7685
Email: a.castro13@imperial.ac.uk

Shaz Ansari,
Cambridge Judge Business School,
Professorial Fellow, St Edmund’s College,
University of Cambridge,
Trumpington Street,
Cambridge CB2 1AG,
United Kingdom.
Tel: 44 (0) 1223-768-128
Fax: 44 (0) 1223-339-701
Email: s.ansari@jbs.cam.ac.uk

Accepted for publication in Journal of Management Inquiry
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ABSTRACT

While there has been increasing attention in institutional theory on how purposeful actors can disrupt even deeply entrenched practices, we focus on the role of the context in fuelling these efforts. We analyse one of the largest anti-corruption operations ever launched in Brazil: the 'Lava Jato' (Car Wash Operation) and its antecedents, the contextual enablers of change and the institutional work of agents involved in this operation. We find that the confluence of jolts, gradual changes in the field, and the cumulating work of purposeful actors were essential for anti-corruption actions to gain traction across the country and lead to a breakthrough in the fight against corruption. We develop a model to explain how actors seeking institutional change are contextually empowered and their efforts yield breakthroughs only at certain points in time when the context is “ripe” for change. Our findings contribute both to institutional theory and the corruption literature.

Keywords: Institutional theory, institutional work, corruption, context, Brazil, Car Wash operation, case study.
INTRODUCTION

Corruption is a major global concern and there is widespread interest in finding effective ways to fight this problem. The Organisation for Economic Cooperation and Development (OECD) define corruption as “the abuse of public or private office for personal gain. It includes acts of bribery, embezzlement, nepotism or state capture. Corruption is often associated with and reinforced by other illegal practices, such as bid rigging, fraud or money laundering” (OECD, 2014). Recent corruption scandals have affected organisations as diverse as United Nations Oil (Jeong & Weiner, 2012), the International Federation of Association Football (FIFA), and several multinationals such as Siemens and Samsung.

Management theories, and in particular institutional theory, offer a useful lens through which to study the fight against corruption, because they are particularly suited to understanding institutional change and the deinstitutionalisation of well-entrenched practices (Maguire & Hardy, 2009). While early neo-institutional formulations focused on notions of conformity and stability and the structural constraints upon agency, since at least the 1990s, there has been increasing emphasis on explaining agency – both change and maintenance – often through ‘bottom up’ notions of institutional entrepreneurship (DiMaggio, 1988), institutional work (Lawrence and Suddaby, 2006), collective action (Wijen & Ansari, 2007), practices (Smets et al., 2012), framing (Gray, Purdy, Ansari, 2015), communication (Loewenstein, Ocasio, & Jones 2012) and social movements (Schneiberg & Lounsbury, 2008). While a great deal has been learned about institutional change through these studies, in an effort to foreground agency, the ‘agentic turn’ in institutional theory has arguably tended to overlook the influence of the institutional context (see exceptions e.g., Weber & Glynn, 2006; Gray et al., 2015) that offers varying degrees of latitude to actors involved in cultivating change. Contextual influences are often acknowledged but tend to be bracketed as
simply as enabling conditions for agentic activities. Even more broadly speaking, organizational theories in general – including (neo)institutional theory – tend to ignore the historicity of institutional processes and how different historical constituents varyingly influence institutional dimensions (Clemente, Durand & Roulet, 2016). precipitating factors or enabling conditions for agentic activities.

Thus, while we have gained impressive insights into actors and their work (Phillips & Lawrence, 2012), the role of context in enabling and empowering institutional work remains less explored (Lawrence, Lecca, & Zilber, 2013, p. 1026). Yet, it is well established that evolving norms, beliefs and other contextual dimensions in society can empower or constrain agents trying to bring about change in institutionalised practices by creating “windows of opportunity” that allow these changes to be “crashed through” (Aberbach & Christensen, 2001; Granqvist & Gustafsson, 2016). Corruption is one example of a highly institutionalised practice, where even concerted efforts towards change have often borne little fruit; such as the Malaysian government-backed “Anti-Corruption No Gift Policy” campaign in 2012 that made few if any inroads into fighting corruption. However, it has also been observed that, at certain times, anti-corruption efforts suddenly become visible, gain traction and yield breakthroughs. How do these actors at the helm of fighting corruption become empowered at particular points in time?

While existing research has explained how actors can disrupt even deeply entrenched practices, we focus on the role of the context in fuelling these efforts. We analyse one of the largest anti-corruption operations ever launched in Brazil: the 'Lava Jato' (Car Wash Operation), the antecedents that led to it, the contextual enablers of change and some of the agents involved in this anti-corruption operation. The Car Wash Operation has been Brazil’s most publicised corruption scandal in recent history and led to the arrest of hundreds of politicians and business executives.
Many Brazilian agencies have long had anti-corruption missions, but arguably had to wait for “contextual readiness” (Ansari & Phillips, 2011, p. 1593), “windows of opportunity” (Aberbach & Christensen, 2001) and the availability of societal “raw materials” (Lawrence and Phillips, 2004, p. 691–692) to push their agenda. The changes we witnessed did not occur in a societal vacuum but can be attributed to an accumulation of actors’ efforts and evolving context over time that allowed these changes to occur.

The paper is structured as follows. First, we review institutional research on corruption and then describe and analyse the practice of corruption in the Brazilian context over the last 13 years, including the role of the government, anti-corruption agencies and other prominent figures in the fight against corruption. We then report key related events – both major and minor jolts – from 2002-2014. Finally, we present our findings and discuss the implications for the literature of corruption and institutional theory.

THEORETICAL FOUNDATIONS

Institutional Change and the Role of Context

In the early 1990s, there was a turn in institutional theory to explain agency and institutional change including the role of purposeful actors in mobilising resources from the socio-political environment and crafting change (DiMaggio, 1988; Seo & Creed 2002). This agentic turn has subsequently generated several theoretical lenses to analyse change (Gray et al., 2015) and explain how and why purposeful actors contribute to changing enduring institutions (Garud et al., 2007). While we have gained a much richer understanding of institutional change from these studies, in privileging purposeful actors and their efforts, the role of context in influencing change became relatively side lined.
To understand change more comprehensively, it is important to analyse the role of the context that can reconfigure a field and empower or constrain the actors involved in change (Ansari et al., 2013; Hoffman, 1999; Hoffman & Ocasio, 2001; Clemente et al., 2017). The role of context has, of course, not been ignored. For instance, Hoffman (1999) argues that corporate environmentalism emerged and diffused over three decades (1960-92) and led to institutional changes in the US chemical industry. Maguire and Hardy (2009) explain the outsider-driven deinstitutionalisation of the widespread use of DDT led by discursive changes in the field that undermined the institutional pillars supporting the practice. Granqvist & Gustafsson (2016) explain how “windows of opportunity” created by ongoing institutional work allowed the successful launch of nationwide university reforms in a country in Northern Europe. However, notwithstanding exceptions, many studies of purposeful actors and their efforts have tended to largely ignore the role of the context in bringing about institutional change (Lawrence et al., 2013).

While the work done by actors to maintain, disrupt or create institutions (Lawrence & Suddaby, 2006, p. 21) is key to understanding institutional change, much empirical research has focused on micro-level practices rather than the influence of the macro-level, which offers categories and concepts that actors can use to “creatively navigate within their organisational fields” (Lawrence & Suddaby, 2006, p. 219). Thus, while agents can challenge established organisational structures to implement their vision and change institutional arrangements (e.g. DiMaggio 1988), it is not clear why, at times, institutional work seems to matter more, while at other times much less so. Here, we focus on a particular type of work – anti-corruption efforts – and seek to examine why it fluctuates in its importance in an evolving context.

**Deviant practices and corruption**
Deviant practices such as corruption often transpire in the shadows amid efforts towards their concealment and normalisation to reduce regulatory scrutiny (Gabbioneta, Greenwood, Mazzola, Minoja, 2014). There has been renewed interest in the study of deviant and illicit practices by management scholars. For example, Greve et al. (2010) examine organisational misconduct and its causes, diffusion and consequences. Key deviant practices also include fraud (Gabbioneta et al., 2013; Van Debunt, 2010), rogue activities (Land, Loren, & Metelmann, 2014) and corruption (Misangyi, et al., 2008). The journal, *Organisation Studies*, dedicated a special issue to the ‘dark side’ of organisations in 2014.

Corrupt practices have been examined at various levels. Gabbioneta et al. (2014) dealt with societal level corruption; Pinto and Leana (2008) focused on individuals and organisations. Ashford and Anand (2003) explain how organisational corruption becomes normalised, while Misangyi et al. (2008) show how institutional entrepreneurs can change corrupt practices at the societal level. While more recent work has focused on the role of history and on the different kinds of corrupt practices (Torsello & Venard 2016), there is still a need to better account for the influence of contextual factors on corruption and the competing and changing environment demands in different settings.

While this body of work already published has provided rich insights, much of it has been at the theoretical level: there is still a dearth of empirical and cross-level work on corruption. The predominance of conceptual work can be partly explained by the formidable challenge of collecting data on corrupt practices. In addition, few studies have looked at anti-corruption drives, such as the social movement in India in 2012 led by Anna Haraze, or government-led initiatives launched against corruption in countries such as Hong Kong, South Korea and Singapore. These initiatives have had varying levels of success in addressing corruption, which raises the question: Why, at
times, do anti-corruption drives prove to be influential, while at other times they seem ineffectual? Are there critical junctures or particular opportune moments in time, as per the classical Greek concept of Kairos, where anti-corruption efforts gain momentum and create breakthroughs? Our main questions are thus: (1) Why does anti-corruption work seem to gain more efficacy at certain points in time? (2) How do the institutional context and actors influence anti-corruption efforts?

DATA AND METHODS

Focusing on corruption investigations and anti-corruption efforts in Brazil during the period 2002 to 2015, we sought to identify the contextual factors that led to the anticorruption operation in Brazil (Car Wash) to generate change in the field. The year 2002 was chosen as a starting point because it was the beginning of the Workers’ Party’s tenure in government, the first time an opposition party had been elected in recent Brazilian history. We focused on the still ongoing operation Car Wash that began in 2014 and concluded our analysis at the end of the main parliamentary commission of inquiry. Due to the statutes of limitation in the Brazilian penal code, many corrupt activities cannot be investigated pre-2002 as there is no available data.

We drew on public inquiry data that has been used in previous qualitative studies (e.g. Gephart, 1993), as well as transcripts from court proceedings (Gabbioneta et al., 2013). Public inquiries are also used by societies as a way of making sense of disasters and to produce in-depth accounts involving people that participated in such events (Gephart, 1993). The Car Wash case is very well documented, with extensive media articles and government reports, and all the data is available via government websites or international online databases. The Petrobras parliamentary commission of inquiry, for example, started at the beginning of 2014 and ended in November 2015. All sessions were recorded and transcribed; the transcripts are public and available on the website of the Brazilian congress.
To capture different changes in the field, we also analysed other data sources ranging from content analysis of transcripts from government inquiries, laws and court proceedings, to the analysis of statistical trends in Brazilian internet usage and published bulletins in main national newspapers. To structure our data, we created a chronology of events related to the Car Wash operation and conducted detailed coding and visual mapping. We took three steps in our analysis.

First, we identified key events. We began by organising the raw data and rupture point jolts (e.g. the Mensalão case, and protests in 2013 that later led to the 2014 Car Wash operation). We sought to track how actors interacted as well as the procedural changes in the Brazilian parliament that affected anti-corruption agencies. To capture regulative changes, we studied databases and inventories in the legislative and judiciary branches of the Brazilian government. To make sure we identified relevant laws in the anti-corruption fight, we also consulted Brazilian legal experts, including two law professors at Brazilian law schools and a state attorney (cf., Gabbioneta et al., 2013). We also conducted a thorough analysis of the Brazilian legislation regarding the anti-corruption laws and investigative methods of anti-corruption organisations.

Second, we analysed news coverage of anti-corruption efforts in major Brazilian newspapers covering a period of 35 years. We also used the Manchetetmetro database from the Federal University of Rio de Janeiro to track the main Brazilian outlets. More data was found on websites and communiqués of government investigative agencies. Finally, we drew on polls by Folha de Sao Paulo, a reputable polling company, to analyse the evolution of societal interest in corruption.

Academic publications and their evolution are useful sources for identifying socio-cognitive changes across a field (Hoffman, 1999; Maguire & Hardy, 2009). We accessed the Brazilian Ministry of Education databases of scientific articles and dissertations (Brazilian government records provide free access to all Master’s and PhD dissertations published in the country). We also
studied the international Master’s and PhD database (Proquest) of dissertations in English speaking countries. Finally, we analysed the JSTOR database focusing on corruption articles published in French, Italian, German and Portuguese.

Through the triangulation of data from different sources (Gephart, 1988), we developed a narrative account and constructed an event history.

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RESEARCH CONTEXT

Government and the Anti-Corruption Agencies in Brazil

The Brazilian government and the anti-corruption agencies are part of a large bureaucracy composed of civil servants and a top leadership appointed by politicians. It is divided into three main branches: Judiciary, Legislative and Executive. The federal headquarters are in Brazil and the members of the legislative powers are elected every four years. The president can be re-elected only once, whereas senators and federal deputies have unlimited terms. Brazil has one of the most expensive elections in the world for which campaigns are mostly paid for by private donations. This has also led to several cases of illegal financing and lobbying activities. The coalition of parties in the government appoints ministers. The opposition parties in Brazil are independent and have formed a strong opposition to the government, particularly over the last 13 years. While the opposition used the economic crisis and corruption scandals to attack the government, several top members of the opposition parties are also involved and have been linked to the Car Wash operation.

Civil servants in general are highly paid and their admission exam is one of the most competitive recruiting processes in the country. Usually, they retire on the job and can only be fired in cases of extreme negligence. This creates a very stable group of civil servants. The ministers of the government are appointed by the government and the ruling coalition is either aided by assistants
or the civil service corps. The fact that the ministers and heads of all agencies are appointed by the ruling government has made the system quite impervious to anti-corruption fighters.

In Brazil, there are six state organisations with similar roles in investigating corruption. These different agencies and structures with different degrees of centrality have been trying to coordinate their actions for years. In the past, there has been a different level of coordination among the types of organisations, from central agencies such as the Ministerio Publico Federal (MPF) to peripheral examples such as the Conselho de Controle de Atividade Financeiras (COAF), The Tribunal de Contas da Uniao (TCU), or the Court of National Accounts, which controls the expenses and accounts of the government and its voting members. The Court is composed of councillors—many retired politicians – appointed by the government and confirmed by the assembly for lifetime appointment. It was only in 2001 that the Controller General of the Union, an internal auditing body for the government, was created alongside another special ministry for internal audit. Its task is to investigate fraud, corruption, internal control and public audits – tasks that up to 2001 had been given exclusively to the judiciary and police forces. From 2013 until 2015, the national government was politically weakened after a close re-election of Dilma Roussef, concerted opposition in the national congress and an economic recession. This gave anti-corruption agencies further autonomy from the Workers’ Party.

FINDINGS

Sequence of Events

We report the contextual changes, both key events and gradual changes, in the field related to the anti-corruption operation. We begin by analysing the main operation, Car Wash and other jolts, then
describe more gradual changes, and finally report the ongoing and cumulative work of various agents in the field.

**Jolts in the Field**

**Key Outcome – The Car Wash Operation**

The Car Wash corruption investigation began into a small local police investigation involving gas stations suspected of money-laundering, hence the original name *Lava Jato* (Car Wash). The investigations began in March 2014 and uncovered a money-laundering scheme of an unprecedented scale involving Petrobras, an energy company controlled by the Brazilian state, its suppliers and several political parties. Petrobras is one of the most prominent companies in Brazil with a very high status, visibility, and strong links to the government. While it has undergone significant changes in the last two decades, the government was able to maintain control of its board and top management, and members are still directly appointed by the government and its coalition partners.

Initially, Alberto Youssef was the focus of the investigation. He began his career as a smuggler of electronic goods from Paraguay before becoming a ‘money changer’ (*doleiro*); an illegal currency trader working for the shadow money remittance system. As the investigations progressed, Paulo Roberto Costa, Petrobras’s former Director of Supply, was arrested for alleged irregularities in the purchase of the Pasadena refinery in Texas in 2006. After the arrest, a number of links were revealed among the money changer, the former director of Petrobras, contractors and politicians. Both Costa and Youssef eventually signed the federal prosecutor’s plea agreements to explain the schema details and in return received a penalty reduction. In his testimony, a former Petrobras director said that the corruption scheme using contractors of Petrobras supplied money to the main government parties. This meant that through mapping Youssef’s contacts and his money
laundering, investigators uncovered a wider network. This network of potential criminals under investigation grew exponentially involving several bodies of the government.

In November 2014, the federal police initiated a new phase in the Car Wash operation, which involved investigations of the largest construction companies in Brazil, including Camargo Corrêa, OAS, Odebrecht and seven others. The Brazilian Supreme Court (STF) justice authorised the investigations of 50 politicians from six parties: PT, PSDB, PMDB, PP, SD and PTB. The investigated list included the President of the Senate, Renan Calheiros (PMDB), and the President of the Chamber of Deputies, Eduardo Cunha (PMDB). In the same period, Petrobras's CEO, Grace Foster, and five other directors were fired by President Roussef. The operation is ongoing and there have been several new phases since. By the end of our research period in 2015, more than 100 people had been arrested and companies had paid billions of Brazilian reals (R$) in fines.

**Jolt 1: Mensalão-2005-2006**

The *Mensalão* was an investigation into a corruption scheme launched between 2005 and 2006, involving top Workers’ Party officials in Lula’s government and six allied parties. It was the main corruption investigation under President Lula’s government, which also included investigations into the National Lottery and the Post Office. The corrupt scheme consisted of distributing a ‘monthly allowance’ (*Mensalão*) to the allied parties in order to be able to vote for government laws. There was widespread media coverage and this was a huge scandal just a year before the national elections of 2006.

The scandal started when a magazine in Brazil called *Veja* posted a video of the director of the Post Office asking for a bribe from a supplier. Although he personally was asking for the bribe, he mentioned that the head of one of the coalition parties PTB, Roberto Jefferson, was heading the corruption scheme inside the Post Office. The federal prosecution opened an investigation against
several politicians based on this video. In his initial defence, Jefferson denied any involvement in the crime, but later, in the parliamentary commission of the inquiry and in newspapers, he decided to accuse the government and Minister Dirceu, whom he believed had set him up. By the end of 2005, both Jefferson and Dirceu lost their parliamentary mandate when they were voted out by their peers. In 2006, the investigation by the federal prosecution began and in August 2007, the Supreme Court began to analyse the case presented by the prosecution.

In 2008, it was discovered that most of the money being supplied to pay Mensalão was transferred by a company controlled by a telecom company in Brazil. Payment was made through a complex network of small companies and local banks. It was managed by Valerio, a former lobbyist in the state of Minas Gerais government controlled by the main opposition party. Finally, in 2012, 38 participants in the scheme were indicted by the Supreme Court, including 18 former members of parliament and ministers. Sentences ranged from six to 20 years. Amid extensive media coverage, a small number of ministers resigned and several senior civil servants were fired.

The Mensalão was an emblematic case that created a major stir. It was the first time that several top level ministers, members of parliament, middle level companies and lobbyists were sentenced while still in power. However, a sense of dissatisfaction remained regarding the anti-corruption driver, since most of those sentenced were freed after one to three years.

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Jolt 2: National Protests-2013

In June 2013, protests involving over a million people broke out in hundreds of cities across Brazil (IBGE; Folha de Sao Paulo 2013). This was one of the highest levels of public engagement in Brazil since the impeachment of President Collor in 1992. It started as a small protest against the
rise in bus ticket prices in Sao Paulo, organised by local social movements but grew rapidly along with the demands of protesters. The protests focused on topics such as the huge costs of hosting the World Cup, and the impunity for the corrupt in the country, among other grievances.

At the peak of the protests, the national parliament building was occupied by protestors; soon after this, the government and parliament decided to address some of the requests. For example, a law that was under discussion that would reduce power of the federal prosecutors (PEC 37) was cancelled; the punishment for crimes of corruption was made more severe; and the voting procedures used to expel members of parliament were amended.

In 2013, the President signed a law increasing the power and use of plea agreements by the Federal Prosecution. The plea agreement could be used to increase investigative powers against financial crimes, money laundering, narcotics, smuggling and corruption. The plea agreement could be negotiated by the anti-corruption investigators with individuals and organisations, so long as they admitted their crimes and denounced other collaborators. Once they were proven to be true, this evidence could be used to increase the scope of investigation and be used against other corrupt members. The collaborating persons or organisations could have their punishment or fines reduced, as well as gain access to other benefits. In 2014, the Brazilian companies that were involved in corruption abroad could also be criminally prosecuted in Brazil. While the large-scale protests seemed uncoordinated, and were not orchestrated by political leadership, they led to important changes in the field.

Jolts in Brazil offered windows of opportunity for anti-corruption actors to push their agendas. As mentioned, the Car Wash operation started a year before the national elections and involved parties from both government and opposition. However, it was also exploited by the opposition as a case of state misadministration. A weakened government and a vacuum of power in
the executive branch meant that the government had less power to interfere in the activities of anti-corruption agencies, which, in turn, resulted in more freedom to push their agenda. Besides these jolts, we also identified gradual changes and the ongoing cumulative work of actors in the field.

**Gradual Ongoing Changes – The Work of Media, Government, Judiciary and Academia**

**Work of Media:** There was an exponential growth in media coverage about corruption in the last decade before launch of the main anti-corruption operations. We observed a spike of coverage in the FACTIVA database. The main written media outlets, such as the *Globo, Estado de Sao Paulo* and *Folha de Sao Paulo* featured specific websites that covered the Car Wash operation, and provided daily coverage. Furthermore, television coverage in Brazil is vast with 95% of the population tuning in, while more than half of the country’s viewers regularly watch the national news show *Jornal Nacional* (IBGE, IBOPE, 2015).

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The media was perceived by the government as the real ‘opposition’ and media conglomerates had mostly been hostile to the government during the period 2002-2015 (Lempes UFRJ, 2016). News agencies had tried to shape the political campaign during the 2014 election and continued to attack the government’s legislative and executive branches, while sparing the judiciary.

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The press coverage of the Car Wash operation has received by far the largest corruption coverage in recent Brazilian history. Car Wash’s general popularity was greatly increased during the campaign and the whole country became aware of the investigation and some of the main
suspects. In 2015, corruption began to be perceived as the most significant problem in Brazil, indicating a change of priorities concerning key issues for the Brazilian people.

The Work of Government and Anti-Corruption Officials: Corruption is not a new phenomenon in Brazil, a country where an ambiguous relationship has always existed between governments, public tenders and companies. However, the Car Wash investigation is seen as a key point of change in recent political history. Recurring topics mentioned by government anti-corruption officials’ depositions during the period were ‘change’ and ‘evolution’ in government procedures and laws. Important modifications in the law occurred in 2006 and 2013 when several anti-corruption bodies were empowered. The widespread use of fines to punish corrupt companies (introduced in 2013) and of plea agreements (whose power was increased in 2013) are examples of tools used in the Car Wash investigation. In addition, an OECD international anti-corruption treaty was also important in achieving a critical mass and reinforcing the anti-corruption procedures in Brazil.

During this period, there were also several changes in legislation, and for agencies such as the MPF, the government could no longer directly appoint top management, and had to respect the vote of institution members. The federal government, through its executive branch, also tried to increase transparency and created the Portal da Transparencia (Transparency online portal), where government bids are published online, along with the costs and payments of projects and salaries of civil servants. Government agencies had to control and register every financial operation online and make it easily accessible. This information provided a huge database of registered transactions that were later used by anti-corruption agencies.
There used to be a widespread belief that due to complicated court procedures, indicted parties could profit from non-compliance to several societal rules. A long judiciary process meant that there was an incentive to delay or appeal any decision, leading to frustration on the part of investigators. Complexity in law led to ambiguities and accused parties could escape punishment.

In a parliamentary hearing it was noted:

With all the opportunities of defence given, the judiciary still postpones the decision and says that the right to defence was not fully guaranteed. This is a problem I have always been facing. Any punished person or company goes straight to the judiciary and says that they were not guaranteed the right to defence, access to investigation, etc. Imagine if we (would) open up an investigation without enough material to support the accusation? (Former Chief Auditor of the Brazilian Government, 2015)

Consequently, many criminal investigations ended up in prescriptions, but without definitive sentences. Among many high profile corruption cases in which the final decision was reversed was the impeachment of Brazil’s former President Collor that was annulled by the Supreme Court. A state official involved in monitoring financial transactions stated:

The job of the Revenue Service is like a lottery: the subject, the defrauder bets against the inefficiency of the State, saying: “Look, the State is not going to find me” …If the Revenue finds him, everything goes to the courts, in order to condemn him, via Public Prosecution, etc. And if the subject pays before the formal accusation, the crime vanishes. So, somehow we are encouraging the subject to bet against the inefficiency of the State (Director, Anti Money Laundering Unit, Parliamentary Commission of Inquiry, 2014).

Another problem in the application of laws was the complexity of coordination, the anti-corruption agencies themselves and the application of the law. It was stated by the former Chief Legal Adviser:

There is an overexposure of agents doing the same thing. So, to give an idea, in the specific case we are talking about, there is the Public Ministry, the General Prosecutor due to the responsibility action; there is the Controllership, which also investigates; there is the CADE, which investigates the scope of the cartel… and there is the Union Audit Office which acts independently from the application of the law. (Chief Legal Adviser of the Government, Parliamentary Commission of Inquiry, 2015).
A series of new laws allowed the sentencing of both individuals and companies and to coordinate anti-corruption activities. The courts began to punish corrupt officials and use plea agreements to expose networks of corruption. Yet, even this new application of law led to internal controversies. One group of investigators favoured plea agreements as a way of exposing company secrets; another group criticised their use, arguing that informers are overly protected. However, most agreed that although the law has flaws, the new rules were beginning to work. It was favoured by Car Wash investigators and several anti-corruption departments, as stated below:

I think our legislation is crystal clear in terms of people walking on the right path. Now, if a person decides to take the wrong path, I do not think the legislation is to blame, the person is to blame, and the fact that that person was in jail for 18 years shows that the system works (Official from Anti Money Laundering Department of the Brazilian Central Bank, Parliamentary Commission of Inquiry, 2015).

**The Work of Judiciary:** Legal changes cannot alone explain why the recent operation has been so successful on this occasion. There have been previous instances where laws were approved but not enforced, or heated debates transpired but did not lead to changes in legislation or judicial tools. In our case, the agents involved in investigations decided to actively shape their context. Although they were able to investigate and arrest corrupt officials, they also attempted to try to change the law and norms in their favour. They openly campaigned to change laws and norms by collecting more than two million signatures for their proposals. To put additional pressure, they also created a campaign website in an attempt to directly intervene in the legislative process.

The proposal put forward by the MPF suggested an increase in the power of the institution and called for the criminalisation and greater punishment of illegal campaign funding. They also
proposed the punishment of political parties involved in these activities that are in direct conflict with the current members of the elected government.

As discussed above, the media brought the corruption issue to the fore, and even the investigators decided to create websites and publish press releases to communicate their agenda and raise awareness. The investigating team held press meetings and sent out press releases claiming that this reduced selective leaks by media outlets. The most active institution in using the media was the Federal Public Ministry (MPF), the prosecuting team who communicated with the public through their website. The MPF website of the Car Wash operation has had more than two million views. They also created a Twitter hashtag meaning no corruption – ‘#CORRUPÇÃO NÃO!’ thus furthering the debate. Other websites run by the government provide details of several other anti-corruption operations with key insights into the procedures and sentencing.

Insert Table 5 about here

Amid increased popular support and a change in norms, the investigative institution gained renewed confidence that led them to campaign directly to citizens rather than via the traditional route such as first via parliament and then the government. This shows that there was little fear among investigators of retaliation from the government.

The Work of Academia: In Brazil, many anti-corruption investigators are part-time academics and have postgraduate qualifications. More than half the Supreme Court has lectured in Brazilian universities and continue to present at academic seminars. The head judge of the Car Wash operation used to be a law professor in the state of Parana. Furthermore, he published an academic article in 2004 about the anti-corruption operation Mani Pulite in Italy. These people base their decisions on academic jurisprudence and are inspired by recent academic output as precedents for
their judicial decisions. Thousands of PhD and Master’s theses are published in Brazil each year; they are registered by the Ministry of Education (MEC, 2016) and provide an in-depth insight into the evolution of the perception of corruption by authoritative decision makers. We compared this work in Brazil to academic publications regarding corruption and deviance in academia in Italy, USA, UK, Germany and France. We can see in the graph below, that there has been significant growth in the publication of academic articles focusing on corruption. While the average growth of Master’s and PhD publications in the period of social science and humanities was 6.5% per year, the corruption publications in the same subjects grew on average by 30% per year over the period.

While in other countries the study of corruption peaked many years ago and has seen a relative decrease in corruption related publications, as seen by our graphs. In Brazil there has been exponential growth of interest in studying the topic, albeit this is likely to have been influenced by both national and international publications.

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Key Types of Work

In our analysis, we examined the role of an evolving context in bringing about change in deviant institutionalised practices. Changes in context, ongoing work by actors and key events shone a light on the problem of institutionalised corruption, while enabling greater societal support for changes that were being gradually implemented. By analysing changes in the context, we looked at the sources of change (Vaara, Sonenshein, & Boje, 2016) including changes in laws, synchronisation amongst staffing of anti-corruption agencies, the media’s amplification of scandals, academic research, judicial activism and the leveraging of popular support while seizing opportunities after jolts to create momentum for anti-corruption activities.
The analysis of ‘messy’ longitudinal data from this extreme case benefited from the “vivid events of the disaster itself and the post-disaster response that focused the attention and actions of informants. These advantages facilitated uncovering theoretical mechanisms around action, attachment, and commitment” (Eisenhardt, Graebner, & Sonenshein, 2016; pg.1118). We followed Pratt (2009), who cautions against force fitting data as per standard templates and data structure tables and examined the whole period rather than exclusively drawing on fine grained data which would make broader patterns of interdependent actions hard to observe (Feldman, Pentland, D’Adderio, & Lazaric, 2016). Ultimately, we derived three main categories of broader patterns of anticorruption work over 13 years after a “messy, episodic, and non-linear path to creative insight that is hard to describe or even remember” (Eisenhardt, Graebner, & Sonenshein, 2016, pg.1120). We describe these below:

**Visibility:** The media outlets enhanced the visibility of various jolts in the field during the study period. Media coverage, during and after the jolts, was fundamental to a change in the views and norms of society regarding corruption. This increased visibility was exploited by anticorruption officials such as prosecutors, who developed their own communication strategies and created new spaces for raising awareness and changing societal norms from the bottom up. As has been observed by others (Hoffman, 1999), increased academic interest and writings on the topic can significantly influence the beliefs and norms of society.

**Coordination:** Key actors during the period became better at coordinating their anticorruption operations. First, there was an acknowledgement that their own behaviour could be both a source of, and solution to, the problem (Ansari et al., 2013) and thus no one was “above board.” This led to increased transparency of their actions and anti-corruption officials began to address some of the previous collective action problems. This collective awareness of their own complicity
in shaping the field led to less finger pointing and greater collaborative engagement. Through their coordinated efforts, anti-corruption investigators created a positive feedback loop generated by scandal, popular support and arrests of prominent wrongdoers once these jolts occurred.

**Regulatory Bricolage:** Anti-corruption officials attempted to reduce interpretive ambiguity in laws and in the development and use of new judicial tools. The regulatory status quo had benefitted corrupt actors in the past almost granting them impunity against prosecution. Several new laws began to erode these benefits. While there is a cost to changing well-known laws that have already been adapted and tested, several of the changes that occurred during the decade were gradually tested that could have facilitated their adoption. An important example is the plea agreement; the Car Wash case would have collapsed if its new format had not been approved in 2013.

**DISCUSSION AND IMPLICATIONS**

In this study, we examined how corrupt institutions can be changed when anti-corruption agents are able to leverage contextual changes, critical junctures and “opportune moments (Kairos)” to push and reinforce their agenda. We found that contextual changes in Brazil influenced the efficacy of ongoing anti-corruption actions against institutionalised corruption. These contextual changes alongside continual efforts by anti-corruption agents enabled anti-corruption operations to become visible and gain traction.

To answer our first question about why anti-corruption work seems to gain more efficacy at certain points in time, we analysed factors that lead to the development of a ripe context for change. We then encapsulated these factors into a model.

------Insert Figure 1 here------
Our model explains how, alongside gradual changes and more significant jolts that may transpire in a field, institutional work by purposeful agents to fight a well-entrenched practice can yield breakthroughs in efforts to tackle them; however, only at certain moments in time when the context is ripe for change. Scholars have explained the role of exogenous jolts that provide opportunities to change institutionalised practices (Oliver, 1992) and yield field reconfiguration (Hoffman 1999) through shaking up well-established beliefs and behaviours. Yet, not all jolts are perceived equally and their salience depends on the work of actors, such as the media, that influence how disruptive or important such events become (Hoffman & Ocasio, 2001). For a visible outcome to transpire and create a breakthrough impact, there also needs to be ongoing accumulation of work that can create a critical mass or a setting that is ripe for change. At critical junctures, these cumulating efforts can pay off and lead to breakthroughs that had previously seemed unlikely.

The purpose of our model is not to depict a linear or causal explanation of how jolts or shocks lead to visible outcomes, but rather to show the importance of context – both gradual ongoing changes and major jolts – in empowering purposeful actors striving to bring about change in a field. Context is both the medium and the outcome of the actions and events that transpire as has been articulated in the structuration perspective (Giddens, 1979; Gray et al., 2015; Hoffman and Ocasio, 2001), While jolts can shake up a field, they are not unrelated to the gradual changes cumulating over time, nor to the ongoing work of actors striving for change in a field. Indeed, jolts may be the long-term results of human actions and a series of cumulating changes (such as a financial crisis caused by actors flooding the market with junk bonds) but these actions matter more at certain points in time than at other times.

To depict our arguments about how changes in the broader context can empower individuals, and make their actions possibly have greater impact in a field, we developed a model (figure 1). As
the figure shows, we depict change as either ongoing/gradual or as jolts over time that we define as t1, t2 and tf. On figure 1’s left hand side, we show actors’ ongoing cumulating work that we identified as visibility, coordination and regulatory bricolage. On figure 1’s right hand side, we depict jolts, their possible impact and compare an evolving context, to a receptacle being “filled” by the cumulating work of purposeful (in our case anticorruption) agents. Ongoing changes and continual work of actors can yield a ripe context or a “full bucket” that is ready for change.

In our model, if a jolt occurs at time (t1), where the context is not mature, there will likely be limited or no visibility even as actors continue to engage in institutional work to change an institutionalised practice. The bucket (context) might move but there will likely be no spillage (visible impact) despite the ongoing collective work being performed. This does not mean that this jolt did not create any impact, but that it was limited and not widely visible. However, if a jolt occurs at time (tf) then there will likely be a “splash” with highly visible outcomes.

In our analysis, we can think of a jolt at time (t1) as the Mensalao event or the 2013 Protest that had an impact on the field but without creating high visibility or impact for the work of anticorruption agents. In contrast, the Car Wash operation can be seen as a jolt in time (tf), when the anti-corruption work resulted in a highly visible impact. To summarize, in a non-ripe setting, actors’ work or even jolts may not be able to create an impact. However, in a setting turned ripe by cumulating work, gradual changes and jolts in a field, actors’ work is likely to have an impact and lead to breakthroughs. Actors’ work thus becomes effective only at critical junctures or certain moments in time when windows of opportunity occur.

To answer our second question about how the context influences anti-corruption efforts, it is worth considering the work being pursued by actors in the fields and context in which they are embedded. Contexts are not merely taken-for-granted givens (Purdy, et al. 2015 pg. 131) but
provide "resources" to purposeful actors seeking change in established arrangements. In our case, work by various actors led to changes in established laws, norms and beliefs. For instance, the media played an active role in shaping opinions and influencing societal norms that increased both the visibility and impact of jolts. Also, a series of jolts (e.g. arrests of prominent individuals), unsettled well-entrenched practices and momentum created for the drive against corruption was exemplified by the Car Wash operation. Contextual developments can thus empower committed actors whose ongoing efforts are able to create an impact only in a “ready” context.

**Implications and Applicability to Other Cases**

A macro structural view of society is valuable when studying change and the breakdown of deeply entrenched patterns (Hinings & Tolbert, 2008). Although our analysis drew on one national context, our theorising has relevance for many other types of contexts. One can think of various industries plagued by deviant practices such as finance, where we have witnessed Enron’s fraud, HSBC’s money laundering operations and PPI’s mis-selling of financial products in the United Kingdom. These deviant cases, like the Car Wash investigation, received high visibility in national and international media and government officials were able to introduce and apply a series of new laws (regulatory bricolage) to punish wrongdoers that had previously seemed immune. These laws were also the result of changes implemented over time after major jolts such as the 2007 financial crisis. These examples show how corruption began to be perceived globally as a grand challenge that needed more coordination via multilateral agreements, such as international treaties (OECD, 2013) and anti-corruption forums (UK, 2016).

Corruption is one of the world’s major challenges that requires “novel ideas and unconventional approaches to tackle their complex and evolving mix of technical and social elements” (Eisenhardt, Graebner, & Sonenshein, 2015. 1113). Our findings carry implications
regarding how corruption is seen in other social sciences (e.g. economics and political science) that often use rational choice theories to study the phenomenon. These rational-choice models tend to portray actors connected to corruption as culturally unaffected ‘super agents’ having interests and preferences exogenous from their institutional context (Lawrence, Suddaby, & Leca, 2009). However, it is clear from our analysis that rational models do not fully account for explaining social reality. Changes in context and ongoing work by anti-corruption agents are mutually constitutive in the de-institutionalization of entrenched practices. It is only at critical junctures and certain points in time that these efforts seem to bear fruit. Our study provides insights into how norms, laws and wider beliefs about corruption need to co-evolve in a field before it becomes ready to yield to the purposeful work of anti-corruption agents involved in combatting the problem. Without this change in context, even highly committed actors fighting corruption may be unable to achieve breakthroughs and their efforts may not be able to yield tangible outcomes.

**Contributions**

We contribute to management theory in three ways. First, we highlight the role of context that had arguably been side-lined in institutional theory in the bid to explain agency and change. Anti-corruption activity is not necessarily run via top-down decisions from the government, nor do actors on the ground operate in a social vacuum. Rather, the context and their cumulating effort can empower actors engaged in the ongoing deinstitutionalisation of highly entrenched practices to yield noteworthy outcomes or breakthroughs at certain points in time. Second, we shed light on ‘dark’ institutions and deviant practices – specifically corruption – and explain how deeply entrenched practices are disrupted at certain points in time, through the ongoing work of actors enabled by a ripe or conducive context. Finally, we contribute to the growing but mostly conceptual work on corruption in management theory by conducting a case study in an under-studied context and add
to the few, but increasing number of, empirical studies on corruption. Corruption is a multi-faceted phenomenon whose understanding requires an investigation of both the micro and macro levels. Our multilevel study is one attempt at doing this by concurrently focusing on the role of context and the work of anticorruption actors to explain changes in the field of corruption in Brazil.

**CONCLUSION**

We have explored how actors empowered by a co-evolving context can change deviant practices. We have analysed 13 years of changes in the anti-corruption drive in Brazil and find key episodes that led to disruptive outcomes in the field. We have found that the confluence of jolts, gradual changes and the ongoing and cumulative work of actors were essential for anti-corruption actions to gain traction across the country and have an impact. These efforts have gone on for decades but only in the last few years have we seen major upheavals, significant breakthroughs and ground-breaking changes in the field. We have offered detailed insights into the Brazilian anti-corruption agencies’ fight against corruption and contribute to both institutional theory and the literature on corruption.

**LIMITATIONS AND FUTURE DIRECTIONS**

This paper is not without with the typical limitations of a case study (Eisenhardt, Graebner, & Sonenshein, 2016), but we offer several avenues for further research. Questions that can be explored include: (1) What is the role of companies in bringing about change in the rules of the game that directly influence these companies? (2) How are corrupt practices sustained? (3) How does corruption spread from one organisation to the broader field and national contexts? A closer look into these issues can help gain insights into how organisations manage corruption and identify
some of the resources and cultural tools in different settings around the world that can have tangible outcomes for the fight against corruption.
REFERENCES