

**BRIBERY FROM A MICRO, DEMAND-SIDE PERSPECTIVE**

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## CORRUPTION FROM A MICRO, DEMAND-SIDE PERSPECTIVE

### ABSTRACT

Corruption is prevalent in the developing world, negatively impacting small businesses. While research on corruption has focused on bribery from an economics-system perspective, there has been less research on the role of bribery from a more micro perspective. In this study, we explore bribery from the demand side by anchoring our qualitative, theory-building efforts in 12 new firms, 10 government officials, and 13 agents (for brokering bribery payments) in India. We found that in corrupt systems, the bureaucracy of government departments is deliberately made more bureaucratic by corrupt informal autonomous ventures within government departments that use informal human resource management systems to develop and perpetuate corruption, and that recognize new legal constraints as an opportunity to use brokers to facilitate bribery. We highlight how these corrupt informal autonomous ventures engage in and perpetuate corruption, a practice that is destructive to the government, to small businesses, and to the people's confidence in the nation.

**Keywords:** Qualitative Study; Corruption; Bribery; Autonomous Ventures; Informal Businesses; Illegal Actions; Government Workers; India

**JEL:** D22; D23; D61; D63; D72; D91; G38; H83; J81; K42; L26; L88; M14; M51; M54; O17; O53

## INTRODUCTION

Although it had been argued that corruption could “grease the wheels” of an economy, recent research has revealed that corruption (and other corrupt behavior) acts like “sand in the wheels” of an economy (Birhanu et al. 2016; Li et al. 2015), negatively impacting foreign direct investment into a country (Brouthers, Gao, and McNicol 2008; Cuervo-Cazurra 2006), reducing economic growth (Lambdsdorff 2002, 2005; Mauro 1995; Meon and Sekkart 2003), and otherwise negatively impacting society (Ahlstrom 2010; McCloskey 2010; Li et al. 2015). Given the implications of corruption, research has been interested in explaining the extent of corruption in different countries. These efforts directed toward the supply side of corruption—namely, those making the bribe payments—have investigated both the macro factors (i.e., at the institutional and national levels of analysis [e.g., Peng and Heath 1996; Treisman 2000; Tonoyan et al., 2010]) and the micro factors (i.e., at the level of small business owners [De Jong, Tu, and van Ees 2015; Martin et al., 2007; Svensson 2003]) of this phenomenon.

However, research on the demand side—namely, those receiving the bribe payments—has mainly focused on the macro factors (i.e., institutional and national factors), relatively ignoring the micro-level attributes and processes of receiving bribes (Martin et al. 2003; Svensson 2003). A micro perspective of the demand side of bribery is important because those receiving bribes likely play a critical role in the process of extracting bribes (Svensson 2003) from small business owners and have an incentive to maintain the corrupt system for their personal gain. Therefore, we are guided by the following research question: *Do corrupt public officials work strategically to maintain a corrupt system? If yes, then how is a system with widespread corruption sustained, and what is the role of bribe-takers?*

To address the above research questions, we investigate the micro-processes involved in the demand side of a system that promotes bribery in the developing economy of India. Because we are interested in understanding the processes of illegal transactions, for which there is little theoretical work at a more micro level of analysis, we designed a qualitative study. Specifically, our data-collection efforts involved owners of small businesses, government officials, agents (individuals linking small business owners to corrupt officials), and workers at local non-government organizations (NGOs). Our study generates new insights for a micro-level understanding of bribery. We find evidence of action facilitating bribery on the demand side, and we uncover processes underlying these illegal transactions.

In explaining the micro-processes of the demand side of bribery, the current study makes the following three primary contributions. First, research has attributed destructive actions (Brenkert 2009)—such as corruption—to the morals and ethics of those involved—for example, the “bad apples” engage in bribery (Ashforth et al. 2008; Johnston 1982). As such, some have argued that by removing the “bad apples,” organizations can begin to reduce or eradicate destructive, unethical, and corrupt practices (Dunlop and Lee 2004; Trevino and Youngblood 1990). However, we find that the demand side of bribery has a strong influence on corruption and government organizations’ informal human resources (HR) practices facilitate bribery by transferring the “good apples” away and using a corrupt selection process that, by virtue of its corruption, has the indirect effect of selecting government officials motivated in bribery.

Second, moving beyond categorizing organizations as either bureaucratic or innovative, risk-taking, and proactive (Covin and Slevin 1990; Stevenson and Jarillo 1990), our study shows the theoretical mechanisms for how both forms can exist within the same organization—an

informal autonomous venture operating within (or alongside) a formal bureaucratic organization—to pursue opportunities for gain by perpetuating the business of bribery.

Finally, the innovation literature has highlighted the virtues of autonomous ventures within larger organizations (Covin and Miles 1999; Zahra and Covin 1995). Answering calls to acknowledge the dark and destructive sides of business (Shepherd 2019; Tonoyan et al., 2010), we highlight how informal autonomous ventures within a government organization engage in and perpetuate corruption, a practice that is dark and destructive to the government, to local small businesses, and to the people’s confidence in the nation.

## **BACKGROUND**

Corruption is prevalent in doing business in the developing world (Haveman et al. 2017; Iriyama, Kishore and Talukdar 2016; Transparency International 2010). Corruption refers to the misuse of public office for private gain (Rose-Ackerman 1978; Treisman 2000), and the most common form of corruption is bribery (Li et al. 2015)—the illicit use of rewards, gifts, or favors to pervert someone’s conduct (Lee and Weng 2013; Skinner 1953). Research on corruption in general and bribery specifically has focused on its economic consequences for specific regions of the world. Business research on corruption has primarily focused on bribery by large established organizations (Ashforth et al. 2008; Luo 2005) as a way to deal with the bureaucracy of government departments in the short-run (Birhanu et al. 2016) and to compete with local firms (Iriyama et al. 2016) and as a reason to engage in non-market strategies (Dorobantu et al. 2017).

On the one hand, some research has proposed that bribery can be beneficial to businesses in countries in which the government is rigid, bureaucratic, and slow (e.g., Dreher and Gassebner 2013; Leff 1964; Meon and Weill 2010). This beneficial nature of bribery for economies has been called the “greasing the wheel” hypothesis (Dreher and Gassebner 2011; Leff 1964; Meon

and Sekkat 2005; Meon and Weill 2010). However, Dutta and Sobel (2016) found that while corruption has less of an impact on business in bad business climates, the effect of corruption on the economy is still negative. Indeed, a stream of research has highlighted the negative business consequences of bribery (Robson and Obeng 2008)—the “sand in the wheels” hypothesis (Birhanu et al. 2016; Li et al. 2015). Underlying this hypothesis is the belief that efficient governments foster economic growth (Lambsdorff 2002, 2005; Mauro 1995; Meon and Sekkart 2005) and that corruption indicates an inefficient government. For example, corruption can lower foreign direct investment into a country’s economy (Brouthers et al. 2008; Cuervo-Cazurra 2006), increase transaction costs (Li et al. 2015), and lower economic growth (Mauro 1995). Moreover, corruption has a negative impact on society (Ahlstrom 2010; Mauro 1995; McCloskey 2010; Shao et al. 2007) in part because it is a regressive tax on the poor (Tsebelis 1990) and pushes entrepreneurs from constructive to destructive activities (Boudreaux et al. 2017; Collins et al. 2016).

Given beliefs in the negative consequences of corruption for regional growth, research has focused on either the supply side of corruption (the person who pays the bribe) or the demand side of corruption (the person who receives the bribe). On the supply side, research has attempted to explain why business people (managers of large established organizations or small business owners) pay bribes. For example, managers appear to pay bribes to achieve success in transition economies, which have weak institutions (Peng and Heath 1996; Tonoyan et al., 2010), weak governments (Shleifer and Vishny 1993), federal states (Treisman 2000), and over-regulation (Friedman, Johnson, Kaufmann, and Zoido-Lobaton 2000), as well as country-level attributes of low in-group collectivism, welfare socialism, and political constraints (Martin et al. 2007). Supply-side corruption research has also investigated firm-level predictors of firms’ bribe

paying. For example, Svensson (2003) found that among a sample of Ugandan firms, bribe paying depended on the firms' "ability to pay" but negatively depended on the firms' "refusal power." In other supply-side studies of corruption, Martin and colleagues (2003) found that local firm bribery was positively associated with greater perceived financial constraints and greater perceived competitive intensity

The demand side of corruption involves those accepting bribes. "Studies examining demand-side factors in bribery have typically used cross-national data linked to country-level indices of corruption, such as the Transparency International Corruption Perception Index (CPI) and measures from Political Risk Services and Freedom House" (Martin et al. 2003: 1402; for a similar argument, see Svensson 2003). Although these national- and institutional-level studies of the demand-side factors of corruption have made an important contribution to our understanding of why bribery is prevalent in some locations and not in others, there is likely benefit in a fine-grained investigation of the contextual processes underlying the demand side of bribery that exist below the macro level. Indeed, in interpreting the results of his supply-side study of bribe payments by Ugandan firms, Svensson (2003: 207) made a case for an analysis of the micro-processes on the demand side of bribery: "These results suggest that public officials act as price (bribe) discriminators and that prices of public services are partly determined in order to extract bribes." Therefore, rather than focusing our micro-study on the supply side of bribery, there is an opportunity to explore the micro aspects of the demand side of bribery. Indeed, perhaps there are government officials who innovate and adapt to maintain a status quo of bribery. Therefore, in this study, we are interested in investigating if government officials act to pursue bribery-based opportunities, and if they do, we are interested in how these bribery-based opportunities are exploited.

Studying the micro-processes of the demand side of bribery that sustain a corrupt system is likely important because while research and practice have focused on policies for fighting corruption (Medard 2002; Mungiu-Pippidi 2006), “few successes have resulted from the investment . . . [because] anti-corruption efforts seem to become entangled in the very corrupt networks they were meant to fight” (Persson, Rothstein, and Teorell 2013: 454). As Bussell (2012) highlighted, studies of corruption have focused on its consequences, but little research has focused on how it is organized—namely, how corruption is structured and distributed. Recent work has suggested that agents play a role in the corruption process but concluded that the literature on such agents in corruption “is surprisingly small” (Drugov, Hamman, and Serra 2014: 79). Therefore, in this study, we are also interested in investigating if government officials take action to sustain corruption, and, if they do, how are these government officials able to overcome the federal government’s anti-corruption efforts.

## **RESEARCH METHOD**

To investigate the micro factors and processes of demand-side bribery, we used a qualitative methodology (Denzin and Lincoln 2011). This allowed us to uncover the organizing of bribery. To accomplish the overall goals of this study, we collected data while focusing on the inter-relationships between small business owners, government officials, and agents.

### **Research Context**

We decided to study bribery in the Indian context for two reasons. First, India is recognized as both an entrepreneurial society (i.e., there are many new businesses created and many existing small businesses) and a highly corrupt system (Shleifer and Vishny 1993). This recognition has led to numerous government initiatives to promote entrepreneurship and curb corruption. For example, in 2016, the Indian government took serious action toward reducing

corruption by demonetizing banknotes (i.e., eliminating notes for large amounts—500 and 1,000 rupees) to hamper the negative economic effects of the informal economy. Moreover, other governmental initiatives, such as Digital India, have been introduced to address corruption by making government processes more transparent. The current Prime Minister of India, Narendra Modi, proposed Digital India as a “people’s movement” because it empowers people by improving public service delivery to benefit the poor and by providing opportunities to reduce corruption (The Economic Times 2019). However, corruption remains highly prevalent in Indian society (Transparency International Ranking). Second, we chose to focus on the Indian state of Maharashtra, specifically the city of Mumbai, because this region is known for its entrepreneurial spirit and has experienced numerous corruption scandals. Moreover, one of the authors is fluent in the local language (Hindi) and has a robust network in these areas, both of which facilitated access to appropriate respondents and data-collection opportunities.

According to the World Bank’s 2018 report on the “ease of doing business,” managers say that corruption is the biggest hurdle for doing business in India. According to *The Economic Times* (2008), 60% of business owners report experiencing some form of corruption in “doing business.” Much of this corruption happens when small business owners need to interact with government officials to obtain various clearances, approvals, and licenses, which Bauhr (2017) refers to as need corruption because the bribery is needed in order for the owner to gain fair access to the government services that he or she needs to run their small business. Thus, in the current study, we focused on capturing insights from owners of newly established small businesses as these owners needed to interact with government officials to set up and run their businesses. To gain deeper insights into corruption, we first talked with 20 informants representing NGOs, local politicians, representatives of industry networks, and others. This

approach allowed us to access individuals and talk openly with them about the organizing of corruption. While our initial focus was on the small business owners and the government officials involved in the bribery process, our informants indicated that agents often play an important role in facilitating corruption. References to agents were so prominent in the data that we then included agents in our sample for subsequent data collection. Further, to our surprise, our informants told us that some politicians act as agents for corrupt payments.

We were heavily dependent on the informants' suggestions and support for recruiting respondents (i.e., owners, government officials, and agents) for data collection. Upon contacting these individuals, it was clear that not all of them were willing to talk openly about corruption. To build trust to facilitate data collection, we asked the informants to join us in the interviews.

### **Data Collection**

We collected data from 12 owners of small businesses, 10 government officials, and 13 agents. Specifically, we interviewed (1) individuals who founded and were still running a business that was less than eight years old (the cut-off of eight years and younger is often used to operationalize new ventures [McDougall et al. 1990], and therefore we were able to capture corruption since the decision to create the business), (2) individuals currently or previously employed by the government (i.e., government officials), and (3) agents in the bribery process (i.e., agents or politicians seeking and collecting bribes from new firms on behalf of government officials) (see online appendix). These individuals used their legal businesses as a front for providing illegal services, which meant they generated the majority of their revenue through facilitating bribes with government officials. For example, Karan Yadav had no legal education but was well connected to lawyers, officials in courts, legal document attesting officials, and others. Thus, through bribing his contacts, he was able to gain approvals and fast-track different

legal documents for his clients that would normally fail to meet the government criteria.

Moreover, as these agents were directly engaged in the bribery process, they were deemed to be experts about bribery and were willing to openly talk about the corruption process.

We stopped interviewing new people when we stopped learning anything new from the interviews—that is, when we reached theoretical saturation.

Our data come from three main sources: (1) semi-structured interviews, (2) field notes, and (3) archival reports (when available). In line with most inductive studies, our main data source was one-on-one semi-structured interviews. We initially developed, reviewed, and revised our semi-structured interview protocol in English, which the Indian co-author then translated into Hindi for use in the field. We gave extensive attention to the interview protocol by focusing on the order and formulation of questions so that respondents would be willing and comfortable with sharing their insights. During the interviews with the entrepreneurs, we used open questions related to their (1) background, (2) living conditions, (3) start-up processes, (4) incidences related to “unofficial payments” (i.e., bribes), (5) support seeking from agents, and (6) interactions with government offices and officials. During the interviews with the government officials, we used open questions related to their (1) background, (2) organizational setup, (3) interaction points with entrepreneurs, (4) occurrence of “unofficial payments,” and (5) methods for receiving and distributing payments between officials. Finally, during the interviews with the agents, we used open questions related to their (1) background, (2) role in connecting new firms with government officials, (3) methods to navigate both sides of unofficial payments, and (4) skills and competences. Throughout the interviews, respondents were given enough freedom to build on and extend the conversation as they deemed necessary. While this semi-structured

interview format provided significant room to “go where the interview took us,” we also used input from the initial interviews to fine-tune the format for later interviews.

Even with a solid interview protocol and process, we faced considerable challenges when collecting data, particularly because we were asking people about their illegal activities. We had to work extensively with respondents, so they would share their experiences openly. This meant that many times, we did not record the interview but instead had two interviewers take notes during the interview, and then later, through a validation process, we consolidated the two notes into a single record of the interview. We also involved informants and other actors when conducting the interviews to achieve open dialog with respondents. In addition, accessing some respondents, such as small business owners living in slums, caused safety challenges as people were highly protective of their business operations and were wary of unfamiliar people visiting them and asking sensitive questions. Thus, the research team was not allowed to enter certain areas, which made it necessary for us to rely on our local collaborators (i.e., a consulting data collection firm, informants, and NGOs) to connect us with possible study participants. The average interview was 72 minutes with small business owners, 48 minutes with government officials, 65 minutes with non-political agents, and 42 minutes with politicians as agents. In addition to interviewing the targeted respondents (as described above), we interviewed two workers at NGOs who supported business development and were well informed about corruption-related problems in setting up and running businesses in India.

### **Data Analysis**

As data collection progressed, we inductively analyzed the data, using our analysis to adjust our data-collection approach as needed, inform additional analysis, and begin identifying themes and aggregate dimensions. Although we started to identify themes and aggregate

dimensions during our initial analysis and data coding, we kept our minds open throughout this process to ensure we did not overlook salient details or impose our beliefs on the data. We began our analysis with open coding to identify preliminary concepts, which we then grouped into categories. During open coding, we used informants' terms (or the English translation when necessary) whenever possible to label the concepts and categories we identified (in line with Strauss and Corbin [1990]). The second step in our analysis involved axial coding—namely, developing higher-order themes based on the categories identified in the first step and the relationships between. In the third step, we started developing a framework for the data by analyzing the higher-order themes and then grouping similar themes together. Finally, we used our established coding scheme to code and re-code the data until the overall data structure was stable—i.e., until additional adjustments to the coding did not change the data structure.

We also took several precautions to ensure the validity of our data (in line with Corley and Giola [2004] and following Lincoln and Guba [1985]). First, we strictly controlled the entire data-collection process to maintain data integrity. Most interviews were conducted in the informants' mother tongue (i.e., Hindi), and we made sure field notes were written within 48 hours of each observation. Second, usually within a week of each interview, the Indian co-author listened to a recording of the interview (when available or read notes of the interview), read accompanying field notes, and talked with the interviewer over the phone. Third, we established a thorough interview-transcription process: (1) After the interviews were transcribed in Hindi, the Indian co-author read the transcriptions to confirm the written documents matched the original audio (or read the interviewers' original notes). (2) After this initial review, we employed professionals to translate the transcripts from Hindi to English, which (3) the Indian co-author (who is fluent in both languages), then reviewed for accuracy. Finally, the second

researcher—who did not participate in data collection—began the open-coding process and later re-engaged the Indian co-author with in-depth knowledge of the data to comment on the initial coding. We engaged the third researcher to “serve as a sounding board for evolving propositions and to solicit critical questions about the data collection and analysis procedures” (Corley and Giola 2004:184). This researcher was unacquainted with our data and coding scheme and thus provided an outside perspective of our evolving theorizing. We illustrate our data structure, including our first-order concepts, second-order themes, and aggregate dimensions in Figure 1.

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 Insert Figure 1 and then Table 1 about here  
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## **EMERGENT FINDINGS**

### **Ventures Promoting Corruption within a Government Organization**

In Table 1, we offer the dimensions of venturing on the demand side of bribery payments (with illustrative quotes), to which we now turn. First, our results reveal that there is often a hierarchy of officials who receive bribes. Sunil (owner of a small business that produces plastic parts) described the payment he gives to the government official and where he believes it goes:

“I interact with someone in the middle [of the government bureaucracy]. Twice a year, their senior also visits, and I have to pay more. They are all interlinked. The money I give them is collectively shared between them. The person at the bottom gets the least money, and [the] person with a higher designation gets more.”

The government officials also all indicated that bribes are shared amongst a group of government officials involved (directly or indirectly) in facilitating the government “service.”

Government officials claim that they take bribes because government jobs are low paying and difficult to obtain. Government officials’ low wages are supplemented by bribes, but ironically, in order to obtain a government job in the first place, many individuals have to pay a

bribe—they pay a bribe to obtain a job whose income largely comes from taking bribes. For example, Kiran recalled the process he went through to obtain his government job:

“This was my father’s job. After he passed away, I should have gotten the job. They kept me waiting for six months. My mother was losing patience—she came with me, told them, “Take what you want but give my son his right.” They took 50,000 rupees [USD 780]. I got the job.”

By requiring bribes for positions in government departments, those members of the corrupt system make more money. In addition, by selecting individuals who are willing to pay a bribe to obtain a job, the corrupt system ends up hiring individuals who are likely to hold attitudes toward corruption that are consistent with continuing the process—they are unlikely to be whistleblowers and are more likely to look to make a “return” on their “investment.” Indeed, individuals brought into the corrupt autonomous venture of government officials who do not share these same values (are not willing to be part of taking and distributing bribes) are re-located—expelled from the group.

***Agents brokering bribery between small business owners and government officials.***

Although we initially expected that bribes are paid directly to government officials given the nature of the problems small business owners face, we found that agents also facilitate the bribery process (see Table 2). Our findings indicate that some government officials have become more concerned about being caught taking bribes and, as a result, are more likely to rely on agents: “Agents [are] placed by the officials themselves because they [the officials] can’t ask for money directly—they route it through these agents” (Viki, a small business owner). Amit (Brihanmumbai municipal corporation liaising agent) noted that agents alleviate some of small business owners’ frustration with the government bureaucracy by facilitating the bribery process:

“Once I tried to get it done directly, but every time I went with my documents, they [government officials] rejected it [the entrepreneur’s application], and after the third visit,

one of the officials told me to come through an agent. And when I used an agent, my documents were approved within a day.”

Further, Saurabh (a fast food shop owner) explained the nature of these agent relationships:

“At times, after the officials visit, they examine the area and then tell us that they will be issuing a challenge for one fault or another (which actually does not exist). They then send someone from the office to come and meet us. These people will generally try to sell us the bribe offer by telling us, “Why do you want to get in a situation where the challenge is issued? Once you get into this, then you will have to keep making rounds of the office for clarification, etc.” These are the people who will finally tell us that they will settle the matter and help us by stopping the challenge. These are mainly the liaising agents who are basically middlemen who work hand in glove with the officials.”

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 Insert Table 2 about here  
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***Politicians as agents of bribery.*** Our findings also indicate another form of agent: politicians perform a similar function to that of agents, but while still connected with government officials, politicians play a more independent role between small business owners and government officials (see Table 3). However, politicians couch this brokering position in terms of helping their constituents. For example, Vasim (representative of a small independent political party) expressed the rationale underlying his role as an agent:

“Yes, because I am elected by the local people here, I have to be ready at all times to all those who come to seek help. I try to help every individual who seeks help from me in terms of training, guidance, water problems, better roads, subsidies for their businesses, helping with getting licenses, etc.”

However, our findings also indicate that politicians facilitate (and participate in) the bribery process, as indicated by the following comment by Jadhav (representative for the women’s wing of a political party):

“I am a part of it. I represent my area at the police station. Whenever something has to be done in my area, people approach me since I live in a slum. Problems like trivial fights, alcoholism, playing cards, and then fighting over money are very common. When people fight, police turn up and take people into custody. After that, their family approaches me and pleads me to go to the police station to get their family member out. I go to the police station; I speak to the officer. Since I have been doing this for a long time, everybody at the station also knows me well. I go straight to the police officer and ask them to sort out

the matter. If the case is serious, we agree that they will pay money plus spend a day or two in custody. If the matter is small, we just ask them to pay up. Money is divided among us. People think I give the whole money to police officials, but I don't."

A government official also reported how politicians act as agents of bribery and "get their cut":

"There are instances when these businessmen have links with the politicians, and they, in turn, put pressure on the officials to get the work done. While this happens, the local politicians do get their share of money for helping these businessmen. Also, because the officials are helping them out in getting certain approvals/passing plans, etc., they pay money to the officials as well. It's a well-defined modus operandi, and these people work in perfect tandem."

Politicians even generate new sources of exploitation for government officials, as indicated by

the following statement from a government official:

"In some cases, the local politicians work with the officials to extract money from these businessmen. The ratio of municipal officials to citizens is currently very bad. It is highly impossible for an official to reach out to citizens. In such cases, the local politicians work along with the officials [by] giving them leads on people involved in illegal construction/extension of their business premises, houses, etc. The officials then make a surprise visit to these premises and try to corner the person involved. They scare him with potential action for breaking laws, etc. In such situations, the officials try to put pressure on these people and make them pay money to get let off without any [official] action taken."

Therefore, we found that to overcome anti-corruption efforts established by the government, agents (including politicians) act as brokers to facilitate small businesses' bribe payments to government officials.

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 Insert Table 3 about here  
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### **Anti-Corruption Efforts as New Sources of Opportunities for Bribery**

Our findings indicate that all people in our study were aware of the government's efforts to crack down on corruption through the introduction of new laws. A local newspaper characterized these anti-corruption efforts in the following way:

“On January 1, 2014, President Pranab Mukherjee of India signed into law landmark legislation aimed at combating corruption by creating an anti-graft ombudsman with broad powers to prosecute all offending politicians, ministers, and senior civil servants, including the Prime Minister of the country. In a rare show of unity, the ruling Congress Party and main opposition Bharatiya Janata Party both supported approval of the Lokpal [ombudsman, literally protector or caretaker of the people in Hindi] and Lokayukta [ombudsman at the state level] Bill in the lower house (*Rajya Sabha*) of the Parliament, smoothing the way for its passage in the upper house (*Lok Sabha*) on December 31, 2013. (*Id.*) Key stated objectives of the new law are the more effective implementation of the United Nations Convention Against Corruption, which India has ratified, and the prompt and fair investigation and prosecution of cases of corruption.”

Although we found that our study participants knew about these anti-corruption efforts, they noted these efforts had borne little fruit, and there is little expectation (by small business owners, government officials, agents, or politicians) that these or any anti-corruption efforts will be effective in India. The government’s introduction of new technology has enabled some government officials’ work to be moved online to reduce bribery for those tasks. When asked about the impact of the government’s efforts, Rajesh (owner of a small fabrication business) simply stated, “There is no reduction in corruption. We are still paying bribes the way we had been in the past.” Indeed, while most citizens (including small business owners) that we spoke to find the use of bribes repugnant, it is a common belief that the “system will not work without bribes” (Amit, owner of a clothing business). In addition, while some progress has been made, one citizen we spoke to was pessimistic about whether corruption will ever be completely eradicated in India: “I believe corruption is now everywhere and no political party can manage to get rid of it completely. I believe the new government is serious and has taken steps like license applications can now be done online, but [I] feel that it just stops there.”

Even efforts to reduce corruption have themselves become a source of new corruption. For example, Chetan (representative of a political party) noted that while obtaining bribes for some applications has become more difficult as a result of technology (i.e., forms submitted,

processed, and monitored online), this process has simply caused the cost of bribes in other essential areas to go up to compensate for lower bribes in areas affected by technology. Indeed, most of the small business people we spoke to noted that the overall cost of bribes is going up. The government also inserted cameras to catch corrupt behavior, but as Chetan indicated, the cameras have simply changed the way government officials operate to avoid detection:

“There are problems when bribes are given. One has to be careful of how to approach the topic; you cannot be too open. Everybody is scared because there are cameras everywhere. Government officials will never quote openly; they write it on a paper—that is how negotiation happens. The other thing also is that [government] officials who take bribes are now used to it [the bribes] and do not want to work the regular way.”

Finally, while government officials are unwilling to give up their bribe payments, small business owners are unwilling to report government officials' corrupt practices. Our findings indicate that small business owners believe that reporting corruption will not generate an effective response but will instead create even more hassles for their businesses in the future. When we asked Viki (owner of a furniture manufacturing business) whether he had ever reported corrupt behavior, he responded (consistent with many of the other small business owners we interviewed), “No, we have never complained about anyone. One can't take chances of complaining about another because all these people are interlinked. They come to know about the complainant very easily, and once they come to know, they will further harass you.” When asked the same question, Jagrit responded by asking us, “Who will I complain to? Everybody in the system is corrupt. They will harass me much more. With two young kids, I don't want to risk it.” Based on the above findings, we propose that corruption is a vicious cycle in which business people do not report corrupt government officials because they believe that nothing can be done and because they do not report corrupt government officials, nothing can be done—a self-fulfilling (yet destructive) prophecy.

## **A MICRO, DEMAND-SIDE MODEL OF BRIBERY**

In Figure 2, we illustrate the main actors involved in corruption and the flow of money. We build on the findings underlying Figure 2 to build a micro, demand-side model of corruption in the Indian context. As we illustrate in Figure 2, two inter-related sub-models constitute a micro-level demand-side model: (1) bribery as informal autonomous ventures within a bureaucratic organization and (2) agents brokering bribery. In the following sections, we discuss each of the constituent models.

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Insert Figure 2 about Here  
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### **Bribery within Government Organizations**

We normally think of entrepreneurship as a series of activities designed to make an organization as a whole more innovative, proactive and risk-taking through, for example, internal corporate ventures, external corporate ventures, and/or other means of strategic renewal (Covin and Miles 1999; Guth and Ginsberg 1990; Sharma and Chrisman 2007). Although these activities are often directed from top management—a top-down process (Covin et al. 2015; Dess and Lumpkin 2005; Titus, House, and Covin 2017)—some of these efforts can begin at lower levels of the organization in an autonomous fashion—a bottom-up process—and can lead to changes in firm strategy (Burgelman 1983, 1991; Burgelman and Grove 2007). However, informal autonomous ventures formed within the government are motivated by self-enrichment, so their ultimate goal is not a change in organizational strategy to enhance organizational performance (as in Burgelman 1983, 1991; Burgelman and Grove 2007). Rather, the goal of corrupt informal autonomous ventures within government organizations is to exploit opportunities (which they help create) by doing the work they were employed to do but charging

small businesses for that “service.” Therefore, in this study, we found an interesting interplay between bureaucracy and autonomy operating simultaneously in the same organization.

Furthermore, given the potential of bottom-up innovations, the management literature has focused on hiring practices (i.e., income, promotion, and other rewards) to ensure that the “right” people are in the “right” place to help make organizations more entrepreneurial (Hayton 2005; Morris and Jones 1993) to benefit customers (Hornsby, Kuratko, and Zahra 2002), organizations (Zahra 1991), and other stakeholders (Morris, Kuratko, and Covin 2010). We found a different approach for the demand-side of corruption (see Table 1 and findings above) leading to the following propositions: (1) People are selected into corrupt informal autonomous ventures within government departments based on bribe payments, a selection process of adding members to corrupt informal autonomous ventures that both makes money for venture members and selects people who already display acceptance of corruption. (2) Alongside the selection procedure, is a de-selection procedure whereby venture members with different attitudes toward corruption and bribery (i.e., an unaccepting view of corruption) are relocated. Therefore, unlike “normal” organizations, for which diversity is important (Barringer and Bluedorn 1999; Burgers and Covin 2016), corrupt informal autonomous ventures within government departments benefit from greater homogeneity (at least in terms of attitudes toward corruption for exploiting bribery opportunities). (3) Unlike autonomous ventures involved in creating innovative products, services, and processes that eventually reveal their activities to top management (Burgelman 1983, 1991; Burgelman and Grove 2007), autonomous ventures involved in the demand-side entrepreneurship of corruption work to maintain their autonomy by remaining “hidden” from their organization’s top management (or top management is part of the hierarchy of these corrupt informal autonomous ventures). (4) As mentioned above, as the government innovates to

eradicate corruption (e.g., new technology for detecting bribery), the system of corruption (including both the informal autonomous ventures within government departments and the brokers working on their behalf) also innovates to overcome the government's innovation and maintain the status quo of corruption.

Although information about bribery from victims is needed to overcome the status quo of corruption, people appear to be unwilling to stand up because they believe that blowing the whistle on corruption will lead to suffering but no meaningful change. It seems that a social movement is needed to provide the collective action necessary to destroy this powerful system.

### **Agents Brokering Bribery**

Our demand-side model of bribery also provides new insights into agents facilitating bribery. Indeed, we extend the notion that individuals can pursue potential opportunities by acting on their role as a broker between two parties (Burt 2000, 2005). Although Williams and Shepherd (2018) found that entrepreneurs act as brokers to produce positive outcomes for communities, we extend this research to the destructive side, wherein action facilitates illegal transactions that are costly to the broader society (e.g., the negative relationship between bribery and both the economy [Lambsdorff 2002, 2005; Mauro 1995; Meon and Sekkat 2003] and society [Ahlstrom 2010; Li et al. 2015; McCloskey 2010]). Interestingly, in our study context, the government introduced new technology to obstruct corruption, and it was this new technology that created the opportunity for the emergence of agents to facilitate bribery's demand side. The agents offer a means to overcome government actions to facilitate bribery. That is, anti-corruption efforts (Persson et al. 2013) can increase the attractiveness of the opportunity to act as an agent to facilitate bribes.

Moreover, politicians can exploit an opportunity for personal gain by facilitating bribery between constituents and government officials for personal gain. In our study context, politicians' actions differed from those of the other agents in that they appeared to represent both sides of the bribery transaction, and while politicians' personal gain from such transactions was sometimes money (like the other agents), it also took other forms, such as votes, influence, and power. More research is needed into these agents of bribery, especially the actions of politicians. We recognize the challenges of conducting this type of research because, as we found, politicians are more "cagey" about their practices than the other agents, but there are some interesting research opportunities to explore the politicians embedded in highly corrupt systems.

## **DISCUSSION**

Although corruption in entrepreneurship has been studied previously, little effort has been made to study the micro demand-side of corruption. Bribery is largely recognized as destructive, especially in developing economies (Dutta and Sobel 2016; Li et al. 2015; Mauro 1995), but in this study, we addressed the fact that previous research has largely ignored the micro-level attributes and processes of receiving bribes (Martin et al. 2003; Svensson 2003). In this study, we used our findings to theorize on the demand-side processes underlying how government officials and agents exploit opportunities to receive (and facilitate) bribes for personal gain to explain the persistence of this practice despite efforts to obstruct it. We developed our model by uncovering the processes of illegal transactions, and because there is little theoretical work on this topic at the micro-level of analysis, our qualitative study enabled a new understanding of how corruption is organized amongst government officials, agents, and small business owners.

We use these findings to offer a more general theoretical model of the demand-side of corruption, as illustrated in Figure 3. Specifically, government departments involve both bureaucracy and informal autonomous ventures. The informal autonomous ventures slow down the bureaucratic process of regulating small business practices to create greater value for their corrupt service of speeding up the bureaucracy. Although the bureaucracy (i.e., the government) has implemented anti-corruption efforts to reduce corruption, the informal autonomous ventures innovate to circumvent these efforts, including the use of agents (including politicians) to broker bribe payments by small business managers to “grease the wheels.” While the corrupt government officials in the informal autonomous ventures (and the agents) benefit from corruption, it is destructive to society because business costs are passed on to consumers, and the costs of the ineffective government are borne by society members. Despite the costs of corruption to society, bribery persists because the informal autonomous ventures within government departments innovate to “workaround” anti-corruption efforts, and society members are reluctant to report corruption as they feel doing so will not have any effect.

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In developing this overarching framework, we provide three major implications. Our goal is to stimulate further theorizing on this important subject. First, research on the destructive side of business has focused either on the individuals engaged in the action (i.e., a micro perspective; e.g., individuals as “bad apples” [Ashforth et al. 2008]) or on the structure of the economy (i.e., a macro perspective; e.g., the “rules of the game” [Baumol 1996]). In this study, we offered a mid-range theory in which bribery (as destructive behavior for society) is organized within government departments. Therefore, while organizations are typically considered bureaucratic or autonomous (Covin and Slevin 1990; Stevenson and Jarillo 1990), in this study, we found that

both bureaucracy and autonomy co-exist to promote bribery. The bureaucracy slows the government processes down to stimulate demand for corruption, and within the bureaucracy, there are informal autonomous ventures that exploit these opportunities to take bribes. Indeed, we found that these informal autonomous ventures have their own HR practices, such as requiring people to pay a bribe to secure a job in the government in which they can collect bribes from others. Importantly, those with a different mindset (i.e., those who are unwilling to take bribes) are moved out of these informal autonomous ventures to protect the ongoing exploitation of these bribery-based opportunities. Future research can explore the entrepreneurship and innovation literature (e.g., Morris et al. 2010; Zahra and Covin 1995) to explain why some organizations (e.g., at the department level within a large government organization) facilitate this sort of informal autonomous behavior. Hopefully, future research can build on the organizing literature to enable bureaucracies to become more efficient (to reduce the need for bribes to “grease the wheels”) and perhaps build on the entrepreneurship literature to understand how to obstruct informal autonomous ventures from exploiting these demand-side opportunities for bribery.

Second, in the social network literature, brokers connect previously disconnected groups (Burt 2000, 2005; Burt and Ronchi 2007). By finding that individuals engage in brokerage (connecting business people and government officials) to overcome anti-corruption efforts, we provide new insights into a brokerage perspective by shedding new light on its demand-side role in the corruption process. That is, government attempts to eradicate bribery generate the opportunity for new brokerage relationships to circumvent those government efforts. Future research can build on the social network literature to theorize and empirically test how these agents maintain their brokerage position over an extended period for financial gain or how

“others” can counter these agents by reducing their power to eradicate corruption from the demand side for the benefit of small businesses and society.

Third, and building on the previous point about social networks, our findings have implications for the relational view of corruption. The relational view of corruption focuses on the “social interactions and networks among corrupt actors” and highlights the importance of trust and a network of participants (Jancsics, 2004: 358). In the current study, we found an informal human resource management strategy to ensure trust among the members of autonomous ventures within government departments, such as the process of selecting new members by requiring a bribe payment for entry and the transfer out of the department of those officials that the autonomous-venture members believed were untrustworthy. Furthermore, anti-corruption efforts planted seeds of doubt in the minds of members of corrupt autonomous ventures in government departments about the trustworthiness of customers (e.g., small business owners), which motivated the autonomous ventures to make the bribery process more socially complex by adding an agent to broker the relationship. Therefore, from a relational view perspective of corruption, the informal autonomous ventures generated trust among its members, and where there were doubts about the trustworthiness of potential customers, they used agents (who they did trust) to broker the deal.

Finally, although there have been numerous anti-corruption efforts (Carbonara, Santarelli and Tran 2016), it appears that most of these efforts fail to eliminate bribery. Indeed, efforts to eradicate bribery rely heavily on people reporting corrupt officials to authorities who will take action to punish those involved (Levi 1988; Perssen et al. 2013). However, we provide insights into why small business owners do not report bribery: they fail to report bribery not because they are unaware of it or its negative implications but because they believe that nothing can or will be

done. That is, people believe that bribery has too much momentum to be stopped. These findings are consistent with research on the social trap of corruption (Rothstein, 2005), which explains that anticorruption efforts have failed because those efforts are based on the belief that corruption represents a principal-agent problem, such as, monitoring and punishment. However, in a system where most people believe that corruption will continue, including by the “principles” (as we found in our study), then such anti-corruption efforts will fail because people will not report corruption and the corrupt will not give up their corrupt practices because they believe that everyone else is still engaging in corruption (Perssen et al., 2013; Riley, 1988; Robinson, 1988; Tonoyan et al., 2010). In such a situation of the widespread belief of corruption, the problem represents more of a collective action problem than a principal-agent problem (Perssen et al., 2013; Rothstein, 2001). Moreover, it appears that the social movement is more likely against need corruption—such as bribery to gain fair access to government services—than greed—such as bribery payments to give the briber special access to illicit advantages—because need corruption impacts more people, is more obtrusive, and that impact is more immediate than is greed corruption (Bauhr, 2017: 562). The limited research on the collective action problem of corruption, especially from a more micro perspective, has taken mostly a supply-side perspective. We hope that our micro demand-side perspective of bribery complements this important stream of research on the collective action problem of corruption that has understandably focused on a more macro level of analysis. Perhaps future research will build on the literature on learned helplessness (Maier and Seligman 1976), learned hopelessness (Golembiewski, Munzenrider, and Stevenson 1986), and social movements (e.g., King and Soule 2007; Perssen et al., 2103; Rao, Morrill, and Zald 2000; Rothstein, 2005) to provide even greater insights into more effective anticorruption efforts including how the demand side can be

disrupted by a social movement that increases confidence that there has been a substantial shift toward the rejection of corrupt practices, that is, breaks the social trap of corruption.

Formal anti-corruption institutions have been executed worldwide. Moreover, numerous guidelines and regulatory frameworks have been produced to control corruption. We find that within the government bureaucracy there are informal autonomous ventures with characteristics that clearly deviate from the legitimate missions of government departments. At the core, informal autonomous ventures slow down the bureaucratic process of regulating small business practices to create value for corrupt services. These informal autonomous ventures also circumvent new regulations, making them ineffective. The fundamental problem is the establishment of trust within the bribe payers (small business owners, customers, and other members of society) to report corruption and that reporting will have an impact. The power of the corrupt officials in the informal autonomous ventures needs to be reduced, perhaps through a more regulated HR process. Our results also suggest paying attention to the agents that facilitate corrupt deals. Introducing staff rotation could be a precautionary measure because it will undermine trust and disrupt the operations of the informal autonomous ventures in which corruption is executed.

### **Limitations and Future Research**

The purpose of this qualitative study was to begin to elaborate on theory on the demand side of bribery to gain a deeper and finer-grained understanding of the persistence of bribery. A question for this study, as with all qualitative studies, is whether the findings are generalizable or transferable. Our findings are embedded in the governments in and around the big cities of India. We chose this sample because we believed that it would provide some clear insights into the demand side of the bribery process. Although we suspect that our model will help explain the

relationship between bribery and small businesses in other areas of India, in other countries in the developing world, and perhaps even in regions in the developed world, we hope future research empirically tests our model in a range of different contexts and, in doing so, adapts, refines, and contextualizes the model. However, we acknowledge the challenges associated with collecting data on bribery from the people accepting payments—for example, people may not want to talk about illegal actions, and there is the risk of receiving socially desirable responses. Surprisingly, we found that our respondents quickly opened up and talked about their experiences with and engagement in bribery. This openness could be because the interviewers (including the second author) were locals, the practice of bribery is so widespread that it is just under the surface of so many daily transactions, and/or that all people know that corruption is going on and that the perpetrators are unlikely to be prosecuted. This willingness to discuss bribery may be less likely in other regions, such as by some officials in developed countries.

## **Conclusion**

In this study, we explored the demand-side micro-based factors and practices of bribery in a developing country—India. Our findings led us to the proposition that some individuals capitalize on governments' anti-corruption efforts to work as agents to connect small business managers to government officials to facilitate bribes. We also proposed that within governments, there are two systems: a bureaucratic system that thwarts small businesses and an autonomous (albeit illegal venturing) system that implements HR practices to ensure the flow of bribes. The two government systems have a somewhat symbiotic relationship. Given the impact that bribery can have on obstructing the operations of small businesses and the development of both economies and societies, we hope the current study provides a basis for additional research on breaking the status quo of bribery.

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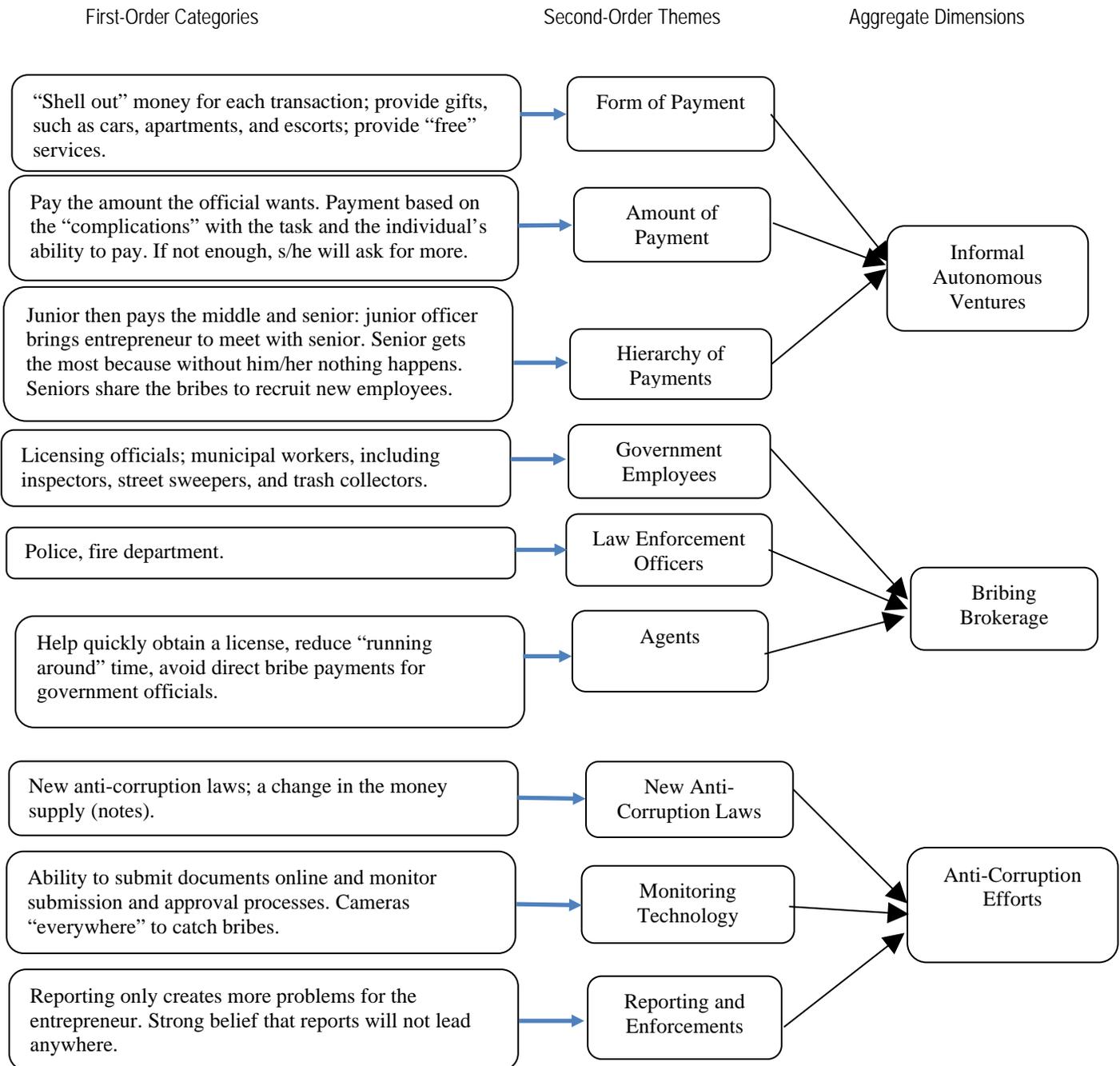
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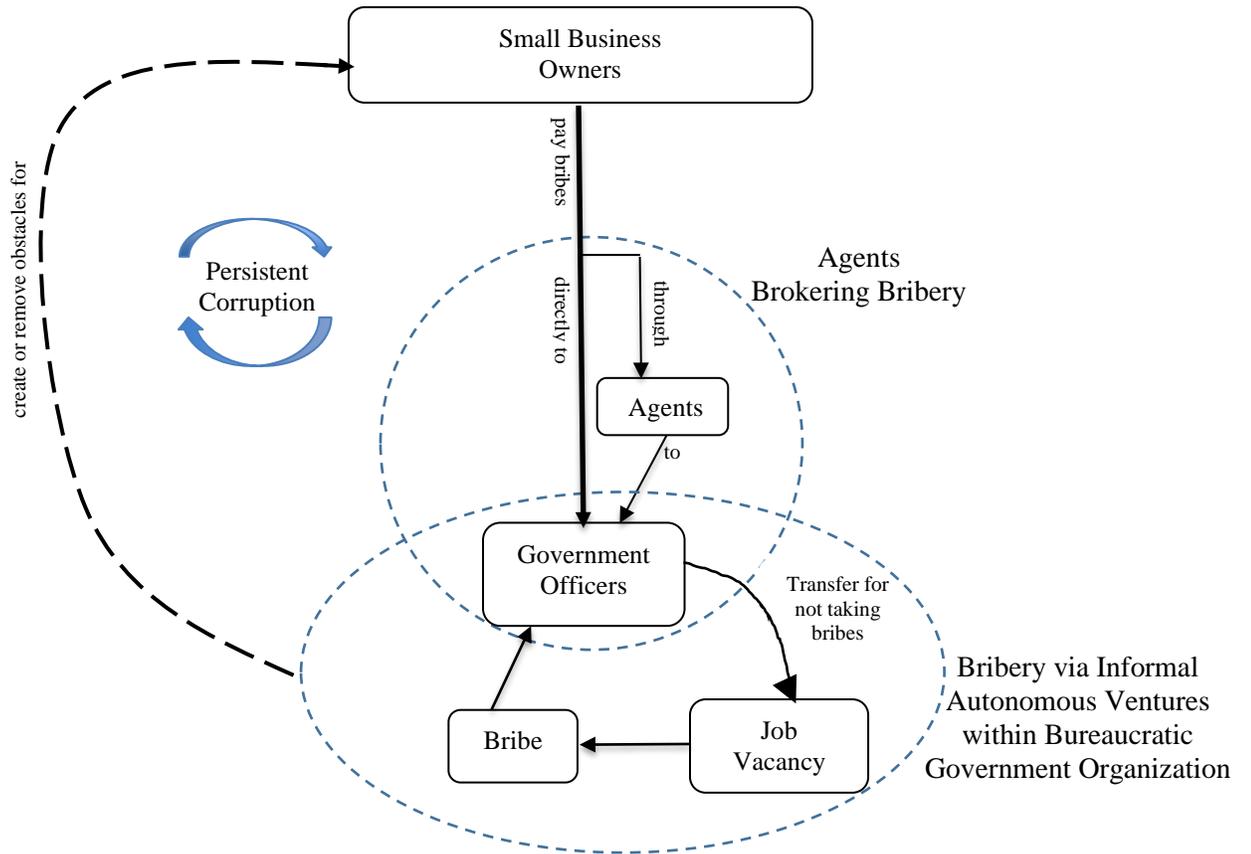
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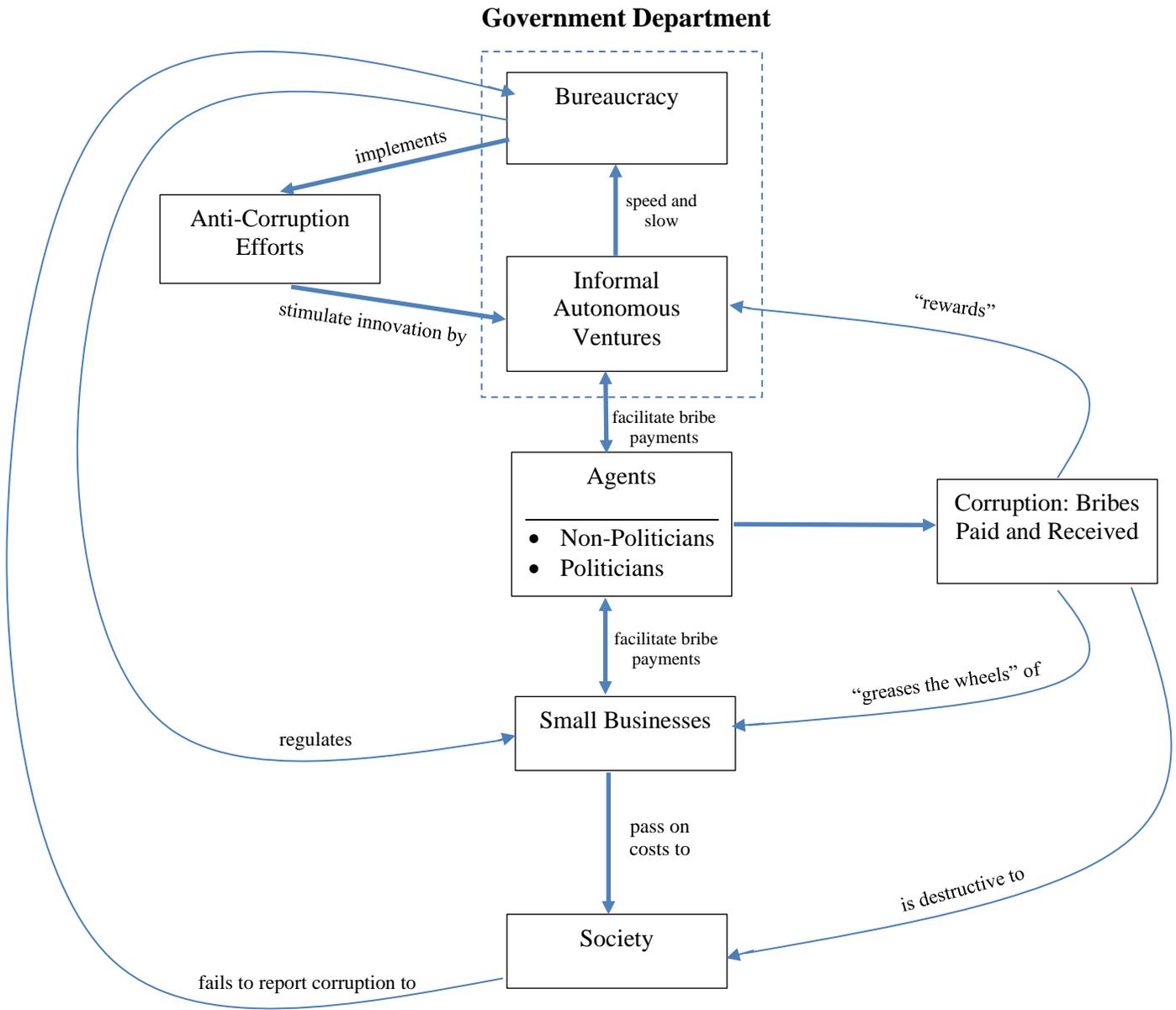
Figure 1: Data Structure



**Figure 2:** An Organizational Framework of the Flow of Corruption Payments



**Figure 3: A Model of Organizing Corruption**



**Table 1: Informal Autonomous Ventures within the Government for Corruption**

Mechanisms	Representative Quotations
Hierarchy of payments	<p>"I interact with someone in the middle. Twice a year, their senior also visits, and I have to pay more. They are all interlinked. The money I give them is collectively shared between them. The person at the bottom gets the least money, and the person with a higher designation gets more" (Sunil Khanna).</p> <p>"The amounts are shared when it flows bottom to up. But it doesn't work that way when the higherups in the system are involved" (Kulkani).</p> <p>"Sometimes when there is an agent or multiple parties, the amount gets divided among us. The senior most person takes the most of it, around 40%, I take 30%, and the rest of them divide the other 30%" (Jadhav).</p> <p>"It depends on the number of officials involved. In cases like an Adhaar card or identification card, where one official's signature is involved, one official will get all the money. When there are many officials involved, everyone will get some share. The senior person makes the most money, though, as nothing will happen without his consent" (Jadhav).</p> <p>"I am junior. In my case, all three of us make money—junior, middleman, and senior. Sometimes when my superior doesn't know the senior, we have to approach someone else. It all depends" (Sachin).</p> <p>"There are several people involved in the department. Even if one receives, the kitty is divided among all concerned. It's shared always" (Padwal).</p>
Gaining a position in the hierarchy	<p>"The first instance was when I had to take my father's place in railways after his death. As per the rule, the child has to replace the parent in any government organization after their death. However, I was not given the chance to do so. I struggled for around two years to get the job in railways. Then my father's friend suggested that I offer them some bribe, and I did that. I paid a sum of 25,000 rupees to get that job. I did so thinking it's a government job and it would be good for my future" (Rahul).</p> <p>"The town planner, he wants a posting in a hot destination like Gurgaon—it is the hottest destination for them as of now. The requirements for apartments is increasing. The town planner pays money to the political parties to get a good posting. I will give 10 cr or 15 cr and they give me a posting here. So this corruption goes not only here but goes to the very top" (Verma).</p> <p>"I have also paid a bribe as getting and maintaining a government job is not easy. This was my father's job. After he retired, I got this job, but I was a temporary employee. They did not confirm me for two years. My application was not moving forward. I had to pay money. . . . If there is no corruption, then my income will reduce. My salary is not enough. I will not be able to maintain my lifestyle" (Sachin).</p> <p>"To promote one official from one designation to another, a bribe is taken and is shared among several officials. . . . The reason for sharing this bribe is because at each level, there are officers" (Rohan).</p>
Moving out "good apples"	<p>"People like government jobs because there is job security. When they die, someone from their family is given the job. Plus there is pension and gratuity. Keeping this in mind, these people are not paid well enough. Sometimes it gets difficult for them to support their family. There are a few honest officials once in a while, but because they do not let others accept bribes, they get transferred very soon" (Jadhav).</p> <p>"When corruption happens in a particular department, there are certain people involved in taking bribes. In most cases, the money received is shared between these people. It's only to ensure that no one speaks about it outside of them" (Sudarshan).</p> <p>"It's a wrong practice. But the problem is that if one does not take a bribe, then the ones taking the bribe either make sure that the person is made to take the bribe or ensure that he is being moved out" (Padwal).</p>

**Table 2: Agents Brokering Bribery**

Mechanisms	Representative Quotations
Non-Political Agents	<p data-bbox="386 302 1445 359">"I have hired a middleman. He does all my things. He has contacts in BMC as well as at the police station" (Ravi).</p> <p data-bbox="386 369 1445 520">"I went there personally. He did not speak to me. He kept me waiting for three hours and asked me to come in the evening shift. In the evening, he told me that I have been evading him for a long time . . . and told me that if I don't procure a PCNO license, I will have to shut my business. . . . I raised the matter to other transporters, who suggested that I hire an agent. I hired an agent. He sorted out the matter for me in a week" (Ravi Kumar).</p> <p data-bbox="386 531 1445 682">"I had to apply for a Gumasta license. Now that is done online, but I had to go for it. Without that, I couldn't open my shop. It was shut in January for five days. On the sixth day, I went again. They gave me a big list of documents that I did not have. They said again that you do not have documents for partnership (the shop is in my and my wife's name). I went there five times. I got irritated and hired the agent. What would have cost me 1,200 rupees, I paid 5,000 for it" (Nitin).</p> <p data-bbox="386 693 1445 779">"Most of the officials at BMC do not entertain people approaching them directly and prefer doing things through us. . . . They know us and are assured of things not falling back on them. The common man also does not have time to follow up to get their work done and hence prefer our services" (Amit).</p>
Politicians as agents	<p data-bbox="386 785 1445 842">"I have hired several political organizations to ensure smooth operations of my business. For example, I run five routes, and there are three parties ruling there. I have to make all three of them happy" (Viki).</p> <p data-bbox="386 863 1445 1045">"Our biggest challenge is that we cannot run our heavy vehicles during day time. In cases where we can avoid it, we use smaller ones, but when the requirement is urgent and the order is big, we run our heavy vehicles. As an industry, we have come up with ways to handle it. There are five police stations that come in our route. We have a political representative. He knows people in these police stations. Whenever there is a problem, he handles it for us. In the future, we will handle the problem in the same way as we do not see the government changing rules" (Ravi).</p> <p data-bbox="386 1056 1445 1207">"The politicians are actively involved in receiving bribes from businessmen. They mainly intervene in case of small raids. The businessmen generally approach them for protection from officials in case there are raids conducted if the businessmen are found guilty of evading duties, etc. The bribes that these politicians get is to cover these businessmen by throwing their political weight and prevent or curtail officials from conducting their duties" (Kulkani).</p> <p data-bbox="386 1218 1445 1369">"There are instances when these businessmen have links with the politicians, and they in turn put pressure on the officials to get the work done. While this happens, the local politicians do get their share of money for helping these businessmen. Also, because the officials are helping them out in getting certain approvals/passing plans, etc., they pay money to the officials as well. It's a well-defined modus operandi and these people work in perfect tandem" (Sudarshan).</p> <p data-bbox="386 1379 1445 1682">"I help people. I represent my area in the police station, and I am also a part of the leading party's women's wing. . . . I also take up murder cases. These are the most difficult. They are time consuming, and you cannot predict the outcome. There are two kinds of murder cases: full murder, where the victim dies; second half murder, where the victim sustains serious injuries. In full murder, families are seeking bail or reduction in sentence. In half murder, families are seeking reduction in time served in prison. Full murder cases are relatively easier to handle. There is no witness, so the case can easily be put on someone else. The charges therefore are relatively less. Half murder cases are difficult to handle. There is a witness left behind who can support his statement. I charge high for these cases. In both these cases, money that I take is shared with police officials involved. These cases are extremely critical, and people are ready to pay. We charge high and no negotiation is done" (Jadhav).</p> <p data-bbox="386 1692 1445 1803">"It's mainly the local politicians who indulge in taking such money to safeguard the interests of the businessmen in the area. If these people do not pay up, there are chances of these politicians causing problems for them by filing complaints to the authorities. The politicians have their ways to extract money from the businessmen" (Padwal).</p>

**Table 3: Anti-Corruption Efforts and Maintaining the Status Quo of Corruption**

Mechanisms	Representative Quotations
Anti-corruption efforts	<p>"The government has made paperwork easier. Other work remains the same. Unless they change the rules with respect to our industry, nothing will change" (Ravi).</p> <p>"Corruption is everywhere and in every industry. . . . People have to face it" (Rajesh).</p> <p>"There is a lot of reduction in corruption. With the e-governance coming into place, dependency on the person has been reduced quite an extent. In case of approvals, now the person has to just upload all the documents as required by the system. The software checks, and if all is ok, it approves the document, and licenses are issued. In such scenarios, where human dependency is reduced, the chances of corruption will automatically reduce" (Sudrashan).</p> <p>"Corruption can be curbed to a certain extent; it cannot go completely. We will hike up our rates for other things that we do" (Jadhav).</p>
Pessimistic about change	<p>"It feels like a joke to me. There has been no reduction. Right from traffic official to the top, everyone has got used to a certain way. They will not be able to maintain their lifestyle without it" (Amit Parmar).</p> <p>"I personally don't feel that there is any reduction in corruption. I don't think they will be able to eliminate corruption that happens at this level" (Samir).</p> <p>"There is no reduction in corruption. It will take ages to eliminate corruption. No government will ever be able to eliminate this practice of taking bribes" (Viki).</p> <p>"Corruption is like a cancer in the system. It is hard to eradicate it from the system and can't happen as easily as it sounds. People who take bribes do know the consequences but don't care about it. While you have people with such mentality, corruption is here to stay. Only when there are strict laws governing cases of bribery may people stay away from accepting bribes. A common man is never happy to pay a bribe, so if accepting bribes is eliminated, it will be appreciated by everyone" (Mahale).</p>
Unwillingness to report corruption	<p>"I don't like giving bribes, but I have no option. I will waste so much time. No one comes to my help. No one wants to fight for me. I have no option, but to pay" (Naresh).</p> <p>"All are used to this process now. In India, if you want to get your work done, then you have to give some fees [bribe]" (Jushal).</p> <p>"It's very wrong to pay bribes, but the government does not support us, and we have to find a means to support our family" (Sunil).</p> <p>"No, I have never complained about anyone. Like I said when I spoke to someone senior, they said you have to pay. When my neighbors spoke to me, they said this is how it works. I accepted it" (Nitin).</p> <p>"I haven't ever complained about it. If I complain, I would be on the losing side as these people have their connections internally, and if they come to know, they would end up harassing me" (Raj).</p> <p>"No, we have never complained about anyone. I cannot complain because I am not following the rules" (Shrenick).</p> <p>"No [people will not report us]. People see us every day. They will not report us. I might be junior, but they know I am a government employee. At max, they will not utilize my connections again, but they will not report me" (Sachin).</p> <p>"No, I haven't reported to anyone about government officials taking bribes because I felt that it would be a waste of time and things will not change and these officials will not be affected as they have power in their hands, and instead it would affect me only" (Rohan).</p>
Innovations to maintain bribes	<p>"I don't think there has been any reduction in corruption. It's just that monetary transactions may have gone down as now the bribes are being paid in the form of electronic goods, laptops, gold, holidays, etc. This is a vicious cycle and may not end as easy as is being conveyed" (Padwal).</p> <p>"Middlemen exist in each of the systems. They are just the facilitators and ensure that none of the parties run into problems while taking and giving bribes. In most of the cases, these middlemen are close or known contacts of the officials. They are the ones who execute the monetary transactions on behalf of the officials" (Sudarshan).</p> <p>"In cases where bigger loans are to be passed, there is involvement of consultants [agents]. These people mainly act as the middlemen during the entire process. In such cases, the officials and the businessmen deal through such people as the amounts are big and so is the risk of getting caught" (Mahale).</p>

## Online Appendix: Quantitative Details of Our Observation and Interview Data\*

Name	Respondent Information	Organization Information
<b>Founders of New Firms</b>		
Viki Sharma	<i>Region:</i> Mumbai—Dharavi <i>Age:</i> 47 years <i>Education:</i> High school <i>Experience:</i> 5 years in factory in Saudi Arabia	<i>Firm name:</i> New Choice Furniture <i>Product:</i> Manufacturer of furniture <i>Firm age:</i> 8 years <i>Employees:</i> 15 employees
Samir Pankarsh	<i>Region:</i> Mumbai—Santacruz <i>Age:</i> 58 years <i>Education:</i> No education <i>Experience:</i> 20 years as car mechanic	<i>Firm name:</i> NA <i>Product:</i> Car mechanic <i>Firm age:</i> 7 years <i>Employees:</i> 1 employee
Amit Parmar	<i>Region:</i> Mumbai—Andheri <i>Age:</i> 35 years <i>Education:</i> Diploma in fashion design <i>Experience:</i> 5 years in fashion boutique	<i>Firm name:</i> Home business <i>Product:</i> Trader of readymade women clothes <i>Firm age:</i> 5 years <i>Employees:</i> 2 employees
Narash Yadav	<i>Region:</i> Mumbai—Dadar <i>Age:</i> 30 years <i>Education:</i> Graduate <i>Experience:</i> 2 years in hospital	<i>Firm name:</i> Dev Optics <i>Product:</i> Optics <i>Firm age:</i> 3 years <i>Employees:</i> 6 employees
Rajesh Chandani	<i>Region:</i> Mumbai—Santacruz <i>Age:</i> 58 years <i>Education:</i> High school <i>Experience:</i> 25 years in fabrication business	<i>Firm name:</i> Raj Fabrication <i>Product:</i> Fabrication service <i>Firm age:</i> 6 years <i>Employees:</i> 5 employees
Sunil Khanna	<i>Region:</i> Mumbai—Malad <i>Age:</i> 38 years <i>Education:</i> Graduate <i>Experience:</i> 4 years in plastic factory	<i>Firm name:</i> Asian Polymers <i>Product:</i> Plastic recycling unit <i>Firm age:</i> 8 years <i>Employees:</i> 4 employees
Ravi Kumar	<i>Region:</i> Mumbai—Matunga <i>Age:</i> 45 years <i>Education:</i> Graduate <i>Experience:</i> 25 years in businesses	<i>Firm name:</i> Balli Transport Services <i>Product:</i> Transpiration services <i>Firm age:</i> 8 years <i>Employees:</i> 12 employees
Madhavi Latha	<i>Region:</i> Mumbai—Lalbaug <i>Age:</i> 38 years <i>Education:</i> Graduate <i>Experience:</i> 8 years as a station master	<i>Firm name:</i> Arya Collection <i>Product:</i> Clothing <i>Firm age:</i> 5 years <i>Employees:</i> 3 employees
Jushal Singh	<i>Region:</i> Mumbai—Matunga <i>Age:</i> 38 years <i>Education:</i> High school <i>Experience:</i> 10 years in cloth trading	<i>Firm name:</i> NA <i>Prod description:</i> Trader of garments <i>Firm age:</i> 6 years <i>Employees:</i> 2 employees
Ram Gupta	<i>Region:</i> Mumbai—Kandivali <i>Age:</i> 35 years <i>Education:</i> Graduate <i>Experience:</i> 8 years in real estate agency	<i>Firm name:</i> Rajpal Associates <i>Product:</i> Real estate agency <i>Firm age:</i> 5 years <i>Employees:</i> 1 employee
Rai Kulkarni	<i>Region:</i> Mumbai—Dadar <i>Age:</i> 42 years <i>Education:</i> Graduate <i>Experience:</i> 21 years in plywood supply	<i>Firm name:</i> Nakoda Plywood <i>Product:</i> Suppliers of plywood laminates <i>Firm age:</i> 4 years <i>Employees:</i> 5 employees
Saurabh Mahim	<i>Region:</i> Mumbai—Mahim <i>Age:</i> 46 years <i>Education:</i> Graduate <i>Experience:</i> 15 years as aviation technician	<i>Firm name:</i> Ajanta Fast Food <i>Product:</i> Fast food and pan beedi shop <i>Firm age:</i> 6 years <i>Employees:</i> 15 employees

\* We changed all names to protect anonymity.

<b>Government Officials</b>		
Vikas Swami	<b>Region:</b> Mumbai—Borivali <b>Age:</b> 42 years <b>Education:</b> Post-graduate Degree <b>Experience:</b> 30+ years in govt. dept.	<b>Name:</b> Directorate of Revenue Intelligence and Central Board of Customs and Excise <b>Official function:</b> In charge of collections of custom duties and excises from businesses <b>Employees:</b> 500+ employees
Kiran Rana	<b>Region:</b> Mumbai—Sion <b>Age:</b> 28 years <b>Education:</b> High school <b>Experience:</b> 5 years in govt. dept.	<b>Name:</b> BMC—Municipal Corporation <b>Official function:</b> Responsible for maintenance of roads, water, and electricity <b>Employees:</b> 2,000+ employees
Vinod Lal	<b>Region:</b> Delhi—Mandi House <b>Age:</b> 34 years <b>Education:</b> Graduate <b>Experience:</b> 7 years in govt. dept.	<b>Name:</b> Supreme Court of India <b>Official function:</b> Highest judicial forum and final court of appeal <b>Employees:</b> 5,000+ employees
Suraj Thane	<b>Region:</b> Mumbai—Thane <b>Age:</b> 62 years <b>Education:</b> Graduate <b>Experience:</b> 35+ years in public bank	<b>Name:</b> Public Sector Bank <b>Official function:</b> Business and personal loans, merchant services, and cash management <b>Employees:</b> 2,000+ employees
Virat Kumar	<b>Region:</b> Mumbai—Worli <b>Age:</b> 43 years <b>Education:</b> Graduate <b>Experience:</b> 15+ years Public Works Dept.	<b>Name:</b> Public Works Department <b>Official function:</b> Dealing with contracts for construction <b>Employees:</b> 100+ employees
Sonu Matunga	<b>Region:</b> Mumbai—Matunga <b>Age:</b> 35 years <b>Education:</b> Graduate <b>Experience:</b> 8 years in transportation	<b>Name:</b> Brihanmumbai Electric Supply and Transport <b>Official function:</b> Transport and electricity supply <b>Employees:</b> 4,000+ employees
Sachin Bhagat	<b>Region:</b> Mumbai— <b>Age:</b> 35 years <b>Education:</b> School <b>Experience:</b> 8+ years Public Works Dept.	<b>Name:</b> BMC—Municipal Corporation <b>Official function:</b> Civic infrastructure and administration <b>Employees:</b> 500+ employees
Chetan Sharma	<b>Region:</b> Mumbai <b>Age:</b> 48 years <b>Education:</b> High school <b>Experience:</b> No prior working experience	<b>Name:</b> Women's wing of a political party <b>Official function:</b> Take up local issues and provide solutions to residents <b>Employees:</b> 500+ employees
Ravindra Chandra	<b>Region:</b> Mumbai <b>Age:</b> 29 years <b>Education:</b> Graduate <b>Experience:</b> 3+ years Public Works Dept.	<b>Name:</b> Municipal Corporation <b>Official function:</b> Water supply, public health, construction, and other services <b>Employees:</b> 5,000+ employees
Sunil Jadeja	<b>Region:</b> Mumbai—Andheri <b>Age:</b> 61 years <b>Education:</b> Graduate <b>Experience:</b> 30+ years in Dept. of Sales Tax	<b>Name:</b> Department of Sales Tax—Mumbai <b>Official function:</b> Sales tax <b>Employees:</b> 500+ employees
<b>Entrepreneurial Agents Facilitating Bribery</b>		
Ritesh Patel	<b>Region:</b> Delhi—Vasant Vihar <b>Age:</b> 61 years <b>Education:</b> Graduate <b>Experience:</b> 35 years as insurance agent	<b>Enterprise name:</b> Not disclosed <b>Service:</b> Secures approvals for business-related insurance and claims <b>Employees:</b> 4 employees
Amit Pawar	<b>Region:</b> Mumbai—Mulund <b>Age:</b> 43 years <b>Education:</b> Graduate <b>Experience:</b> 15 years as agent in different businesses	<b>Enterprise name:</b> Brihanmumbai Municipal Corporation Liaising Agent <b>Service:</b> Secures approvals from municipality <b>Employees:</b> 3 employees

Rajat Bajaj	<b>Region:</b> Mumbai—Gansoli <b>Age:</b> 33 years <b>Education:</b> Post-graduate <b>Experience:</b> 12 years as real estate agent	<b>Enterprise name:</b> Bajaj Real Estate <b>Service:</b> Real estate agent <b>Employees:</b> 1 employee
Kamal Andheri	<b>Region:</b> Mumbai—Andheri <b>Age:</b> 40 years <b>Education:</b> Graduate <b>Experience:</b> 20 years as agent in different businesses	<b>Enterprise name:</b> Not disclosed <b>Service:</b> Helps achieve tax- and accounting-related approvals <b>Employees:</b> 4 employees
Hari Singh	<b>Region:</b> Mumbai—Dadar <b>Age:</b> 26 years <b>Education:</b> Graduate <b>Experience:</b> 5–6 years as agent in different businesses	<b>Service:</b> Regional transport office agent <b>Enterprise description:</b> Secures transport-related licenses and permit approvals <b>Employees:</b> 2 employees
Sandeep Bhatt	<b>Region:</b> Mumbai—Bandra <b>Age:</b> 51 years <b>Education:</b> High school <b>Exp:</b> 20+ years as agent in different businesses	<b>Enterprise name:</b> Not disclosed <b>Service:</b> Real estate agent <b>Employees:</b> 4 employees
Karna Yadav	<b>Region:</b> Mumbai—Thane <b>Age:</b> 34 years <b>Education:</b> Post-graduate <b>Exp:</b> 7 years as agent in different businesses	<b>Enterprise name:</b> Yadav Legal Council <b>Service:</b> Legal services and attestations <b>Employees:</b> 1 employee
Gaurav Singh	<b>Region:</b> Delhi—Vasant Kunj <b>Age:</b> 34 years <b>Education:</b> Graduate <b>Exp:</b> 13 years as agent in different businesses	<b>Enterprise name:</b> Not disclosed <b>Service:</b> Support for documentation, rentals, real estate purchases <b>Employees:</b> 2 employees
Dilip Verma	<b>Region:</b> Delhi—Mehrauli <b>Age:</b> 36 years <b>Education:</b> Graduate <b>Exp:</b> 10 years as agent in different businesses	<b>Enterprise name:</b> Not disclosed <b>Service:</b> Support non-residential development projects <b>Employees:</b> 30 employees
Vinod Kumar	<b>Region:</b> Delhi—Dwarka <b>Age:</b> 38 years <b>Education:</b> Graduate <b>Exp:</b> 13 years as agent in different businesses	<b>Enterprise name:</b> Not disclosed <b>Service:</b> Secure loans for entrepreneurs <b>Employees:</b> 1 employee
<b>Entrepreneurial Politicians Facilitating Bribery</b>		
Kamesh Basu	<b>Region:</b> Mumbai—Thane <b>Age:</b> 47 years <b>Education:</b> Graduate <b>Experience:</b> 20+ years involved in politics	<b>Political party name:</b> Indian National Congress Party <b>Focus of political party:</b> Social services with focus on lower class
Vasim Khan	<b>Region:</b> Mumbai— <b>Age:</b> 52 years <b>Education:</b> Graduate <b>Experience:</b> 30+ years involved in politics	<b>Political party name:</b> Independent party <b>Focus of political party:</b> Social services for assisting local people and entrepreneurs
Vikram Nagar	<b>Region:</b> Delhi—Sarojini Nagar <b>Age:</b> 35 years <b>Education:</b> High school <b>Experience:</b> 10+ years involved in politics	<b>Political party name:</b> Independent party <b>Focus of political party:</b> Social services for assisting local people and entrepreneurs

## APPENDIX: SEMI-STRUCTURE FOR INTERVIEWS

### Interview Guide for Small Business Owners

#### *Business related constraints and how they are overcome (Leading questions)*

How is the business currently performing? Is it a success?

- What are your dreams for the business? Why are they important to you? What are the dreams for yourself? Why are they important to you?
- What are the major challenges to being able to achieve your business dreams?
- Let's take each potential challenge and ask the following: "how can you overcome this challenge"? What is the biggest major challenge for the business going forward? How can you overcome such a challenge?
- What is the second biggest challenge for the business going forward and how can it be overcome?
- Last one on the business, what is the third most important challenge and how can it be overcome?
- What about the major challenges to achieving your personal dreams (separate from the business, if there are any)? How can these challenges be overcome.
- What about the government and government regulations. Do they represent obstacles to you achieving your dreams? In what way?
- So if we talk about your current business. We are interested in how it operates. In particular we are interested in how it operates at the "unofficial" level. We will disguise your name and the name of the business. In fact, what name would you like us to call you and what name would you like to call your business.
- Could you tell us more about your background, when did you arrive to the slum? How is your living condition here? When did you start your business? What motivated you to start your own business? What kind of challenges did you face? Does working from this location influence your business in anyway? How?
- What is the nature of the business? What do you make? What do you sell? Who do you sell to? How long have you had this business? Do you make money any other way—another business or are employed by someone?
- We are going to ask you questions about "unofficial payments" (e.g. bribe) paid in running business and pursuing everyday life. Do you ever get asked to pay a bribe? What do you mean by a bribe? How large a sum is paid as an "unofficial payment"?
- Why do you think people like you need to make "unofficial payments"? Do you only see this as a negative or harmful activity or are there any benefits of it as well?
- Do people in this location make "unofficial payments" to get things done? Do you make "unofficial payments" to get things done? For what purpose do you make these payments?
- Can you give another detailed example of a time you paid a bribe? Why did you pay the bribe? Did the person ask for a bribe or did you just know to pay it? How did you know how much to pay for the bribe? Did it work?
- Has the price of bribes been going up or do you now know how to get a discount? Can you negotiate a lower bribe? How do you do it?
- Which types of government officials have you bribed in the past to ensure running your business? Can you list some categories of governmental officials?

- How do you feel about paying bribes? Are there any advantages to working in a system where there are bribes? What are the problems/challenges from working in a system in which you need to pay bribes?
- Which types of middle man have you bribed in the past to ensure running your business? Can you list some categories of middle men?
- Do you feel you are pressurized into paying bribes to help your business? How do they ask for a bribe—do they do it in a secret way or are they open about it? Do you feel that paying bribes is just one of the costs of doing business in this area—everyone has to pay?
- Are some entrepreneurs better at playing the system (through bribes) than others? If yes, then what makes them better at it? In other words, what do you need to be good at to make the most of bribing people to benefit one's business? Can you be specific about the things that you do to be good at bribing to enhance your business? For example, how do you know when is the right time to do it? How do you know you are not paying too much? How do you know you are not paying too little? How do you make sure you get what you think you are paying for? Is there a right person to pay—that is, at what level of government official do you pay—the person at the bottom with whom you interact or his boss or even higher up? Do you have to pay each time or on a regular basis? Does each person represent a separate payment or are those who you pay organized so that they share the money and the agreement? Are there any consequences for them if they do not fulfil their side of the agreement?
- The government announced that they are going to reduce corruption. Have you noticed any decrease in corruption? Please explain. If they were able to get rid of corruption do you feel your life would be improved?
- It is against the law for a government official to ask or take a bribe, right? Have you ever reported a government official who asked for a bribe? If yes, to whom and what happened? If no, why not?
- I suppose we have largely been talking about bribes of official government officers but is there an unofficial government in the slums? What are the different forms of unofficial government (e.g., is there an unofficial “security force”, someone in charge of “permits” or business locations?)—please list all the people that you have had to make payments to over the last year in order to effectively run your business? Do you have to make payments to these people? What do you get in return? What would happen if you did not pay them? Why do you think paying these unofficial government people?
- Do you know of any business person who does not pay bribes? If yes, how many? And how does he or she get away without paying bribes?
- Thank you for your response. This will be very helpful for our research work!

### **Interview Guide for Government Officials**

- Thank you for taking time in supporting this research project. We are interested to learn from your long experience about how can we improve the conditions for low income business owners as many of them unable to get any true support from the government bodies.
- For this discussion purpose, we will disguise your name and the name of the organization. In fact, what name would you like us to call you and what name would you like to call your organization?

- What is the nature of your work? In which part of the government do you work? Why is what you do important to the local business people?
- Could you please tell us how the process (governmental officials' interaction with small scale business owners) is meant to work? What are the problems with this process—why do the business people want to go around or search for a quick fix to this process?
- Do they approach you for helping them make the process go smoother or benefit them in any way? In what way could you help them?
- We are going to ask you questions about “unofficial payments” (e.g. bribe) that people in a position similar to you receive from people in business to help them with the system. How large can “unofficial payments” be?
- Why do you think people like you are willing to receive “unofficial payments”? Do making these payments hurt or help the business person?
- Do you or someone you know of ever get offered a bribe? Can you define what can be considered as a bribe?
- Do local business owners (from low income groups) make “unofficial payments” to get things done? Do you or someone you know of receive “unofficial payments” to get things done for others? For what service do you receive these payments?
- Can you give a detailed example of a time you or someone you know received a bribe (if you have never received a bribe the last time you were offered a bribe)? Why did they offer as a bribe? Did the person offer the “unofficial payment” or do people in governmental positions typically ask for it? How do they know how much was the right amount? How does it usually work out?
- Can you give another example of a time you or someone you know received a bribe (if you have never received a bribe the last time you were offered a bribe)? Why did they offer as a bribe? Did the person offer the “unofficial payment” or do people in governmental positions typically ask for it? How do they know how much was the right amount? How does it usually work out?
- Has the price of bribes been going up? Do certain people get a discount—they have to pay less as an unofficial payment? Can people like you negotiate a higher bribe? How do you do it?
- Which types of government officials do you know can take bribes to get tasks done for business owners? How common is making bribe payments to government officials?
- How do you feel about people receiving bribes? Are there any advantages to working in a system where there are bribes? What are the problems/challenges from working in a system in which you need to seek [or be paid] bribes?
- Which types of middle man can be part of this bribe process? What is the role of these middle men? Do you think governmental officials prefer to deal with the middle man or the business person him- or her-self? Why?
- How do you feel about those situations where bribes are paid through middle men? Are there any advantages to working in a system where there are bribes? What are the problems/challenges from working in a system in which you need to pay bribes?
- Are there other types of unofficial authorities (those not in the government, e.g. mafia, politicians) that receive payments from business people? Do you know of when governmental officials have received payments from these unofficial authorities? How does this process work? And how does this process differ from direct or indirect (e.g. middle man) payments of bribes?

- Do you know of situations when governmental officials put pressure on business people to pay bribes? How do they ask for a bribe—do they do it in a secret way or are they open about it? Do you think that paying bribes is just one of the costs of doing business in this area—everyone has to pay?
- Are some officials better at playing the system (through bribes) than others? If yes, then what makes them better at it? In other words, what do you need to be good at to make the most from your current position in terms of maximizing bribes? Can you be specific about the things that you do to be good at receiving bribes? For example, how do you know when is the right time to do it? How do you know you are not being paid too little? How do you know you are not asking for too much? How do the people making the bribe make sure they get from you what they think they are paying for?
- In this process, do governmental officials have to pay anyone or share the bribe with anyone else? If yes, who and why?
- Does the person have to pay each time or on a regular basis? Are there any consequences for person and governmental official if they do not fulfil their side of the agreement? What and why?
- The government announced that they are going to reduce corruption. Have you noticed any decrease in corruption? Please explain. If they were able to get rid of corruption how would it impact your life?
- It is against the law for a government official to ask or take a bribe, right? Have you ever been reported by anyone for taking a bribe? If yes, to whom and what happened? If no, why not?
- Do you know of any business person who does not pay bribes? If yes, how many? And how does he or she get away without paying bribes?
- Do you know of any government official who does not take bribes? If yes, how many? And why do they not take bribes?
- Thank you for your response. This will be very helpful for our research work!

### **Interview Guide Agents**

- For this discussion purpose, we will disguise your name and the name of the organization. In fact, what name would you like us to call you and what name would you like to call your organization.

### ***Corruption related business questions***

- What is the nature of your work? Why kind of products and services are you offering to local business people?
- Why did you decide to be in this profession? What kind of skills are needed to be successful in this profession? Do you have any tricks that helps you in your profession? Can you give examples?
- Why do the business people come to you? What do you do for them? Can you describe the entire working process (start to end)? Please explain roughly how you assist business people? How do they find you or approach you when they need your help? What do they say when they meet you and what do you promise them?
- Without saying names, who do you approach (an authority or permission giver) to help to get what the businessperson wants? How is it that you can approach this person and ask for this “thing/service”? How long have you known them? How were you introduced to them? Is it difficult to build such relationships? How can someone build this network?

- More specific to business people, can you provide a story for how the entire process works (based on the your recent experience)?
- What is the end process? What happens after the payment has been made by you?  
*Capture insights about the back loop towards the entrepreneur.*
- Why does the business person need you, couldn't they just approach the official themselves?
- Can we talk about money? If we think about the last "job" you did, how much did the business person give you and how much did you give the official granting the "permission" and thus how much did you get? How do you work out the price—what is the basis for the negotiation over price?
- Do you have a lot of other people that also do the same job as you? How good are you compared to them? Why are you better? Who is the best and what does he or she do that you do not currently do? What enables him or her to do it?
- How important is word of mouth? What will you do to secure positive word of mouth and avoid negative word of mouth? Will you avoid acting opportunistically?
- Are there any women who do this job? If yes, how many (as a percentage or number out of ten) and how good are they at it and why? If no, why not?
- Do you work alone or are you part of a larger organization? How do persons that provide such assistance to entrepreneurs that you do typically organize themselves and how to they do business? Are you similar or different?
- What would stop you from taking the money from the business person and just keeping it—not doing the job? What would happen to you if you did this?
- How long have you been doing this job? Do you like your job? What is it about this job that you like? What about aspects of this job do you not like?
- What would you need to do to make more money at this business? Do you have plans?
- Do you think what you do is a bad thing or a good thing? Why?
- Could you or others be in any legal problem because of this? What is the likelihood you could get in trouble for paying officials? Has it happen to anyone you know? What can be the outcome of such case? Are you worried about such things?