

Organizational culture of humility and corporate fraud

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Introdução

Recent financial crises reveal that, beyond economic causes, ethical and cultural factors are crucial. This study examines how the absence of Organizational Culture of Humility (OCH) fosters misconduct, using the Enron case. Findings show that lacking practices such as temperance, respect, reciprocity, psychological safety, and transparency normalizes fraud. The study advances theory by linking humility to fraud prevention and offers practical insights for leaders to foster ethical cultures.

Problema de Pesquisa e Objetivo

Research Problem: Despite the significant impact of corporate fraud, there is a gap in understanding how organizational culture, specifically the absence of humility, contributes to fraud as a systemic and normalized process.

Objective: To investigate how the lack of organizational humility practices fosters institutionalized misconduct and fraud, identifying humility-based behaviors and practices that can mitigate corporate fraud.

Fundamentação Teórica

The theoretical framework combines corporate fraud literature, highlighting Cressey's Fraud Triangle—pressure, opportunity, and rationalization—with organizational culture's influence on misconduct. It integrates the concept of Organizational Culture of Humility (OCH), based on self-awareness, openness, and self-transcendence, fostering ethical behaviors. OCH mitigates fraud through practices like transparency, feedback, collaboration, trust, and psychological safety, promoting ethical decision-making and preventing misconduct.

Metodologia

The study adopts a descriptive-analytical design with a qualitative approach, using the Enron case selected for its notoriety, scale, and impact. Document and content analysis were conducted, focusing on leadership statements. Data were coded based on the Organizational Culture of Humility (OCH) model, with seven theoretical-deductive categories. The analysis followed theory-driven and interpretative procedures, ensuring rigor through triangulation of secondary sources and cross-validation among researchers.

Análise dos Resultados

The analysis reveals that Enron lacked all key dimensions of the Organizational Culture of Humility (OCH). Absence of balance, trust, feedback, and collaboration fostered arrogance, suppression of criticism, and fear of failure. Praise and recognition were tied only to aggressive results, ignoring ethical contributions. Creativity was stifled by a punitive culture, while opaque and manipulative communication enabled fraud. The lack of humility practices normalized misconduct and systemic unethical behavior.

Conclusão

The study concludes that the absence of organizational humility at Enron fostered fraud. Key mitigating practices include temperance, respect, reciprocity, collectivity, open feedback, psychological safety, and transparency. The research advances theory by linking humility to fraud prevention and highlights OCH as a valuable framework. Practically, it positions humility as essential to building ethical cultures that deter misconduct. While based on Enron, findings offer insights for future research and organizational practice.

Contribuição / Impacto

This study advances organizational research by linking the absence of organizational humility to the emergence of corporate fraud, addressing an underexplored gap. It introduces the Organizational Culture of Humility (OCH) as a framework to understand how cultural deficiencies enable misconduct. The findings shift the fraud discourse beyond financial and legal factors, highlighting humility-driven practices—such as transparency, feedback, and psychological safety—as essential for fostering ethical and resilient organizational cultures.

Referências Bibliográficas

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