Introduction

Observing the actions of various mafias, certain questions arise: Why do they establish and follow such a complex mix of rituals, rules, and codes of conduct? How and why do they enter legal businesses? How do they reconcile the requirements of secrecy with those of visibility? Why do some commit many more murders than others? Why do some target high-profile people far more often? How, in the recruitment processes, do they handle the trade-off between admitting family members and attracting the most promising and skillful foot soldiers?

These are just some of the questions that this book will attempt to answer.

Many books have been written about mafias. This book, however, approaches the topic from a new and different perspective, with the aim of making sense of mafias as organizations. Mafias must be considered as organizations because they possess all the distinctive aspects of the latter: a coordinated collective action; a division of labor with roles that are varied and defined; careers and systems of reward and punishment; a system of control and command with related communication channels, rules, and codes of conduct; a clear distinction between members and nonmembers; and formalized recruiting systems with initiation rituals for novices. In addition, they must be seen as organizations because as such they are able to carry out criminal activities at levels that no individual or group, without mechanisms of coordination, could possibly attain. Organizational analysis should therefore precede any other perspective in the study of mafias. Yet, public and scientific discussion lacks a clear understanding of the organizational side of these extralegal organizations. This book, through the perspective of organization theory, aims to understand the behavior of these particular organizations.

To consider and analyze mafias as formal organizations makes it possible to provide answers to our questions, starting with the main assumption that the type of organization makes a difference. To understand the behavior of people who are members of a group, it is fundamental to know how the group is organized. Therefore, to understand the

mafioso criminal behavior, how mafias work, how they do business, and how they use violence, we must first understand how mafias are organized.

Examining the different kinds of mafia organization, it can clearly be seen that not all forms of organization are equal. In this book, I intend to explain how different modes of organizing determine the behavior, the conflicts, and the use of violence in mafias. The purpose is not to offer a theory of the origins of the mafias, but a theory about, or more accurately, a perspective on, the behavior of mafias as types of formal organization. Of course, mafias are hardly comparable, even remotely, to the Weberian ideal type of bureaucracy (Weber 1922), with written rules and rigid administrative procedures.

Mafias are a specific type of formal organization. They are organizations, not corporations. Organizations and corporations are not the same. All corporations are organizations, but not all organizations, of course, are corporations. Mafias do not have offices, addresses (except the Yakuza), opening and closing hours, etc., and they tend to leave few signs and traces of their presence, except when they intentionally want to signal something.

Mafia organizations are highly adaptive and long-lived, far more so than many legitimate firms. Despite working in extremely hostile environments, violating laws, committing crimes, and being subject to intense prosecution by law enforcement agencies, they are among the most resilient ever known. For instance, the Sicilian Cosa Nostra has its roots in the mid-nineteenth century, the American Cosa Nostra in the early years of the twentieth century, while the Yakuza and Triads go back to some centuries before.

Mafias are not mere criminal organizations: they would otherwise probably have vanished a long time ago. They are economic organizations that derive their strength from the fact that they sell protection and services (often forcibly imposed) that someone buys. Above all, however, they are deeply embedded in the economy, in politics, and in society. No criminal organization has ever infiltrated legitimated institutions in society in the way that mafias have proved capable of doing. Mafia physiology shows how relevant interrelationships with the "legal" world are, in order for them to carry out their activities. Without the ability to operate in this world – without, in other words, the complicity of many legal actors – the mafia would be very small beer indeed.

Mafias have been studied by various academic and research communities – criminologists, sociologists, economists, historians, political scientists, and legal scholars. Nevertheless, organization studies have conspicuously neglected mafias – despite the fact that organized crime, and mafias in particular, controls large and remunerative illegal markets.

Moreover, they also operate in legal markets, affecting the economic development of entire regions. Finally, they have longer lives than many legal organizations. With some exceptions, organization studies have preferred to study legal and transparent organizations, developing most of their theories and management models on the legitimate business organization (the corporation) and the bureaucratic form of organization.

Why did this happen? Shadowy organizations such as mafias are not easy to decipher. One of the main reasons why mafias are understudied as organizations may be that they are almost inaccessible to scientific study: reliable data are hard to come by and standard data collection methods are severely limited. Excluding interceptions (telephone and environmental) and ex-mobster statements (which always require very careful consideration), most sources and documents are *about* the mafias, not *from* the mafias – not, that is, actually produced by them, given that they are organizations that carefully avoid the production of written documents. This is not true only for mafias, but also for most hidden and clandestine organizations such as terrorist groups. Analyzing how they are managed requires more than studying the sensational aspects of group actions, such as strange rituals and heinous homicides.

If the study of criminal organizations is generally difficult, the study of mafias is further hindered by four main factors, clearly spelled out in Gambetta (1994). First of all, the subject is highly *emotional*: mafias' cruelties and their impact on society make it difficult for scholars to maintain an objective perspective. Second, there is a lack of *empirical evidence*: only in the last few decades have law enforcement agencies and judicial bodies specifically focused on the mafias, distinguishing them from other criminal organizations. Third, *mass media* – especially books, movies, and TV series – have contributed to the diffusion of a romanticized and overly exciting representation of mafia life. Finally, there is a *no shared theoretical framework*; as a result, scholars have adopted different, and sometimes opposing, perspectives.

The result is that, despite having a theoretical and conceptual apparatus more than adequate to study a socially and organizationally relevant phenomenon, organization studies on the mafias are rather few. It certainly does not mean that the main studies on the phenomenon do not consider the organizational aspects of the mafias. There is a specialist literature on organized crime and mafias. By and large, these literatures constitute separate fields, and none systematically uses an organization science perspective. Simply put, investigation by those – the organizational scholars – who would be equipped to carry it out is scarce. This book bridges two areas of research, organization studies and mafia studies, that have much to say to one another, but have rarely been integrated.

Analyzed from within, mafias appear less organized than they might seem to an outside observer. Constant tension exists in these organizations: competition, disloyalty, communication breakdowns, arguments, quarrels, and other forms of disorganization are the order of the day. The history of these organizations is also a story of fierce internal struggles for power. All mafias are conflicting groups, where conflicts may be latent or manifest, and although the degree of conflict is variable, generally there are very few mafia heads who die of old age. In some especially conflicting mafias, characterized by a "horizontal organizational order" (which we will call *clan-based*), longevity is really very low, and the average life span of a member is closer to that of a man at the dawn of the industrial age than to that of an individual in the twenty-first century. Nevertheless, the fact that problems and tension exist within mafias does not exclude them from being described as organizations. No organization is, in fact, free from conflict and tension – not law enforcement agencies, not universities, not business firms, not even the church. Hardly surprising, then, that this is also a feature of mafias. What is certainly different, however, is the way in which conflicts are handled, with the frequent use of violence.

If mafias are organizations – something that many, though not all, scholars agree upon – what type of organization are they? Are they an organizational phenomenon sui generis, or are there similarities to other kinds of organizations, such as legitimate economic organizations? Some observers have defined mafias as a model of management,[1] urging the managers of legitimate organizations to learn from the example of criminal organizations. Of course, they did not – we hope – mean that legitimate organizations should engage in illegal activities: rather that the low number of management levels, capacity for adaptation, flexibility in managing business, and control over subordinates were considered an effective model for American corporate executives.

To understand mafias, two commonplace ideas have to be set aside. The first is that if it is stated that a mafia is organized (such as the Sicilian Cosa Nostra), it means that it is also hierarchical, like a Hobbesian pyramid culminating in a Leviathan boss of bosses. The second is that if, instead, higher-level bodies of coordination are lacking, as in the case of many Camorra clans, then this means that there is no organization. Aspects relating to organizational order and coordination are central to the understanding of organizational functioning. An organization, as

[1] M. Goodman (2011), What business can learn from organized crime, *Harvard Business Review*, November, 27–30; "Mafia Management", *The Economist* ("Schumpeter" section), August 27, 2016, 51.

Wilson noted, "is not simply, or even principally, a set of boxes, lines, and titles on an organizational chart ... The most important thing to know is how that coordination is accomplished" (1989, 24).

Mafias have been described both as hypercentralized, according to a "bureaucratic-corporate model" (Cressey 1969), and as "patron–client networks," in terms of culture, kinship, and patron–client relationships (Albini 1971; Ianni and Reuss-Ianni 1972). As we will see, both of these conceptions prove to be reductive and inappropriate. Mafias cannot be categorized either as having the corporate bureaucratic form typical of a multinational firm, or as having a centerless network form. Nor are they reducible to a typical Southern Italian cultural phenomenon, as has long been claimed by some scholars, in particular in Italy: how, otherwise, is it possible to explain the existence of such organizations in culturally very different countries, such as Japan, China, Russia and the United States? From an organizational point of view, mafias are not based on a mechanistic model, such as Max Weber's ideal type of legal-rational bureaucracy (Weber 1922), but on an organic model (Burns and Stalker 1961). They are economic organizations characterized by a mix of clan organizational form and feudal hierarchy, with the presence, in almost all cases, of higher-level bodies of coordination.

In studying mafias as organizations, it is important not to be limited to an in-depth analysis of one single organization: it is necessary to consider a larger number of cases, in order to highlight, by comparison, similarities and differences. This book looks at various mafia organizations in different countries: in particular, the three Italian mafias (the Sicilian Cosa Nostra, the Camorra, and the 'Ndrangheta), the American Cosa Nostra, the Japanese Yakuza, the Hong Kong Triads, and the Russian Mafia (*Vor-v-zakone*, thief-in-law). The interesting fact is that, despite originating in different historical contexts and in places very distant one from another, the various mafias are characterized by common organizational features. These similarities seem to derive, not from a process of mutual understanding and learning (possible only for the Italian mafias and the American Cosa Nostra), but rather from the common problems that the different organizations have had to face over time. In other words, rather than isomorphism, it has been a matter of a common evolutionary and adaptive response to common problems and needs by different organizations.

Turning to the content, there are four main themes in this book. In Chapter 1, mafias are analyzed as a particular type of secret society and, following Gambetta (1993), as a particular form of organized crime that produces and sells private protection. In so doing, it dispenses with three main misunderstandings concerning the nature of mafias: namely,

(1) that mafias are a bureaucratic-corporate organization; (2) that mafias are not a formal organization, but a cultural phenomenon, or a particular *forma mentis*; and (3) that mafias are nothing more than a loose criminal network. Contrary to these conceptions, the chapter argues that mafias are a specific type of illegal economic organization.

Chapter 2 examines basic features of the organizational architecture of mafias. In particular, it considers the recruitment mechanisms and complex rituals that characterize organizational life, its specific learning and accounting systems, the management of internal transaction costs, as well as the mafia as a particular form of clan organization. Finally, the chapter delineates the mafia organizational structures, distinguishing between two different levels that are frequently confused with each other: (1) the level of the basic organizational unit – called *family*, *clan*, *'ndrina*, *ikka*, *brigade*, etc. – and (2) the metaorganizational level.

The basic organizational unit comprises the basic organizational level common to all the mafias and is composed of individuals who perform specific organizational roles. It is always characterized by a hierarchical form of structure, with an authoritative center represented by a leader. The metaorganizational level instead includes the higher-level bodies of coordination (HLBC) that certain mafias develop over time to regulate specific aspects of organizational life. The combination of these two levels, organizational and metaorganizational (where present), constitutes the overall mafia organization. The variety of combinations of these two levels gives rise to two different forms of government: clan-based and clan-based federation.

The *clan-based* system is based on a plurality of organizational decision makers who can act and make strategic decisions independently of each other and without having to account to higher-level bodies of coordination. In a *clan-based federation* system, on the other hand, there is a partial cession of sovereignty on the part of the basic organizational units in favor of higher-level bodies of coordination, but only with respect to certain aspects of collective organizational life. While these aspects may be quite significant, they do not relate to the business methods of the organization's individual components. In a federal system, HLBC are involved in resolving any disputes that may arise by minimizing the negative externalities arising from conflicts and excessive violence, in developing strategies of collective interest, in identifying and eliminating potential enemies of the organization, and in establishing and enforcing the rules.

Clan-based and *clan-based federation* forms are not immutable. The organizational history of the mafias shows how these patterns vary over time, moving from one system to another in the course of organizational

life, as a result of endogenous factors (the degree of cohesion or conflict between clans, organizational leadership, etc.) and exogenous factors – above all, repression on the part of law enforcement agencies.

Chapter 3 analyzes in detail the main features of mafia organizational structures. Through the description of organizational structures, we will see how the mafias have different organizational configurations and how they impact organizational behavior. Organizational forms of the *clan-based federation* type, characterized by collusion between the various business components, and thanks to the higher-level bodies of coordination, seem to be more effective in curbing violence, compared to the *clan-based* organizational type. The latter, instead, is characterized by competition and greater conflict between clans for the acquisition of resources. Using data about the Italian mafias (the Sicilian Cosa Nostra, the 'Ndrangheta, and the Camorra), in Chapter 4 we see how the mafias characterized by a vertical organizational form tend to commit fewer overall homicides but a greater number of high-profile murders, such as those of magistrates, journalists, trade unionists, politicians, and members of law enforcement agencies.

This is because the presence of higher-level bodies of coordination enables mafias to resolve internal conflicts by reducing intraorganizational violence and developing strategy. They can identify the enemy outside the organization – those figures who, through public or private action, can undermine the security and economic interests of the organization. In contrast, mafias characterized by a horizontal organizational structure, with no higher-level bodies of coordination, seem incapable of effectively settling internal disputes and controlling violence. While they therefore tend to commit many more homicides, high-profile murders are almost wholly absent or at least significantly lower compared to other mafias: for these mafias, the main enemy is the rival clan, rather than the law enforcement agencies.

As illegal organizations, mafias cannot turn to third-party actors to resolve disputes and enforce agreements. Therefore, the mafias themselves have to carry out this function, through various methods such as the definition of internal rules and the use of violence, if necessary, to punish noncompliance. This absence of third-party recourse raises an important question. How can criminal organizations that lack legal mechanisms of dispute resolution, and are unable to establish binding contracts, work efficiently? As we see in Chapter 5, they establish and enforce organizational rules. Rules are an essential aspect in the life of any organization. Paradoxically, organizational rules are especially important for criminal organizations, such as mafias, for two main reasons. First, they cannot rely on law and government to enforce norms

and settle disputes. Second, they need to cooperate among themselves in order to preserve their economic interests. They do not live in anarchy; they are subjected to the law of the outlaw. Even if the context of criminal organizations is radically different from the context of legitimate organizations, mafias use organizational rules for the same reason that legitimate organizations do: (1) to ensure organization, coordination, and cooperation among their members and their organizational units. In addition to this function, however, mafias need rules (2) to settle conflicts and to contain violence that, otherwise, could be destructive for the organization; and (3) to maintain secrecy and conceal information regarding their illegal activities from the outside. Legitimate organizations, on the other hand, do not need rules to settle disputes, given that they can rely on government and courts, and require secrecy only in relation to a limited number of activities (usually concerning patents, innovation, etc.). Of course, as indeed happens in many organizations, rules can be violated or employed for personal ends. But the violation of the rule only serves to confirm the existence of the rule, just as the violation of a law does not mean that the law does not exist.

Finally, in Chapter 6, we see how, far from being all-powerful organizations, as they are often portrayed, mafias suffer from multiple problems and are forced to deal with diverse and complex *organizational dilemmas* that are not easily solved. For example, if they grow in size, they increase economies of scale but reduce security and privacy. If, on the other hand, these latter aspects are given priority, then the coordination necessary to achieve objectives is penalized. Another organizational dilemma is represented by the use of violence: this is an important resource for mafias, a required means to solve many problems and to maintain their reputation. However, making frequent use of violence, mafias increase their visibility and attract the interest of law enforcement agencies. Another organizational decision regards the recruitment system: based on blood ties, it can allow greater secrecy and trust, but can result in scarcity of resources or operational skills. In this final chapter I show that these dilemmas have no single, definitive solution, but require adequate management capable of handling the continuing tensions between opposite needs. Analyzing mafia organizational action in terms of fundamental dilemmas that are always present makes it possible to escape both a rigid environmental determinism and a rigid organizational subjectivism, according to which mafias are all-powerful and can do whatever they want.

As regards the sources used, we will refer in particular to investigative and judicial sources including eavesdropping and wiretapping, statements from collaborators with justice, administrative data on murder

and other mafia crimes, reports by parliamentary committees and other political institutions, historical accounts, secondary sources from various disciplines (mainly sociology, economics, political science, and criminology), and interviews and discussions with key witnesses such as magistrates and representatives of the law enforcement agencies.

Understanding mafias as organizations is important not only from a scientific, but also from a more practical point of view. Understanding the physiology and organizational logic of mafias is an indispensible step in order to combat them. An awareness of their dilemmas and organizational characteristics can offer law enforcement agencies, political actors, and civil society useful guidance on how to direct laws, public policies, and law enforcement actions more effectively to the activities of the mafias.

In conclusion, a word regarding the subtitle, *The Visible Hand of Criminal Enterprise*. Adam Smith, with the idea of the "invisible hand," and Friedrich von Hayek (1973), with the "beauty of the market" theory, emphasized the spontaneous origins of the market, and autonomous adaptation of a spontaneous kind. Organization theory, however, on the one hand, has moved to the fore the active role of organizations in "constructing" markets, and, on the other, with Chester Barnard (1938), the role of, not spontaneous cooperation, but induced cooperation, of an intentional kind determined by formal organizations: the "visible hand" of organizing. The visible hand of mafia organizations may suppress the invisible hand of the market. In other words, in the legal, as in the criminal, world, organization makes a difference.

The English jurist Frederic William Maitland, referring to history books, stated that "a book should make you hungry," in the sense of a hunger to learn, a hunger to search. If, in some way, this book arouses such a "hunger," then it will have achieved its purpose.