How might criminology help explain corporate crime?

Law, Criminology

‘ How might criminology help explain corporate crime?’ Corporate crime is a wide-ranging term, covering a vast range of offenses with differing types of perpetrators, modes of operation, effects and victims (Hale et al. 2005, p. 268-9). Types of corporate crime range from financial crimes including illegal share dealings, merger, takeovers and tax evasion to crimes directly against the consumer, employment relations and crimes against the environment. In the past criminology has put little energy into bringing light to the subject of corporate crime and has focused mainly on the criminology of the individual (Albanese, 1984, p. 11). It is only recently that corporate criminology has gained the systematic attention of researchers and policy makers. Unlike an individual, it has been found much more difficult to explain the motives, qualities and characteristics of corporate entities, although it is still possible to employ the same concepts of the study of individual crime to the study of corporate crime (Albanese, 1984, p. 11). Edward Sutherland was the first to define and explain corporate crime as “ crime in the upper or white-collar class", white-collar class being those considered ‘ respectable’ members of society. In contrast, those in the lower or working class are predicted to have a more likely chance of committing more common crimes such as robbery, murder and assault. Edward Sutherland attempted to explain corporate crime, using differential association. Sutherland stated ‘ criminal behaviour is learned in association with those who define such behaviour favourably and in isolation from those who define it unfavourably’. The motivation to commit crime, post hoc rationalisations and the actual techniques of committing crime is, like all behaviour, learned by association with individuals who have unlawful or deviant values, mores and norms (Hale et al. 2005, p. 274).

Specifically what is learnt is the techniques of committing the crime and the specific direction of motives, drives, rationalisations and attitudes, where the specific direction of motives and drives is learned from the definition of legal codes as favourable or unfavourable (Geis, 2007, p. 159). Thus differential association is a person becoming delinquent because of excess of definitions favourable to violation of the law over definitions unfavourable to the violation of law. It has been argued that illicit behaviour learnt is still the misbehaviour of an individual and not corporate criminality, although the difference between the goals of the individual and the goals encouraged and supported by the organisation, must be distinguished (Albanese, 1984 p. 12). Sherman (1978), in his study of police corruption, stated that when the dominant coalition of the organisation condones and expects deviant behaviour of organisational members, the deviance is in fact organisational, thus the organisation is deviant. Therefore the crime, although committed by an individual, is corporate crime, because it was committed in support of the organisation (Albanese, 1984 p. 12). Another concept of differential association that Sutherland (1949) spoke of was that criminal practices are learned by competitors, in the same way they are learned by organisational members. Many theorists have argued that Sutherland's theory was not a comprehensive explanation of corporate crime, although it is the only theory to have been subsequently retested on numerous occasions. Strain theory, which states that social structure within society may pressure citizens to commit crime, can be used to explain corporate crime. This is apparent as the pressure to succeed exists for business and organisations in terms of maximising profit, growth and efficiency (Hale et al. 2005, p275).

Problematic situations within a business could jeopardise the attainment of one’s individual goals, which is largely dependent on the prosperity of the corporation with which he or she works for, leading to pressures and strains in both upper and lower employees. These pressures can lead to deviant, illegal behaviour as it is seen as the only way of dealing with problematic situations. Institutional Anomie Theory (IAT), developed and introduced by Messner and Rosenfeld (1994), stemmed from Strain theory, was designed to explain all forms of criminal behaviour including corporate crime. AIT suggests that present day culture has the idea of individual monetary success through competition for limited resources, leading to an overemphasis on the economy to the damage of the importance of noneconomic institutions such as family, education or the need for society to take care of its citizens (Schoepfer & Piquero, 2006 p227). In applying IAT to corporate crime, Weisburd et al. (1991, p. 188) studied a sample of individuals convicted of corporate crime and speculated that the one motivation underlying the corporate crimes of these individuals was financial need. Their analysis lead to two distinct paths that lead to this sense of financial need, one being for “ high risk ego gratifiers" and the other for those who exhibit “ fear of falling" (Weisburd et al. 1991 cited in Schoepfer & Piquero, 2006 p227). Weisburd et al (1991) stated the “ high risk ego gratifier" group was those who exhibit low self-control, although more research suggest the personality trait, the desire for control or the wish to be in control of one’s own life, is a better way to explain forms of corporate crime. Individuals with high levels of desire-for-control seek goals impossible to attain without resorting to crime and in the words of Piquero et al. (2005) ‘

do something- even criminal- in order to survive, get by and perhaps more importantly, get ahead’. The second path that leads to a sense of financial need, the “ fear of falling", refers to an individual’s fear of losing what he or she has worked so hard to obtain. The desire-for-control and fear of falling are specifically designed to explain corporate crime and why individuals, who presumably have a lot to lose, resort to criminal and unethical behaviour (Schoepfer & Piquero, 2006 p227). Rational choice theory, originally developed by Becker (1968), is another theory which can be used to explain corporate crime. Rational choice theory suggests that people who commit crimes do so after considering and weighing the risks and costs of detection and punishment for the crime, as well as the rewards of successfully completing these acts (Gottschalk, 2011, p. 306). Paternoster and Simpson (1996) further refined the theory to contain two basic premises. The first premise suggests that the individual evaluates the expected consequences of multiple alternatives and chose the one with the best outcome, and the second emphasizes that deviant behaviours are choices by individuals based on perceived rewards and costs (Li Zhang & Sarathy, 2010, p. 637). It is reasonable to assume that the rational decision making process is influenced by individual and situational factors, since human beings are only capable of bounded rationality (Hu et al. 2011, p. 56). Therefore, the characteristics of the individual and the specific characteristics of the situation will affect how the benefits and costs are perceived. When applying the rational choice theory to corporate crime a distinction must be made between common crime and corporate crime. It is assumed that individuals taking part in common crime are not in an appropriate position to calculate rationally the benefits and costs of offending (Hayes & Prenzler, 2012, p. 134). Directors and managers of organisations taking part in corporate crime, however, could in fact be rational. For a corporate organisation that claims to act rationally, to calculate and to predict external responses to its actions in order to maximise its profits, added to its tendency to calculate the existence of relatively weak regulation increases the probability of corporate crime occurring (Hale et al. 2005, p273). Another difference between more common crime and corporate crime is that offenders have a type of specialised access to their victims. Rational choice theory is a useful theory in criminology to explain corporate crime, although it is usually used in conjunction with other theories (Hu et al. 2011, p. 56). Although, the studies from Tibbetts and Gibson found that both rational choice measures and the estimates of individual prosperities significantly influence the deviant behaviour, even when factors from other theoretical perspectives are controlled (Hu et al. 2011, p. 56). In conclusion it is apparent that many criminologists and sociologists have attempted to explain corporate crime using theories such as differential association, strain and rational choice theory. All these criminological theories have been studied and tested and have been shown to be somewhat appropriate in explaining corporate crime in their own way, although no one theory is able to fully explain corporate crime to its full extent. Reference List: Albanese, J. (1984). ‘ Corporate Criminology: Explaining Deviance of Business and Political Organisations’. Journal of Criminal Justice, Vol. 12 (1), pp11-19. Braithwaite, J. (1985). White Collar Crime. Annual Review of Sociology, Vol. 11(1), pp. 1-25. Geis, G. (2007). 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