

# Objectives

after completing this lesson, YOU will be able to



- » Understand the **complex nature of white-collar crime**, and the difficulty of discovering what causes it;
- » Discuss the *role of personality* in causing white-collar crime;
- » Discuss the *role of situational factors* in causing white-collar crime;
- » Discuss the *role of the culture of competition* in causing white-collar crime; and
- » Discuss how *techniques of neutralization* may help explain the causal processes involved in much white-collar crime.

For this lesson, please read:

» Pontell and Shichor, *Contemporary Issues in Crime and Criminal Justice*:

- **Vaughan, "Sensational Cases, Flawed Theories"**
- **Benson and Kerley, "Life Course Theory and White-collar Crime"**

As you should know by now, the concept of **causality** is probably *the most elusive in the social sciences*. As James Coleman has noted, it seems like a clear enough idea, but when seeking scientific explanations, it can often be "**maddeningly complex**." Following your work in statistics and methodology, this should come as no surprise.

### » *Is it a hopeless endeavor then?*

Not if one is willing to accept the probabilistic and tentative nature of social scientific explanations. Given the diversity and ambiguity present in the nature of white-collar crime, this can be an especially difficult area — but not an impossible one.

White-collar crime is a *complex phenomenon*.

It can challenge conventional **theories of crime and deviance**, and at the same time embrace many of them.

As we discuss potential causes of white-collar crime, it is important to remember that **conclusive and unambiguous explanations will necessarily not be found**. Rather, we will see *different theoretical threads* that can be woven in different patterns to apply to various types of white-collar lawbreaking.

» *In other words, explanations of fraud in the professions will be different than those aimed at price-fixing, insider trading, or any other number of white-collar crimes which may or may not have common or similar "causes."*

As the well known white-collar crime theorist, **James Coleman**, has noted, all criminal behavior requires that two basic elements — *motivation and opportunity* — must be brought together for a crime to occur.

» He also claims that this doesn't necessarily create a dividing line between social-psychological causes (having to do with motivation), and structural causes (relating to opportunity). The two may be intertwined in the case of white-collar (and other) crimes.

That is, ***an opportunity must somehow become psychologically relevant to a potential offender***, and the roots of motivation may be found in the culture of society.



Thus ***where such motivations come from*** is important.

Similarly, the origin of ***breakdowns in controls*** that would restrain such behaviors is equally important.



» Individual personalities certainly play a role here, but it is important to understand how persons construct such personal realities that ultimately guide their behavior — good or bad.

This is quite relevant to the study of white-collar crime, as most people typically see criminals as possessing "**different personalities**" from "**normal**" or conventional individuals. When the person is a white-collar criminal, however, such "**psychological determinism**" simply collapses. The criminal seems to have the same conventional lifestyle and "**personality**" as the law-abiding individual.

*Where does  
this leave us?*

Sutherland pointed out that *the psychological normality of white-collar criminals argued against the psychological explanation of any crime.*

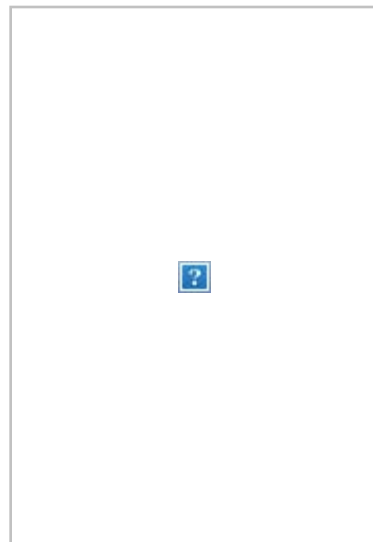
He said,

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The *criminal behavior of businessmen* cannot be explained by . . . feeble-mindedness or emotional instability. We have no reason to believe that General Motors has an inferiority complex or that Aluminum Company of America has a frustration-aggression complex . . .

||

He felt that such explanations were absurd regarding the crimes of businesspersons, and they were equally absurd regarding common crimes.



Regardless of whether Sutherland's conclusion is accurate or not, the idea that **personal pathology plays a significant role in the etiology of white-collar crime** appears, at a minimum, **farfetched**. Of the few studies done on the topic, all available data seem to show that *white-collar criminals appear to be clinically normal*. They do not suffer from psychiatric disorders.



This does not mean, however, that personality plays no role at all. **Individual personality may play a role, as some later studies indicate that white-collar criminals may be reckless and egocentric**. The methodological limitations of such studies (including small samples) makes such findings highly speculative, however.



Although research results remain inconclusive, it would seem unwise to discard the *personality variable completely.*

We could easily imagine that personality differences might lead one executive into lawbreaking, and another in the same situation to follow a conventional route. It may also be the case that one type of personality structure could lead to criminal activities in one situation, but could discourage them in another.

It may thus be **useless to look for "one type" of personality trait** that fosters white-collar crime, since it can occur in many different situations.

» *For example,* a nonconformist might be more willing to commit a crime **"directed against"** an employer, but not an organizational crime **"demanded by"** the employer. A conformist might do exactly the opposite.

**Stanton Wheeler's** research on white-collar crime motivation shows how such psychological factors may fit with situational variables. He begins with a simple question that has stymied both laypersons and many criminologists:

“

Why do persons who already have **so much wealth and status** put themselves at risk by committing white-collar crimes, when the gains can mean little if anything to their already high standard of living?

”

In such cases, white-collar crime contradicts the major tenets of economic theory (such as, for example, the potential gain does not exceed the potential loss). The answer, some believe, lies in aspects of personality.

# Forum discussion



"to post your reply, select OUTLINE  
from the TOOLS menu and enter the FORUMS area"



Relate what you have already read and learned to the following two forum discussion assignments.

» Write two paragraphs on each topic.

**1.** Discuss the relevance of Diane Vaughan's piece to the study of white-collar crime. *What is she basically saying in regard to **studying the phenomenon?***

**2.** Discuss Benson and Kerley's work on life course theory. *Do you feel this is a **useful perspective?** Why or why not?*

Wheeler argues that such persons may be "**risk seekers**" who derive pleasure from adding to their wealth without a real concern over the utility of such marginal gains. The question of, "**How much is enough?**" is irrelevant. Their personalities are characterized by greed; the more they have, the more they want. Most persons would probably see this as a general explanation of most white-collar crimes.

In contrast, however, Wheeler posits another motivation in some white-collar crimes, which he labels "**fear of falling.**"

» Individuals characterized by this personality trait are not greedy as much as they are *afraid* of losing their wealth and status, which motivates them to commit white-collar crime.



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**The *overall impact of personality traits*  
in white-collar crime is still questionable for at least two reasons.**

\*

**1<sup>st</sup>**, the culture of our economic system tends to **encourage values, attitudes, and personality structures** that are conducive to white-collar crime, so there are always large numbers of persons with these necessary characteristics.

The competitive nature of both corporations and small businesses, for example, give such persons a wide variety of key decision-making positions.

**2<sup>nd</sup>**, within these positions in an advanced industrial/competitive society, there are **structural demands that on occasion virtually force their occupants into violations of the law**, despite their individual desires or personality structures.

\*

Numerous experiments with business students as well as classic examples of actual organizational lawbreaking (as you'll soon see) bear this out.

Regardless of whether or not personality plays a major role in the genesis of white-collar crime, conventional wisdom offers a popular explanation of motivational factors: *It is easy for them to make a fast buck.*





»

Most people cite economic reasons, which are tied to what Coleman calls the "*culture of competition*," for the **motivations that lead to white-collar lawbreaking**. This replicates in large part the statements of the classical school of criminology (Jeremy Bentham and Cesare Beccaria), in that people will violate the law when they believe that they will receive greater pleasure and less pain than from other courses of action.



» Such an explanation seems to fit best with rational, calculating crimes, and less so with others.

Moreover, **getting rich quick** (making a "fast buck") may be a motivating factor in many white-collar crimes, but other financial motivations may be present in others (for example, fear of losing what they have legally gained).

Both criminals and non-criminals possess **financial self-interest**, sometimes in different degrees.

But along with this there is also the desire to prove oneself by "**winning**" in competitive struggles, which can serve as a powerful motivating force for white-collar crime.

Competition has manifest (intended) functions in society, as it may enhance ***creativity, production, and social change among other desirable ends.***

These are all positive and recognized benefits.

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**Fierce competition** can also have latent (unintended) consequences that involve cheating, gaining unfair advantages, the credo of "winning at any cost," and at the extreme, white-collar crime and other forms of lawbreaking.

How a society defines **wealth and success as *goals for individuals*** makes up this culture of competition, according to **Coleman**, and it is particularly strong in societies based on industrial capitalism.

» **Competition** is seen as **a healthy individual pursuit**, rather than a negative or selfish activity. Competition is seen as *building individual character*, and also *produces maximum benefits for the entire society*. The most capable and hardworking individuals (that is, the most competitive) are seen as the winners and rewarded accordingly.

» This belief also allows the legitimization of inequality in society: The poor are seen as the **"losers"** who occupy their position because they are lazy or incompetent.

This general worshiping of the rich and powerful among large segments of the population, along with the **stigmatization of the poor**, not only helps *reinforce the drive for personal success*, but also feeds the pervasive **fear of failing and insecurity** that underlie the culture of competition in society.

These are all elements  
as discussed previously,  
that most persons believe  
are related to the phenomenon  
of white-collar crime.

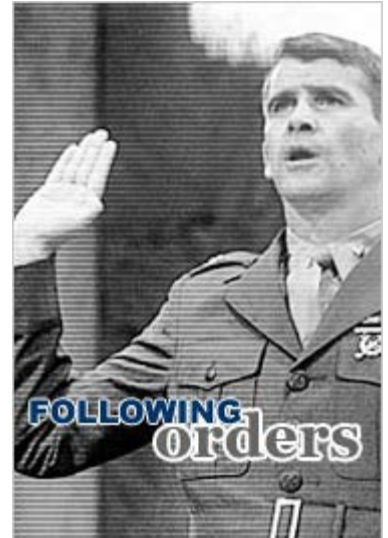
It must also be noted, however, that **not all white-collar crimes, can be measured by these factors**, as sometimes a person may simply be attempting to live up to an expectation of someone else as part of their occupational role.

» *For example*, someone who was "just following orders" would illustrate this pattern.

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In such cases, *a person ignores the larger societal condemnation of the act*, and accepts definitions imposed by an organizational associate that the act is necessary or beneficial.

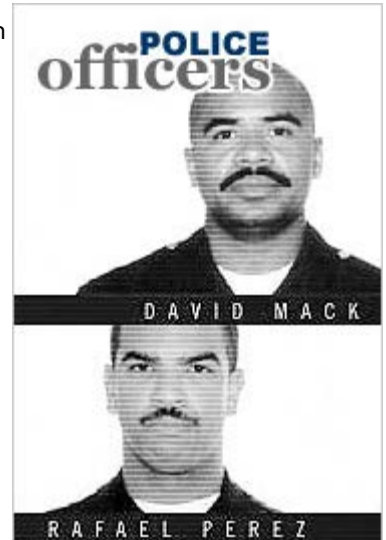
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When we move away from individual analysis and consider the entire group that encompasses such criminogenic values, the influence of the culture of competition resurfaces. That is, **lower-level employees may be obedient to superiors who are pursuing goals of greater wealth, success, and power.**



Likewise, *members of a deviant occupational subculture* (such as corrupt police officers) may merely be conforming to group norms and expectations, but it is the collective desire for financial gain that is a major force that sustains the subculture.



The culture of competition, and what it encompasses, is but one part of culture (albeit an important one) that helps account for white-collar crime. ***Why do some persons deviate or commit white-collar crimes and some not?***

One answer is found in Sutherland's theory of **differential association**, which helps explain how certain individuals may come to see the world in a manner that leads them to criminal behavior. Although it is limited (for example, not *all* behavior is learned through direct associations), it provides one general explanation.

» Many of our behaviors are ***learned***.

But values that can be learned also have origins. For these origins one has to look at ***structural causes***.

Trying to uncover the absolute origins of or reasons for something as complex as the **"culture of competition"** would be a daunting task that could take up the rest of this course. Social scientists, including sociologists, economists, and anthropologists, see it arising from surplus wealth that is generated through industrial production.

» This provides a **store of excess goods** (beyond what can be consumed) **that can then be competed for**.

*Similarly, the move from a reciprocal exchange relationship characteristic of more agrarian societies to a system of market and self-interest exchanges as the dominant mode in more industrial and capitalistic societies has also been noted as fostering increased competition. One person's gain is another's loss.*



The **criminogenic conditions** fostered by these events occur in capitalistic and noncapitalistic societies alike. This fact leads some researchers to believe that industrialization is primarily responsible, and not the particular mode of production in society.

» The *culture of competition* can vary significantly from country to country, whether or not industrialized, and basically reflects the nature of individual economic systems.

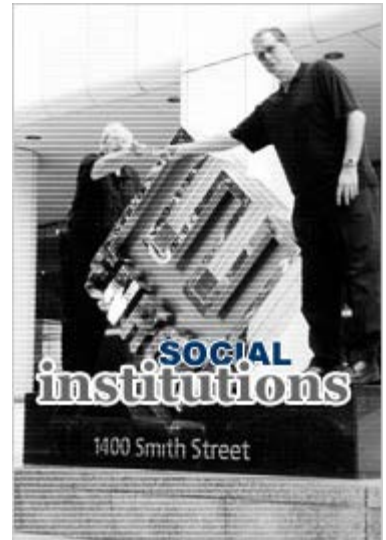
The **United States**, as some have argued, has embraced capitalism with a **"vengeance,"** unlike any other country in history. In other words, we have a reverence for values such as individualism, competition, and profit that are intense and engrained — well beyond, perhaps, other modern complex societies, including capitalist ones.

Although our culture of competition surpasses those of other industrialized nations, it does not necessarily follow that rates of white-collar crime are higher in the United States. ***Competition is high in many countries.*** Thus it is likely that the availability of attractive opportunities for committing such crime are just as — if not more — important.

» Moreover, not only does **the culture of competition receive strong social support in industrialized nations**, but so do ethical principles that would appear to restrain persons from violating the law. This issue of white-collar crime causation is thus more complex.

***Techniques of neutralization*** may help explain the **causal processes** involved in much white-collar crime.

The manner in which the **media and other social institutions** (such as schools and families) relate the inherent conflict between the culture of competition (pushing people to get ahead) and ethical standards (telling them to only do this in socially acceptable ways) *can help determine how easily or not people are able to rationalize illegal acts, and subsequently engage in them.*



As studied earlier, **Sykes and Matza's** concept of neutralization relates to the **manner in which persons can break normative standards and laws, but at the same time see themselves as honest law-abiding individuals.**

Persons can justify their illegal behavior on any number of grounds, and many white-collar (and other) criminals do just that. These aren't merely *ex post facto* rationalizations or excuses for crime, but help provide the *motivating force* behind its commission.

How prevalent and available such neutralizations are in a population cannot be underestimated in the process of criminogenesis. Moreover, they are *generated structurally*: They do not simply reside in a **“criminal psyche.”**

A famous example of how **“normal,”** conventional individuals can get into trouble when they find themselves in situations that allow for the free use of neutralization techniques is **Donald Cressey's** detailed study of embezzlers.

He found that **three distinct elements needed to exist for embezzlement to take place.** The perpetrators needed to have a non-shareable financial problem, the opportunity and knowledge to commit the crime, and the ability to apply a **suitable rationalization to "adjust" the contradiction between their behavior and society's definition of the situation as well as their own self-image.**

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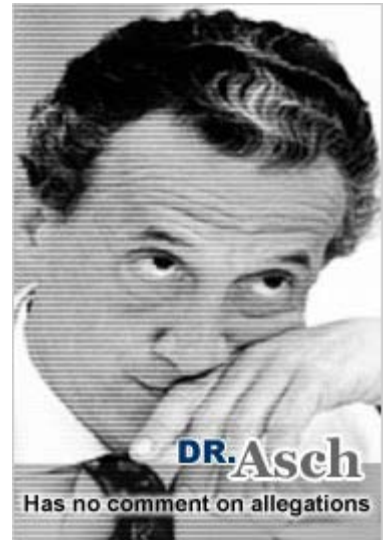
Most embezzlers, Cressey found, were able to **rationalize their crimes** (or neutralize their deviant act) **by convincing themselves that they were only borrowing the money,** and that once their problem was solved, they would return it without anyone knowing about it, thereby causing no harm whatsoever.

If they continued their crimes, as most did, this rationalization eventually gave way to accepting the true nature of what they were doing.

This study and other subsequent ones have shown that **neutralization techniques** are important for examining the underlying rationalizations and motives of perpetrators.

» *Criminal doctors use neutralizations when they **steal from insurance programs** (they're not "borrowing," but may feel that it is their due, that they are underpaid, that it is unfair for someone else to make rules — after all, they are doctors — to follow, and so on).*

When an executive is caught cheating, it may be justified by the idea that it is "*standard practice,*" or that "*everyone else does it.*"





Clearly, *neutralization techniques play a large part in many forms of white-collar crime*, and are connected to the motivations of perpetrators beyond simply wanting to "**get rich.**" They are also **learned culturally**, and certain cultures (such as various occupational subcultures) may offer more of them than others, while shielding individuals from those values that would judge such claims more harshly.

# Summary

a brief overview of what you learned



» There are **no conclusive and unambiguous explanations** for the causes of white collar crime, and all available data seem to show that **white-collar criminals appear to be clinically normal.**

» Wheeler argues that **some white-collar criminals are motivated by greed**, while others are motivated by fear of losing their wealth and status.

» **Fierce competition**, which characterizes much of our capitalist society, can also have latent (unintended) consequences that involve cheating, gaining unfair advantages, **the credo of "winning at any cost,"** and at the extreme, white-collar crime and other forms of lawbreaking.

» In other cases, **a person may simply be attempting to live up to an expectation of someone else as part of their occupational role.** *For example,* someone who was "just following orders" would illustrate this pattern.

» Neutralization techniques play a large part in many forms of white-collar crime, and are **connected to the motivations of perpetrators beyond simply wanting to "get rich."** They are also learned culturally.