

Review

Antecedents of white collar crime in organizations: A literature review

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This study is focused on reviewing the literature of white collar crimes to identify factors which determine them in public sector organizations. Referring to a crime committed by someone of high social status, the literature suggest that the major causes of prevalence of white collar crimes are peer support, corporate culture, lack of accountability and lack of reporting. This review helps to understand the importance of white collar crime in today's public sector organizations.

Key words: White collar crime, public sector organizations.

INTRODUCTION

When we hear the word "crime", the idea that comes to our mind is some violation of law. The evolution of this problem dates back to centuries. The crime psychologists have identified various forms of crimes that include economic and non economic crimes. The white collar crimes are one of the non economic forms of crime. There is significant divergence concerning the definition of the white collar crimes (Griffin, 2002). However, the term generally refers to some fault committed by someone of high social status. The term was coined by one of the most influential criminologist of the twentieth century, Edwin Sutherland. Griffin (2002) defined the term as "a violation of the criminal law by a person of the upper socioeconomic class in the course of his occupational activities" (Sutherland, 1941). Before this, the word crime was associated with the young men of lower social status. However, the idea completely changed after Edwin Sutherland presented his theory.

Organizations often suffer more than the individuals due to these crimes (Wheeler et al., 1988). The different types of white collar crimes identified by the scholars are black mail, insider trading, theft, tax evasion, bank, cellular phone, computer, credit card and insurance fraud (Ivancevich et al., 2008). White collar crimes are

becoming major problems for the organizations these days and in order to overcome this most of the developed nations have formulated laws. For instance, in the United States, the white collar criminals are penalized with the white collar crime enchantment act (WCCPA) 2002. On the other hand, the criminologists do not regard these crimes as crimes for the reason that they are judged through civil law (West and Carter, 1993).

Deception and corruption are the traditional forms of white collar crimes. Corruption is an activity that misuses public power for private benefits. Although, not many theories have addressed this problem, and corruption remains rampant in many developing countries (Bashir et al., 2011), still, limited studies attempted to find out the major factors which are responsible for white collar crimes. The present study attempts to fill the gap by identifying the factors which are primarily responsible for white collar crimes in public sector organizations.

LITERATURE REVIEW

White collar crime: Concept and controversies

Crime is not a specific idea (Ploscowe, 1941) and has numerous forms amongst which white-collar crime is a comparatively new phenomenon with little evidence (Huynh, 2010; Crim, 2008; Weisburd and Waring, 2001).

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Previously in criminology, the common crimes were studied (Holtfreter et al., 2008). According to the scholars, this subject is so varied that it attracts interest of the scholars from various fields including psychology, economics, history, sociology, managerial sciences, etc., (Green, 2007; Friedrichs, 2004). The term white collar crime signifies a lot of felonies, crimes and violations (Green, 1993; Gibbons and Garrity, 1962) performed by both the employees and the companies including theft, fraud, misusing property, corruption (Crim, 2008), false advertising, food and drug violations, insurance frauds, etc. (Alalehto and Larsson, 2009). Generally, it is treated as a case deviance (Weisburdb and Waring, 2001). In the recent years, the study of this subject has gained attention and is continuously increasing (Griffin, 2002). A recent survey shows that one third of the population is victim of these crimes (Rebovich and Jiandani 2000). The white-collar convicts are as much into the unlawful behaviour as the common delinquents (Benson and Moore, 1992). The study of white collar crimes in the contemporary times is critical because they are not only affecting the business ethics but also damaging the confidence and reliability which are vital for any organization (Gabbay 2006; Heath, 2008; Braithwaite, 1982; Sutherland, 1941).

The scholars have not yet agreed on any definition of white collar crimes (Barnett, 2003). However, white collar convicts are generally regarded as criminals (Hartung, 1950). Mostly, the white collar crimes are done through fraud for financial gains (Blickle et al., 2006; Heath, 2008). It is deceitful, intentional, breaches trust, and involves losses" and "white-collar criminals are individuals, who are wealthy, highly educated, socially connected, influential in the local community and typically employed by and in legitimate organization. They are persons of respectability and high social status who commit crime in the course of their occupation" (Gottschalka et al., 2010) with shattering financial results for other common community members (Friedrichs, 2004; Ivancevich et al., 2003). However, white-collar crime theory mainly focuses on the crime (its types and reasons) rather than the criminals committing those crimes (Gibbons and Garrity, 1962). The white collar criminal is mostly influential elected official or affluent industrialists who is mutually debasing and corrupt (Mills and Weisberg, 2008). Transformations in the social structure that generate opportunities are the major cause of white-collar crime (Bensman, 1988).

The ratio of unreported white collar wrongdoings per year is massive (Strader, 2002). Furthermore, the regulations against these crimes are not as effectual as other laws (Sutherland, 1945). In addition, they are difficult to spot as the victims are rarely aware of what they are subjected to (Strader, 2002; Green, 2007). White collar crimes are different from usual misdeed due to the traits of destruction caused (Green, 2007). The auditors are generally unable to review the possible white collar

criminals because of the time constrains (Wells, 1993). These crimes normally cause economic harms to government, public and private organizations (Strader, 2002).

Researchers are of the view that the people are generally unaware of the problems caused by these crimes and even though there has been a change in awareness in the early 19th century, still it slightly affects the rising level of these crimes (Moss, 1992). In the recent years, the awareness and the mind-set of the people regarding these criminals have become very penalizing and strong support has been shown for formation of crime control laws (Holtfreter et al., 2008; Rebovich and Kane, 2002).

Major antecedents of white collar crime

Peer support

Work relationships apart from mentoring and coaching are very under researched topics (Kram and Isabella, 1985). Peer support is a process of providing and getting assistance established on fundamental standards of joint contract of what is beneficial, responsible, and respected. Peer support can also be explained as mutual support. The white collar offenses are very destructive for the society as they devastate the morales of the community in general (Sutherland, 1941). These crimes cannot be an act of an individual. These are mostly planned with the help of more than one person (Levi, 2008). The colleagues can help each other in a very constructive manner that may further help in constructive career development of the employees. The traditional mentoring and counselling can be substituted by the peer support for the variety of growth assistance for individual and career growth at each career stage (Kram and Isabella, 1985). The peers may not tell on each other if the crime committed is of inconsequential importance. The previous researches show that the seriousness of the offense plays an important role in ascertaining whether the crime is reported or not, furthermore the intention is also important (King, 2001).

Up bringing and the background of the person committing the crime can also have an impact. The pace of delinquency may increase due to the ethnic divergence, family disturbance, urbanization and low economic condition (Sampson and Groves, 1989). To restrain the peers from helping each other in the criminal activities, the organizations and the governments should take effective measure. To overcome these problems the basic economic and the social problems should be tackled as they are mostly the core cause of these crimes (Skogan, 1988).

Researchers are of the view that the unlawful deeds take place in specific circumstances. In the vague circumstances, for which there are no established laws, the actions of the employee might result in the unlawful conduct (Baucus and Near, 1991). The employees in the

organization normally tend to be dissatisfied when they are less social (Robinson and O'Leary-Kelly, 1998).

Corporate culture

Corporate culture is defined majorly by the members operating in it. According to Dion (2008), national culture has a huge impact on the corporate culture of an organization and how people behave in that culture, that is, the people belonging to individualistic cultures would pursue their self-interest and vice versa. Such cultural aspects impact the rate of white-collar crime to a great extent. The study of the organizational crime is a very challenging task. While investigating the prohibited organization activities, the authors face many challenges (Baucus and Near, 1991). However, the corporate culture is a very well researched topic in organizational behaviour (Deshpandé et al., 1993). Organizational culture is composed of the help of its employees, is established on a mixed history and it grows at all ranks (Hatch and Schultz, 1997). If the culture of the organization is unhealthy, it might give rise to deviant behaviour among employees. The criminal behaviour of the workforce can be due to the influence of organization's culture (Baucus and Near, 1991).

The performance of the organizations is greatly influenced by the culture of the organization. Thus, understanding of the organization culture is very important for effective understanding of the organizational performance (Wilkins and Ouchi, 1983). Sound culture of the company enhances its functioning through assisting steadiness of its employee's behaviour (Sorensen, 2002). The organizations that have a culture of rectifying the criminal behaviour mostly try to maintain the circumstances that support change (Near and Miceli, 1995).

Lack of accountability

Accountability is concept, generally understood as integrity, fairness and responsibility (Painter, 2006). In the management sciences, the term accountability is described as a state of affairs where an individual is eventually liable for his actions (that is, good or bad performance) and will have to suffer the consequences of his actions (King, 1967). In today's business world, the understanding of accountability is very important (Painter, 2006).

Accountability is a primary solution to a number of problems (Dubnick, 2005). Lack of accountability is often referred as 'lack of responsibility' (Onyett, 1995). People are accountable for the consequences of their deeds on others (Martin and Freeman, 2003). The accountability is positively related to trust in the management (Thoms et al., 2002). Typically, people with high social status are likely to commit white collar crimes without any concern of answerability (Weisburd and Waring, 2001; Fox et al., 2001).

The organizations operating in the United States view lack of accountability as a very thought-provoking phenomenon (King, 1967). The scholars believe that accountability is an elementary and under researched topic (Romzek and Dubnick, 1987). The altering trend of the business practices and the human resource has resulted in the amplified individual responsibility (Dose and Klimoski, 1995). The authors have identified that there exists a positive correlation among work satisfaction and an employees' opinion of his degree of accountability (Thoms et al., 2002). One of the main problems of accountability for corporate crime is the ambiguity that companies would allocate responsibility for keeping a track of employee activities (Fisse and Braithwaite, 1993).

Lack of reporting

Although the general perception among the workforce is that the criminal activity should be reported, however, researches have also discovered that those who will report are most likely to suffer for it (Zipparo, 1999). As normally, the employees do not encourage the peer reporting technique (Trevino and Victor, 1992). The organizations should take some other measure to increase the truthfulness in the reporting system (Evans et al., 2001). The co-worker can prove to be a very valuable asset for the organizations in checking and reporting the actions of their peers (Trevino and Victor, 1992). In the developed countries, the employees are aware of the impact of the organizational crime and are concerned about how to eliminate them (Near and Miceli, 1995). These acts of delinquency can be quite injurious for the companies (Trevino and Victor, 1992). The employees at the workplace are regarded as people who are working for the employer (Larmer, 1992). The peers are more aware of each other's behaviours in the workplace rather than the managers, however, the peers may face different problems while reporting (Trevino and Victor, 1992). However, the employee who would report the behaviour of his or her co-worker will not be liked among the co-workers as the scholars believe that the life of an informant who exposes wrongdoing will be very difficult within the organization (Vinten, 2000).

The loyal employees will help the organization through inside reporting (Larmer, 1992). The reporting of the wrongdoing might have destructive effect for the employer, firms and in some cases, the general public (Near and Miceli, 1995).

CONCLUSIONS

The employee who is aware of the unlawful activity that is being carried out in the organization can respond to it either by blackmailing or by whistle blowing the offender (Macey, 2007). Extensive reporting of the wrongdoings

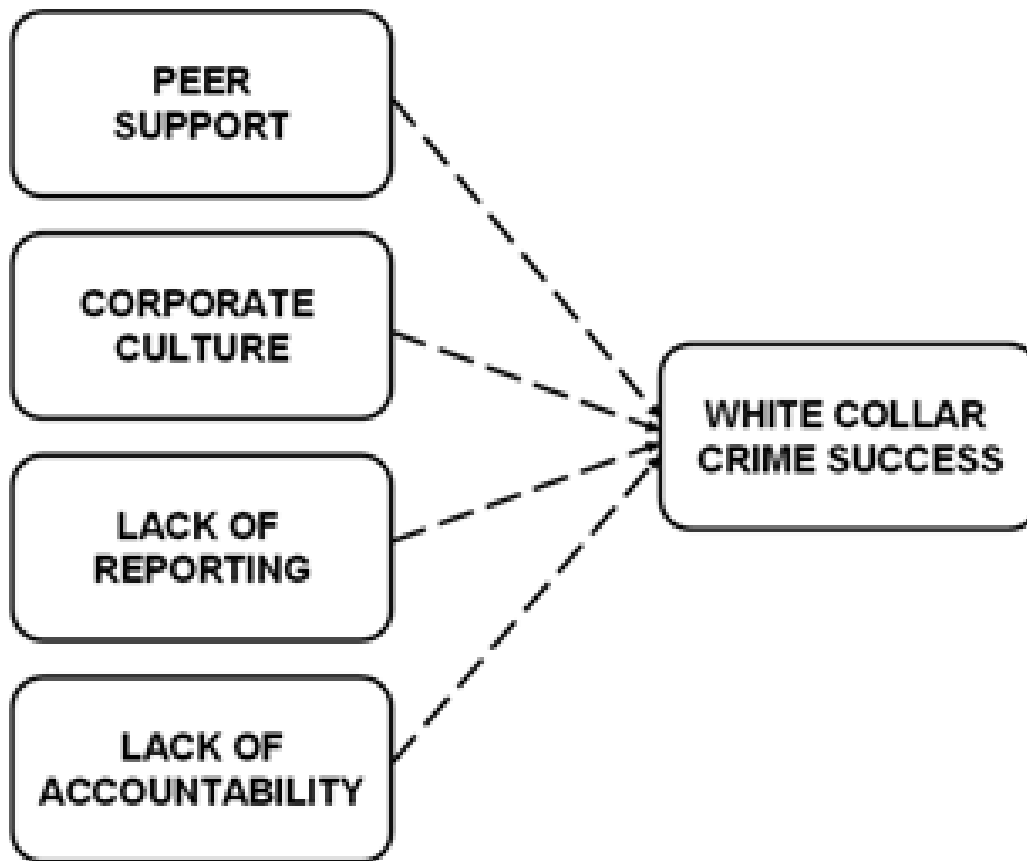


Figure 1. Proposed model.

might not be of any benefit for the organization and it might be harmful for the company and the reporter (Near and Miceli, 1995). Trevino and Victor (1992) identified two ways through which peer reporting can be done for effective organization performance. The employees can either adopt whistle-blowing behaviour and or group norm enforcement processes.

Based on the ongoing literature, the model in Figure 1 is proposed for antecedents of white collar crime.

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