

Henrik Elonheimo

understanding
organizational
wrongdoing



University of Turku
Publications of the Faculty of Law

Criminal Law and Judicial Procedure, Series B:15

Henrik Elonheimo

**UNDERSTANDING
ORGANIZATIONAL
WRONGDOING**

Turku 1999

ISBN 951-29-1563-4
ISSN 1237-766X

Unipaps
Turku 1999

ABSTRACT
UNIVERSITY OF TURKU
Faculty of Law

HENRIK ELONHEIMO: Understanding Organizational
Wrongdoing

Thesis
Criminology
August 1999

The topic is white collar crime in its organizational form. The research question is why otherwise law-abiding people engage in wrongful behavior within legitimate organizations and what kinds of dynamics are involved in wrongful organizational processes. This is a theoretical inquiry the method of which is to bring together relevant literature on organizational behavior regardless of the branch of science. In addition to criminological and sociolegal writings, I mostly refer to works of social psychology and organization theory.

At first, I discuss the terminological multiplicity related to organizational white collar crime. In conclusion from a critical analysis of the dominant terms and definitions, I argue for the concept of organizational wrongdoing. The approach of organizational wrongdoing captures unethical, illegal and criminal organizational behavior. Thus, it is not retracted by legislative categories but ethical reasoning. The approach aims at grasping a behavioral entity, and state law crimes do not constitute an ontology of behavior.

In order to understand organizational wrongdoing, the dominant criminological theories applied to white collar crime are discussed. To a surprisingly large extent, they lack a sophisticated organizational perspective and do not offer viable frameworks for building a plausible theory of organizational white collar crime. In order to fill the gap, I incorporate the social psychological dynamics of organizational behavior and present several findings on collective behavior that criminological theorization must come to terms with.

IV

In the end, I assess the criminological enterprise in regard to organizational wrongdoing as a whole. Further research is outlined: The approach of organizational wrongdoing seeks understanding of organizational behavior in its totality and acknowledges the social psychology of organizational norm shaping and breaking. In order to grasp the internal dynamics of organizational worlds, deep case studies are suggested. In addition, policy suggestions are touched upon in order to more effectively control organizational behavior.

“I am afraid!”

The statement that describes the social
dynamics of the risk society according to Ulrich Beck
(1992:49)

CONTENTS

ABSTRACT	III
CONTENTS	VII
Preface	XI
CHAPTER 1: INTRODUCTION	1
1.1. The Questions that Guide this Study and the Method of Seeking Answers	1
1.2. The Structure of this Text.....	2
1.3. Defining the Key Concepts	3
1.3.1. White Collar Crime.....	3
1.3.1.1. The Aura of Legitimacy.....	4
1.3.1.2. What Kind of Violations Constitute White Collar Crime?	6
1.3.1.3. What Is Crime?.....	6
1.3.2. Corporate and Occupational Crime.....	11
1.3.3. Organizational Crime.....	12
1.3.4. Organizational and Elite Deviance.....	13
1.3.5. Economic Crime	15
1.3.6. Definitional Conclusions Regarding this Study: Introducing Organizational Wrongdoing.....	17
1.3.6.1. Defining Wrong	18
1.3.6.2. Common Etiology between Different Kinds of Wrongs?.....	20
1.3.6.3. Defining Organization	21
1.3.6.4. When Is the Wrong Organizational?.....	23
1.4. The Prevalence of Organizations	24
1.5. The Damages of Organizational Wrongdoing.....	25
1.5.1. The Damage in Monetary Terms	29
1.5.2. Damaging the Employees	30
1.5.2.1. Examples of Organizing an Employee Hazard	32
1.5.3. Damaging the Consumers	33
1.5.3.1. The Pharmaceutical Industry	35
1.5.3.2. The Ford Pinto Case	37
1.5.4. Damaging the Environment	37
1.5.4.1. The Love Canal: A Scene of Environmental Damage.....	38
1.5.5. Damaging the Competitors	39
1.5.6. Governmental Wrongdoing.....	40
1.5.7. Psychological Damage.....	42

VIII

CHAPTER 2: THE CRIMINOLOGICAL THEORIES.....	44
2.1. Introduction to the Theories	44
2.1.1. In Search of a General Theory	47
2.2. Control Theory	48
2.3. Strain/Opportunity Theory	49
2.3.1. Empirical Illustrations of the Theory's Explanatory Power ..	53
2.4. Rational Actor/Crime as Choice Theory	54
2.4.1. Organizational Goals	60
2.5. Neutralization Theory	63
2.5.1. Illustrations of Defence Techniques.....	66
2.5.2. Following the Authority	73
2.5.3. Following the Routines	77
2.5.3.1. Language Rules	78
2.6. Cultural/Subcultural Theory.....	79
2.6.1. Cultural Products and White Collar Crime	81
2.6.2. A Typology of Corporate Cultures	83
2.6.3. Organizational Discourses of Neutralization and Restraint ..	84
2.6.4. Organizational Criminogenesis	85
2.6.5. Occupational Crime in Cultural Terms	86
2.6.6. Are People Products of Organizational Culture?	87
2.6.7. Cynical Accounts on Organizational Life	88
2.7. Coleman: the Culture of Competition.....	91
2.8. Sutherland: Differential Association	96
2.9. Braithwaite: Differential Shaming.....	100
CHAPTER 3: THE DYNAMICS OF COLLECTIVE BEHAVIOR	106
3.1. Methodological Individualism vs. Holism	106
3.1.1. The Irrelevance of Persons	109
3.2. Human Behavior in Groups.....	111
3.2.1. Bystander Apathy.....	112
3.2.2. Group Cohesion and Conformity	114
3.2.2.1. Key Experiments on Group Conformity	116
3.2.2.2. Absorption into Organizational Wrongdoing	120
3.2.3. Groupthink.....	122
3.2.4. Group Polarization.....	124
3.2.5. Ethnocentrism	126
3.2.5.1. Intergroup Competition	128
3.3. Towards Healthier Decisionmaking	130
3.3.1. Braithwaite on Forging Responsible Decisionmaking	132
3.4. Resistance in Organizations	134
3.5. Discussion	140

CHAPTER 4: CONCLUSIONS	142
4.1. On Organizational Wrongdoing in General.....	142
4.2. On the Theories	143
4.3. Shortcomings of this Study	145
4.4. The Need of Further Research	147
4.5. Shedding Light On Organizational Wrongdoing.....	148
 The References	 151

Preface

I became interested in organizational injustice already as a little boy. It all started by accident, and that accident was called Chernobyl. Suddenly, radioactive radiation fell on my playground and largely on the rest of Europe, casting its invisible threat over millions of people. The actual damage was -and is- beyond exact knowledge; rumours and anecdotes were everywhere. Environmental decline has been widely discussed in the media as long as I can remember, and radioactive radiation is only a part of it. Similarly, harming the environment is only one of the ways organizations are involved in wrongdoing.

As I grew, I came to observe various patterns of unethical, illegal, and criminal behavior like any of us. Criminology became my field of interest because in crimes so many factors intertwine in an ultimate way. Relations of power, social justice, human behavior and interaction all interplay in the dynamics of wrongful behavior. As I considered the exact topic of my thesis within the domain of criminology, I first thought of concentrating on conventional crimes committed by individuals. White collar crime I associated merely with specific economic crimes; and economics was something that I was not familiar with. However, as I learned further, I realized that in white collar crime, the dynamics of crime are on the agenda in a more fundamental and intriguing manner than in so called street crime. Even the very question what crime really is is of considerable doubt in the study of white collar crime. Furthermore, economics is only one approach in explaining white collar crime. *Much more than economic behavior, white collar crime is about human behavior within organizational settings.* Through this kind of evolution of thought, I finally came to concentrate on organizations that are so prevalent in the contemporary society, produce much harm, and still generally succeed in maintaining their legitimate societal stand.

Of course, organizations produce also much good. E.g., the pharmaceutical industry has made immense contributions to the health standards. Yet, also that industry has nurtured much wrongdoing. As John Braithwaite states in his book "Corporate Crime in the Pharmaceutical Industry", "-- it is the job of criminologists to explore the seamy side of human existence (Preface)." And indeed, isn't the sunny side of organizational activity already covered in the mass media as well as in the field of scientific research? Social scientists who have examined organizations have traditionally been invited by the management in the name of enhancing economic productivity.

Given the ubiquitous stand of organizations today, it is crucial to set them under critical scrutiny, and by doing so further democracy and social justice. Indeed, seeing criminology as a discipline to lead us towards the idea of justice and ultimately to increased social justice has provided the guiding inspiration for this work. Criminologists must do their part in the huge programme of making life bearable on this overcrowded globe with limited resources and bloody history. In this effort, organizational wrongs must be recognized, explained, and controlled through scientific inquiry.

I am indebted to the many scholars I have discussed my topic with. The greatest thanks I want to address to the International Institute for the Sociology of Law in Oñati, Spain -an organization producing much good- for providing the beautiful settings and the very special atmosphere for sociolegal studies. In Finland, I would like to thank especially Anne Alvesalo for useful comments and the Police Department of Ministry of the Interior for financial support. I am also thankful to Irina Filonova for the desing of the cover.

Still, a practical point to be made is that although most of the cited literature was in English, some sources were in Finnish. Thus, whenever the latter are referred to, the translations are mine and I obviously bear the responsibility for possible inaccuracies.

CHAPTER 1: INTRODUCTION

1.1. The Questions that Guide this Study and the Method of Seeking Answers

The first question to struggle with has to do with the definitional diversity in the field of white collar crime. I will look at the different concepts and their definitions that have been used in relation to organizational violations, and try to find out *which concept makes the most sense in theoretical terms*.

However, the main aim that I will try to approach in the scope of this study is to find answers to the question *why otherwise morally conscious people so commonly engage in unethical patterns in organizational settings*. Answering this question involves examining the various factors that contribute to organizational wrongdoing, and the question can be elaborated as: *what kind of factors affect human behavior in bureaucratic organizations?* In other words, the focus is on *the dynamics of organizational wrongdoing*.

In order to be able to explain the kinds of acts described in this thesis, I will look at what has been found out and theorized in the criminological domain so far. Thus, I will look at the literature to see *what kind of theories have been developed in order to explain the phenomena that I call organizational wrongs*. I intend to deepen the current understanding of organizational wrongdoing through interdisciplinary approach, addressing the question *what kind of social psychological phenomena affect human behavior in organizational settings*. Generally, I will draw from data presented in the domains of criminology, psychology, social psychology, and organizational theories.

As a natural extension of these debates, they are followed by a discussion of *means to counter the organizational processes that contribute to wrongdoing*.

The methodology I employ is a theoretical analysis on the basis of the literature that I was able to find and considered relevant regardless of the actual discipline the pieces of understanding present.

1.2. The Structure of this Text

The structure of this text follows the questions I address. First, I discuss the definitional complexity, and draw my conclusions from that scholarly debate. Thereafter, the overall introduction to my study continues as I argue for the prevalence of organizations in the contemporary society, and offer a glimpse of the various and vast damages organizations are contributing to. -After the definitions, readers already familiar with the topic may move straight on to the 2nd Chapter.

In the Chapter 2, the criminological theories are presented and discussed that are relevant in regard to organizational wrongs. The core of each theory will be set forth and criticized as well as occasionally interpreted and extended in the direction I find essential and illustrative.

The 3rd Chapter deals with the fundamental qualities of human behavior in social settings, such as organizations. In the debate on the nature of organizational wrongs, the central question has been whether the blame should be put on the individuals or rather on the collective they belong to. Social psychological phenomena of group dynamics will be presented in order to illuminate the foundations of collective behavior. It will be addressed how the organization affects its individual members, and vice versa. On the basis of the analysis of how

groups may produce distorted and undesirable outcomes, some counters will be touched upon.

Finally, in the 4th Chapter the whole study of organizational wrongs is critically assessed, mine and others. Concluding remarks are drawn as to the relevance and implications of the theories and other data presented.

1.3. Defining the Key Concepts

Explicit definitions are of particular importance when white collar crime is being discussed. Although definitional disagreements often belong to social sciences, in this field the definitional confusion can be said to be remarkable. In order to both reach exact inquiry as well as to make it easier for the reader, I will clarify the main concepts that constitute the context of this text.

1.3.1. *White Collar Crime*

Organizational wrongdoing has to do with the overall concept of **white collar crime**. Edwin Sutherland introduced the new criminological challenge of confronting the misdeeds of the rich and the powerful, and came up with the term white collar crime as early as 1939. The term has become one of the key concepts in the contemporary criminology and is familiar even to lay people. A different thing is what scholars and laymen exactly mean by it. Even today there prevails much debate on the most useful definition of white collar crime. It is not clear what phenomena exactly fall under the term. (For discussions on this, see Helmkamp, Ball and Townsend 1996) According to Sutherland's (1949:9) definition:

White collar crime may be defined approximately as a crime committed by a person of respectability and high social status in the course of his occupation.

Sutherland's definition has been widely referred to in the criminological literature, and it has aroused many attempts of redefinition. As Coleman (1987:406) notes: "Despite its obvious success, a number of social scientists now argue that Sutherland's conceptualization of white-collar crime has outlived its usefulness." White collar crime has been criticized as encompassing "too many diverse and basically unrelated behaviors" on the one hand (e.g., Tonry and Reiss 1993, Preface), while others prefer broad concepts -such as deviance or wrongdoing- due to the limits of the legislative categories. However, Sutherland's definition still provides a reasonable point of departure when crime and wrongful behavior is being searched for in other places than conventionally. As Braithwaite (1985:19, cited in Geis 1992:47) suggests: "Probably the most sensible way to proceed -- is to stick with Sutherland's definition."

1.3.1.1. The Aura of Legitimacy

Clearly, Sutherland's definition contains problematic conceptions: the meaning of "respectability" and "high social status" is vague. Actually, strictly following his definition, organizational wrongdoing could not be defined as a subcategory of white collar crime since people of any social status can contribute to wrongful outcomes in their organizational roles. However, as respectability and social status are defined broadly, it can be argued that organizational wrongdoing is white collar crime because it refers to *legitimate* organizations. Furthermore, due to the rapid expansion of bureaucratic organizations and white collar positions, the respectability and prestige linked to the title of white collar worker are not so great than they were when Sutherland launched the term half a century ago (Schlegel 1996; Helmkamp et al. 1996:117-9). Therefore, the term white collar crime essentially functions to draw attention to the criminality of the "non-criminal", legitimate social circles.

Illegitimate organizations, in turn, are referred to as **organized crime**. The concept of organized crime must be discerned from white collar

crime, however white their collars and in spite of the many similarities and connections between criminal organizations and the legitimate ones that occasionally break the rules, and the possible difficulty to distinguish between them (see Potter and Gaines 1996). Equally, Sutherland (1949) explicitly excluded "-- wealthy members of the underworld, since they are not persons of respectability and high social status." He distinguished between white collar criminals and professional thieves on the basis of *self-conception* and *public perception*. The former did not view themselves as criminals, while the latter did and were proud to be thieves. Accordingly, the public viewed white collar criminals primarily as legitimate actors who just had mistaken. (See Potter and Gaines 1996:36-7)

As Friedrichs states, the concept of white collar crime has to be stretched and used heuristically (Helmkamp et al. 1996:340). White collar crime is not a precise sociologically let alone legally defined category of offences. Rather, it is used as a *metaphor*, referring to the unique conditions under which certain criminality occurs. (Potter and Gaines 1996:35) Seen as a metaphor, white collars refer to the *aura of legitimacy and relatively high, at least non-criminal status* which may cover immorality. This must be the case since these type of wrongs take many forms and really do not require wearing white collars. In Schlegel's (1996:107) words, the term white collar crime is beneficial because it "-- in some fashion captures the essence of an entirely new phenomenon -- or delineates a large construct in ways that make that construct more comprehensible." Accordingly, justification for the term can be found in that it is rather illustrative also to lay people (Helmkamp et al. 1996:125-6).¹

¹Actually, the symbolic nature of the concept can be expressed through the spelling: I follow Friedrichs (1996) as he argues that although white-collar crime written with the dash is the more common and grammatically the more correct way of writing, the term is not to be understood literally. Therefore, I omit the dash.

1.3.1.2. What Kind of Violations Constitute White Collar Crime?

In addition to violations of criminal law, Sutherland (1949) contended that white collar crime includes breaches of civil and administrative law as well, and as the study has matured, many criminologists have agreed (Coleman 1996:82). Sutherland pointed out that many civil laws dealt with practices essentially similar to established criminal offences, and argued that criminologists "should be completely free to push across the barriers of legal definitions" (Sutherland and Cressey 1974:21, cited in Brown and Chiang 1993:29). As noted in many references, strictly limiting the study according to the legal definition of crime leads to an incorrect view since the violations often are handled by alternative procedures. Further to be noted is that Sutherland argued for a definition including *punishable* violations of the law. This means that no official decision stating the guilt is necessary. (Baucus and Dworkin 1991:233)

As a sophisticated example of the many redefinitions of white collar crime, the following is worth mentioning. In a workshop in West Virginia in 1996 a number of specialists discussed possible definitions of white collar crime and finally ended up suggesting the following operational definition of the term:

Illegal or unethical acts that violate fiduciary responsibility or public trust, committed by an individual or organization, usually during the course of legitimate occupational activity, by persons of high or respectable social status for personal or organizational gain. (Helmkamp et al. 1996:351)

1.3.1.3. What Is Crime?

Much confusion has derived from using the terms **crime** and **illegality**. At times, these terms have been used interchangeably, which is inaccurate (Baucus and Dworkin 1991:232). The term crime has been used in various contexts and meanings; it can be used on political, moralistic, legal, humanistic, or purely subjective grounds (Helmkamp

et al. 1996:123-4). The point that Baucus and Dworkin (p. 234) stress is that corporate *crime* strictly refers to violations of criminal law where a court of law has ruled that the corporation committed a criminal act. They define *illegal* corporate behavior to consist of violations of administrative or civil law, resolved through a variety of procedures.

However, if we study crime and stick to this legalistic demand -that for an action to be called a crime it needs to have been so judged by a court of law- we become bound by the efficiency of the enforcement system as well as the political labeling process. Baucus and Dworkin (1991) admit this by referring to the limited resources of the enforcers:

It takes more agency resources to pursue criminal charges -- Thus, agencies rely heavily on civil and administrative procedures --.

Furthermore:

Cases handled through criminal procedures and resolved through a guilty verdict -- represent situations where corporations were unable to successfully alter the (judicial labeling) system. *We know little about how these cases differ from civil or administrative violations, for instance, whether they involve more serious violations* --². (Pp.234-5)

Baucus and Dworkin mention also other administrative factors that affect the choice of the procedure (ibid.).

I agree with Baucus and Dworkin that clearest is to use the term crime in its legalistic sense. What follows, is that *a study aiming at the true picture of organizational wrongdoing must not be bound to the term crime*. Still, I argue that the term *white collar crime* can be used as a general concept in its *symbolic* sense. The rationale is that it is an illustrative and inventive concept that has become a useful catchword in raising consciousness in the political discourses against reprehensible organizational behavior. When referring to the

²Emphasis mine.

subcategories of white collar crime, best would be to employ more specific categories of action than crime in its vague symbolic meaning.³ Although the term crime is a powerful concept that conveys the critical importance of the issue and can be used to stimulate progressive politics (Braithwaite 1995:50-1), it is a serious accusation. Coming from a law school, I contend that crime is a legal concept. Strictly speaking, criminals are those who have violated the existing and legally applicable criminal code and have been so ruled by a court of law. Talking of criminals before a court decision is not in coherence with the jurisprudential principle of assumed innocence until otherwise proved and authoritatively confirmed. Since the processes that lead to the legal label of criminal are so effectively affected by the white collar targets of the control, I turn down the concept of crime as determining the focus of this study. *I prefer to restrict its use either to the symbolic general expression of white collar crime or to references to convicted violations of the criminal code.*

Sutherland's new category of crime has been criticized for being moralistic. E.g., Paul Tappan (1947, cited in Coleman 1996:77-8) was a prominent critic who claimed that criminologists only should study convicted offenders. It has been argued that unless criminologists restrict their attention to criminal law, they could define anything they disapprove of as crime and this would weaken their academic objectivity (Croall 1992:8-9). However, the line between what is legal, illegal or criminal is often blurred, and to which of these categories a certain activity falls virtually is a contingent question in the political history. As the abolitionist approach argues, there is no ontology of crime (clearly expressed, e.g., by Christie 1995:1). Similarly, Poveda (1994:95) states that deviance is not intrinsic but rather "-- a function

³To illustrate: I didn't entitle my thesis "Understanding Organizational Crime" for the subject matter is not limited to actual crimes, and crime is not a concept to be stretched. Correct, but awkward, would be to talk of "organizational white collar crime".

of who has the power to define or label the conduct as deviant.” Ermann and Lundman (1996:31) share these views:

Whether a perceived departure from social norms comes to be widely labeled and penalized as deviant depends on the power of the accusers to make their labels stick, as compared with the power of the organizations to resist labeling. -- audiences rarely label or penalize organizations.

Thus, crime simply is what is labeled as crime in the processes of social construction. In addition to the political elite, corporations, powerful organizations, economic and military elite have much legislative clout. Organizations wield societal power to such an extent that democracy is limited. Corporations lobby against legal controls and use their power to promote other than punitive sanctions (e.g., Brown and Chiang 1993:30-1; Sutherland 1983:251). Especially in the Third World countries, multinational organizations' wealth and power often exceed those of the state. Consequently, they exert great power upon the legislative process. (Coleman 1996:82-3) Economic elites regularly affect political processes also in the form of candidate selection and monetary contributions to candidates and parties (Simon 1996a:272).

Currently, the interests of the state intertwine with those of the business. The state has to cope with contraversial expectations: on the one hand, it is supposed to further the national economy in order to maintain social welfare while on the other hand, the state must also maintain its legitimacy by responding to white collar crime. It has been argued that this has lead to symbolic state responses like ineffective legislation. (Laitinen and Virta 1998:16)

Elite agencies are likely to hold less critical attitudes towards white collar actors than towards those of lower socioeconomic status. Sutherland (1983:251-2) listed the many relationships between economic and political elites. E.g., these often include cultural homogeneity, family relationships, intimate friendships, and mutual

occupational exchange. Corporations also control information and the media, affecting the public perception of corporate action (Simon 1996a:275; Brown and Chiang 1993:31). Sutherland (p.251) elaborates this point:

The important newspapers, the motion picture corporations, and the radio corporations are all large capitalistic enterprises and the persons who own and manage them have the same standards as the persons who manage other corporations. These agencies derive their principal income from advertisements by other business corporations and would be likely to lose a considerable part of this income if they were critical of business practices in general or of particular corporations. Finally, these public agencies of communication themselves participate in white collar crimes

--.

Due to their power, the elites -be they economic, military or political- typically succeed avoiding deviant, illegitimate, illegal or criminal labels (see Brown and Chiang 1993). Many harmful organizational practices do not violate any formal law (Simon 1996a:268), most white collar crime go undetected, very few white collar offenders are prosecuted and even fewer finally punished. As Coleman (1996:78) states,

-- the central point Sutherland was trying to make (was that) white collar offenders have the economic and political power to prevent their arrest and prosecution even when they have committed serious criminal offences.

Having said all this, what more would such criminology be that would only study convicted offenders than a quasi science, a conservative force defending the status quo and escaping its societal as well as scientific function. In the same voice, Brown and Chiang (1993) argue that social scientists should be free to study acts that should be punishable but fail to do so due to the prevailing conservative ideology. Also Henry and Milovanovic (1994:119) can be cited:

Law is a very partial list of harms. -- Celebrating, uncritically, the existing definition of crime and the rule-of-law ethic, then, can further constitute and reconstitute existing power relations, suffering and pain in more insidious forms such as when the more powerful benefit from otherwise perceived 'free' contractual relations.

I will draw my definitional conclusions from this line of argumentation in the Chapter 1.3.6.

1.3.2. Corporate and Occupational Crime

Looking at who benefits from the violation has brought about a distinction between **corporate crime** -which is intended to at least in part further organizational goals- and **occupational crime** -where individuals commit crimes in the course of their occupational activities for personal gain. This approach was presented by Clinard and Quinney (1973) and is supported by a number of scholars (e.g., Jamieson 1994:3; Coleman 1987:407). According to Clinard and Quinney's (1973:189) definition, corporate crime consists of "offenses committed by corporate officials for their corporation and the offenses of the corporation itself". (Coleman 1996:84; Friedrichs 1996:8; Geis 1992:39-40) To be noted is that corporate crime typically includes individual gain as well, and individual and organizational goals may intertwine so that their primacy cannot be defined. -On the other hand, the gain itself can be questioned because questionable activities may turn out not to be beneficial in the long run⁴. Thus, here the gain refers to subjective perception a priori.

⁴White collar crime may lead to discontented employees and consumers and boycotts, damage the organization's image, give rise to more effective controls, and so on.

There is also a divergent way to define occupational crime. Green (1990, cited in Coleman 1996:84) uses a broader definition: "Occupational crime refers to any act punishable by law which is committed through opportunity created in the course of an occupation that is legal." However, it is useful to distinguish between individualistic and collective behavior and goals (see Coleman 1987:407).

1.3.3. *Organizational Crime*

Organizational crime has been defined by Schragar and Short (1978:411-2, cited in Jamieson 1996:20) as

-- illegal acts of omission or commission of an individual or a group of individuals in a legitimate formal organization in accordance with the operative goals of the organization, which have a serious physical or economic impact on employees, consumers or the general public.

Crucial is that organizational crime does not include only corporations, but also, e.g., governmental agencies. As Simon (1996a:277) notes:

Like corporations, government organizations are also goal-oriented bureaucracies. As such, they always possess the potential for deviant behavior.

Organizational white collar crime may be motivated by also other than financial goals; there is nothing especially criminogenic about profit as an organizational goal. Rather, any demand for goal achievement may be an underlying factor. (Gross 1978, cited in Coleman 1992)

Schragar and Short's definition refers to the consequences of the violation ("-- a serious physical or economic impact --"). Obviously, what is "serious" is subject to interpretation. Furthermore, behavior that only imposes a risk falls outside their category of organizational crime. As an illustration: as a company launches unsafe products it would not be regarded criminal -and worth studying- before somebody has suffered serious injury. This is not reasonable. Or should such a

case be interpreted in economic terms so that consumers suffered economically when they bought defective products? However, it would be important to acknowledge that *behavior can be wrongful in itself regardless of the actual consequences.*

1.3.4. *Organizational and Elite Deviance*

Ermann and Lundman (1978) advocate the term **organizational deviance**. In addition to individuals, they emphasize that organizations can be deviant. Characteristic to organizational deviance is that an act that is *supported by the internal norms of the organization is contrary to the norms maintained outside the organization.* The organizational support takes two forms: peer and elite support. The latter means that the top level management or the administration of the organization support the wrongful pattern. The goals furthered by the deviance primarily are organizational, although typically there is also personal gain. (Cited in Poveda 1994:94)

Although I accept Ermann and Lundman's conceptualization as a particularly fertile point of departure, the term deviance clearly is vulnerable to criticism. As Friedrichs (Helmkamp et al. 1996:120-4) reminds, the striking feature of much white collar wrongdoing is the role of conformity, and "--in many cases those involved are conforming to industry-wide standards." He also draws from the Holocaust studies that ordinary Germans saw themselves as conforming and were not deviating from the standards in their very context. Much organizational wrongdoing derives from *not* breaking the subcultural norms that nurture misconduct. If everyone breaks the norms, it is not deviant (Stitt and Giacomassi 1993:61). Rather, those who blow the whistle are the deviant ones. Given the prevalence of organizational violations, it is not well grounded to refer to the ones who participate in the wrongs as deviants. *Organizational wrongs should not be mystified by labeling them something unusual; rather, they are commonly participated in by people like any of us.*

Simon and Eitzen (1993, cited in Poveda 1994:96) reject the term white collar crime as too ambiguous. They prefer the term **elite deviance** which is exclusively concerned with unethical and illegal actions of economic and political elites. They argue that this kinds of actions are deviant independently of their legal status at the historical moment. Instead, their deviance is intrinsic, deriving from deeply rooted moral principles. According to Simon, there are certain "-- near universal wrongs that have been defined by every major religion and by almost every culture and in almost all periods of history. -- these are as close to moral absolutes as we can get." (Helmkamp et al. 1996:340) In addition, Simon (1996a:268 and 1996b:97) bases the definition of deviant on the empirically demonstrable harm caused by the act be it deliberate or not.

The term elite deviance certainly does not suit my purposes. Actually, both the word "elite" and "deviance" mystify the nature of organizational white collar crime. I would rather want to express that *organizational misconduct is a day-to-day, commonplace phenomenon, and by no means restricted to the extraordinary behavior of the superiors*. Explicating that the wrongdoers are elites obscures the fact that *organizational wrongs involve any member's contribution despite her status*. Although Simon admits that there are many kinds of elites - federal, state, local elites and elites within different occupations- and that the concept of elite is "elastic enough to be inclusive", limiting the study to elites still lacks sound footing. As Friedrichs bluntly counters, it doesn't make much sense to stretch the concept of elite. (Helmkamp et al. 1996:339-40) Legitimate organizations cannot reasonably be termed elites.

Also to be noted is that although elites do exercise much power in the organization, they are also considerably affected by the organization: they have gone through a powerful socialization process within the organizational world and must meet the organizational expectations related to their positions. And, what is significant, is that their will is not readily converted into organizational outcomes: much

decisionmaking takes place in groups and in mobilizing the organization such factors as communication and the worker agency and resistance must not be overlooked. In general, elites do not function in isolation from the organization. What follows is that the study of elite deviance extends into studying wider organizational processes.

Furthermore, Simon claims that the act would need to cause "demonstrable harm" in order to be immoral. However, similarly to the criticism regarding Schragger and Short's definition, on grounds of principle, it is important to incorporate also acts that cause risk but do not -for contingent reasons- inflict harm on anybody. Behavior can be reprehensible in itself, regardless of its consequences.

1.3.5. *Economic Crime*

In Finland, Sutherland's challenge of policing white collar crime has widely been turned into talk of **economic crime** (see, e.g., Alvesalo 1998; Laitinen and Virta 1998; Laitinen and Alvesalo 1994). Also Gordon (1996:157) promotes the term economic crime and defines it as
 -- an illegal act (or a constantly evolving set of acts) that is generally committed by deception or misrepresentation (fraud) by someone (or a group) who has special professional or technical skills for the purposes of personal or organizational financial gain or to gain an unfair advantage over another individual or entity.

Coleman (1996:85) suggests that the term economic crime limits the study to non-violent offences. Also American Bar Association define economic crime as non-violent illegalities (cited in Hagan 1996:244). However, and importantly, they acknowledge in a footnote that "non-violent" refers to the means by which the crime is committed while the harm can frequently be described as violent (cited in Geis 1992:39). Nevertheless, what follows from employing the term economic crime, is that a remarkable range of organizational wrongs are excluded. Ignored would be, e.g., such violent organizational patterns as sexual

harassment at the workplace or exposing workers to other kinds of harmful conditions.

In addition to the means, the term economic implies that a certain course of action is undertaken in order to achieve financial goals. However, this doesn't distinguish economic crime from conventional crime because the latter often are motivated by money, too -although they amount to far less financial gain on the average. Furthermore, considering the focus of this study, employing the term economic crime would disregard the diversity of other than financial goals that organizations strive for⁵.

Economic crime has been considered a particular type of organizational crime (Laitinen and Alvesalo 1994:7); sometimes these concepts have even been suggested to be synonyms (Laitinen and Virta 1998:11). However, economic and organizational crime should be discerned from each other: the former rather involves individual swindlers who use organizations as a device to commit crime, whereas organizational crime is always a byproduct of collective behavior in legitimate organizations. The criminological vacuum that Sutherland pointed out is not filled with mere economic crime.

It is also important to note that language guides the way we construct our worlds and categorize phenomena. Talking of economic crimes helps the perpetrators obfuscate the underlying violent nature of their behavior and facilitates neutralizing guilt. Nevertheless, manoeuvres that seem to concern only monetary issues may actually contribute to substantial physical suffering. For example, fraud that involves aid agencies in the Third World countries may result in thousands of deaths from malnutrition, and tax evasion reduces the revenue of the state which tends to lead to cutting down the welfare services. As Braithwaite (1984:190-1) reminds in regard to the pharmaceutical industry, it is a mistake to think that wrongs like antitrust violations

⁵Organizational goals are discussed in the Chapter 2.4.1.

would only deal with money and not threaten human life. Most of the world's population do not benefit from "wonder drugs" because they cannot afford them. The reason for this situation is the oligopolistic structure of the pharmaceutical industry. (Ibid.)

1.3.6. *Definitional Conclusions Regarding this Study: Introducing Organizational Wrongdoing*

Having critically assessed the dominant terminology, I find Sutherland's term white collar crime still useful. White collar crime can be divided into individualistic and organizational behavior. This study is focused on the latter which can be called **organizational wrongdoing**. Naturally, also such terms can be interchangeably used as unethical, wrongful or reprehensible organizational behavior and organizational misbehavior or misconduct. Crucial is that the behavior is *illegitimate* by certain extra-organizational standards. Illegitimacy refers to *a violation of law or a lack of ethical justification*; illegitimate behavior is *illegal* or *wrong* (Otavan Uusi sivistysseuran kirjuri 1993). Thus, the existing legislation does not fully define the scope of this study due to its partiality and contingency. Modern view of law regards it as primarily instrumental by nature (Laitinen and Virta 1998:9). Legislation itself is a product of organizational activity. Law is not identical to morals; instead of looking at the legislation, defining right and wrong belongs to philosophical and sociolegal disciplines.

I realize that this stand evokes critical voices. E.g., cited can be Coleman's (1987:407) doubtful thinking:

Because of the absence of clearly formulated public standards for elite behavior, sociologists using the deviance approach must often rely on their own values and prejudices to define the parameters of their work. In doing so they not only threaten the integrity of the research process but also undermine the credibility of the entire effort to bring the problem of white-collar crime into the arena of public debate.

Not agreeing with Coleman, I stress that it is democratically healthy to widely study questionable organizational practices. Such behavior can be defined unethical and worth studying where an organization takes advantage of the lack of legal norms in order to achieve goals that could not be individually achieved without breaking the law (Laitinen 1990:306). Laitinen (Alvesalo and Laitinen 1994:24) points out that white collar criminals may resort to crude legalism and consider any activity allowed unless forbidden by law. Therefore, the sense of social responsibility -interconnectedness and societal communitarianism in Braithwaite's (1989a) terms- must be built through bringing forward violations of legal as well as moral norms. Breaches of the sense of morals must be associated with crimes in progressive political discourses (see Braithwaite 1995).

1.3.6.1. Defining Wrong

How to determine, then, when wrongful organizational activity has taken place? One possible line of argumentation follows Simon's recognition that wrongfulness is expressed through inflicting harm. However, I include not only harming but also risking to harm other people in the concept of wrong. In addition, to be wrongful, it is not necessary to be aware of the harm or the risk. Also negligence can be unethical, as well as an omission as a failure to take action. As Braithwaite and Fisse (1990:29-30) state: "In practice, the predominant form of corporate fault is more likely to be corporate negligence than corporate intention." Since organizations wield more power than individuals to produce wrongful outcomes they can also be expected to have greater capacity to avoid violations (*ibid.*).

The questions that follow concern measuring harm: to what degree must harm be approved of? It is not realistic to expect ethical interests to remain totally intact. This era of risks inherently includes certain insecurity (see Beck 1990). And, above that, what interests should be protected in the first place? For example, commercials often give rise to critical voices claiming that they offend women, minorities, good

taste. Is mere subjective suffering a sufficient ground to label certain organizational activity wrongful, and how much suffering would be needed? As I contend that these questions ultimately are to be resolved on the basis of ethical principles, they fall outside of the scope of this study. The exact essence of ethics cannot be totally reached; it is to be approached and shaped in social discourses. The acceptable degrees of harm or risk and the breadth of the social responsibility of organizations are ethical as well as political questions.⁶

Something can still be said. As Simon (1996a:289) suggests, the basis for the ethical judgement can be found in the traditional ethical systems, Western and non-Western. Such established principles as the Golden Rule or Kant's categorical imperative provide viable guidelines. There are also more recent useful formulations: Henry and Milovanovic (1994:119) present a fundamental approach towards the definition of crime -or wrongdoing. They connect crime with moments of *inequal relations*:

-- crime, as we define it here, is the expression of some people's energy to make a difference over others and is the exclusion of those others who in the instant are rendered powerless. -- Crime then is the power to deny others.

Wrongdoing can also be constituted through the demands of living in a communitarian society characterized by interdependent relations (see Braithwaite 1989a). *Acts that limit the legitimate options available to others, trample on the autonomy of others* (ibid., p.11), *deny others their humanity, their right to make a difference* (Henry and Milovanovic 1994:119-20), *surely come close to wrongdoing*. The definition of wrong can also be approached through a *negation*: behavior that does not inflict nor risk any harm on anyone should not

⁶Clearly, also natural science has its part to play in determining what is harmful. However, how strictly organizational practices are examined and to what extent risks should be tolerated are ultimately ethical and political issues. (See Beck 1990)

be labeled wrongdoing. Furthermore, in borderline cases, ethical argumentation may justify bringing questionable organizational activities under scrutiny. In general, raising consciousness about said behavior furthers social justice.

1.3.6.2. Common Etiology between Different Kinds of Wrongs?

While incorporating unethical, illegal and criminal acts into the inquiry, I bear the comments of Baucus and Dworkin (1991) in mind. They point out that it is not known, whether organizational violations of the criminal code have the same causes as violations of other laws. Similarly, it can be questioned whether the same etiology applies to unethical organizational behavior and breaking the law. Baucus and Dworkin conclude that in order to further understanding of the causes of corporate wrongdoing we should make a distinction between different types of wrongs. However, I reduce their arguments to the recognition that organizational members may not need so strong techniques of justification for breaking norms that lack official legal support. Actors within organizations might be more deterred from violating the criminal code than other legal norms, and, in turn, more deterred from breaking any formal law than their sense of ethics.

The state law surely guides organizational people as it carries “the moral bind of law” and the potential of judicial sanctions. Furthermore, regulation importantly gives social support to resisting violations⁷. However, breaking moral or cultural codes also is sanctioned through shaming by oneself and the significant others. Actually, violating informal group norms may lead to more severe sanctions than those

⁷When making judgements, a human being is subject to social influence. It is easier to resist organizational pressure to engage in wrongdoing when one’s personal judgement is being supported e.g. by the legislation. Social dynamics of organizational wrongdoing are brought on the agenda in the Chapter 3.

delivered by the judicial system. In addition, people may have a confused view on the applicable legislation and the meaning of the norms is given through social processes. In the spirit of legal pluralism, it must be acknowledged that the state law only provides a partial view on the norms that guide human behavior. In conclusion, it is possible to analyze the dynamics of norm shaping and breaking in its totality, the norms including official as well as unofficial, state as well as organizational laws.

1.3.6.3. Defining Organization

It must also be made clear what is meant by the term **organization** in the context of organizational wrongdoing. A dictionary defines an organization as an entity adapted to its purpose (Otavan Uusi Sivistyssanakirja 1993) or as "several persons or groups -- who share a certain goal or work (Galbraith 1983:67-8)." Galbraith exemplifies: army, political party, enterprise and administrative unit clearly are organizations. Sjöstrand (1981:32) provides further analysis and distinguishes an organization from a plain collection of people on the basis that the former has some *traditions and stability*. In general, organizations are seen to be characterized by three main factors:

- 1) *Social identity*: the members share a sense of belonging to the organization;
- 2) *Coordination*: their functioning is arranged to support and complement each other; and
- 3) *Goals*: organizing these activities aims at attaining certain goals. (Statt 1994:26)

Organizational action largely takes place in **groups**, and the concepts of organization and group actually intertwine. Groups pervade organizational life and can be said to be the building blocks of organizations (Statt 1994:124; Schell 1987:83). Social psychologists often define a group as an entity based on the interaction of two or more people who share certain goals and recognize their membership (Tiuraniemi 1993:45). A group also is characterized by certain

continuity and stability: a disorganized crowd is not a group. In fact, a group has been argued to differ from an organization simply by being smaller. Therefore, it is more personal and more easily influenced by an individual member. (Sjöstrand 1981:32) An organization typically contains formal and informal groups (see Tiuraniemi 1993:46).

Organizations that are referred to in this text can be either for-profit or non-profit organizations. Thus, in addition to business firms, the study concerns governmental, administrative, academic, charitable organizations. The focus is on understanding human behavior in overall organizational settings that are characterized by such features as hierarchical positions, division of labor, specialization, formality and general legitimacy. The social psychological dynamics of collective wrongdoing can be studied in all such organizations. Jamieson (Helmkamp et al. 1996:65) supports this approach: "-- they (non-profit and government organizations) go through the same kind of structuring, specialization and centralization (as profit-making organizations)." And, as Simon (1996a:277) pointed out, also governmental organizations are capable of committing wrongs.

Following the earlier discussion, this study primarily looks at legitimate organizations. The term *organized crime* refers to illegitimate, mafia-type organizations. Criminal organizations are run as means of committing crime (Potter and Gaines 1996:40) while organizational wrongdoing rather is a byproduct in the quest for legitimate goals. However, criminal syndicates share many features with the organizations that enjoy a legitimate label. In consequence, the phenomena to be discussed partially apply to illegitimate organizations as well. Although, e.g., the Nazi regime was deeply wrongful and criminal (at least by extra-organizational standards or in retrospect), it can be studied under organizational wrongdoing since it claimed to be legitimate and the people involved could claim to be law-abiding. Furthermore, it provides valuable data about human behavior in bureaucratic organizational settings. Thus, although the line between legitimate and illegitimate organizations is not always easily drawn, the

primary aim of this study is to look at *ordinary people and their organizations that have traditionally escaped a deviant label*.

1.3.6.4. When Is the Wrong Organizational?

Now that the concepts of organization and wrong are discussed, it still must be clarified how to put these terms together. How to define when the wrong is *organizational*? Doesn't human behavior always take place in some social setting and under the influence of certain historical and cultural environment? Yes, this is true but here the focus is on the more organized end of that continuum of social settings. I will center on wrongdoing that is produced by the functioning of formal organizations. In this kind of cases, it is possible that no individual has committed a violation of any formal norm and can be legally held responsible for the outcome. An organization can be argued to be negligent even if its members cannot be blamed individually. Rather, the outcome stems from the organizational setup as a whole. (Braithwaite and Fisse 1990:29)

To illustrate the typology of white collar crime: If a corporate employee embezzles funds from her employer, it is an individual occupational crime against the organization but not an organizational crime. Similarly, it is an occupational violation if a surgeon conducts an operation while drunk. However, this nears organizational wrongdoing as she is allowed to do that by her organizational colleagues. The line between individual white collar crime and organizational wrongs lies in that the latter require *organizational support*: other members of the organization engage in similar behavior, demand or at least tolerate the wrongdoing. In addition, organizational wrongs are byproducts of legitimate activities and at least seemingly fall in line with the organizational goals.

At this point, readers already familiar with the topic may be excused to move on to the Chapter 2.

1.4. The Prevalence of Organizations

Organizational actors prevail in the contemporary society. Their rapid expansion has even been defined as possibly the most striking revolution of the 20th century (Reiss and Tonry 1993:1). Citizens simply cannot escape the influence of organizations: At least in the West, already at birth a human being usually is at the hands of a huge organization, hospital. Child-rearing is powerfully controlled by such institutions as the educational system and the social welfare machinery. In Finland, the next institution that most male citizens get under influence of is army⁸. If one doesn't want to participate in the military training, one must do civil service -work within some other organization. Having passed all these organizations, the individual is still to face the ever escalating socialization process into the organizational world in the workplace.

Social scientists widely maintain that organizations are growing in importance. Galbraith (1984:67) distinguishes three sources of power: property, personality and organization. According to him, organization is the most important of them and its importance is growing all the time. Property and personality only can have an effect through an organization. In conclusion, organization is the ultimate source of all power. (Ibid.)

To a great extent, individual action takes place in organizations. Coleman (1982, cited in Poveda 1994:93) states that over the centuries, society has been transformed from a system of social relationships with individuals as the key building blocks to a society where organizational actors increasingly dominate. He refers to the rapid growth in the number and size of the corporations in the U.S. during this century: the approximate 300,000 corporations in 1918 has increased into approximate 3.6 million by 1987. Also the assets controlled by the

⁸Also women are nowadays legally able to join the army in Finland.

largest firms increased at the same time. Paralleling these private sector trends, also the government's role as an employer has grown. The proliferation of formal bureaucratic institutions is occurring across all the governmental, charitable, and non-profit sectors (Stone 1985, cited in Braithwaite 1989a:147). The inevitable conclusion is that in the 20th century, employment in large organizations has become the norm (Poveda 1994:93).

Coleman (1982:56-8) elaborates his analysis and argues that social relationships are increasingly unequal. Interaction between corporate and individual actors is asymmetric, and due to the enormous growth of organizational actors these asymmetric relations have come to proliferate. The extreme inequality shows in various respects: Typically, the corporate actor has very large resources in comparison to the individual party and thus controls most of the conditions and information surrounding the relation. The corporation also typically has a multiple amount of alternative transaction partners to choose from. As a result, regardless of nominally equal rights, individual and corporate parties end up with very different actual rights. (Ibid.)

1.5. The Damages of Organizational Wrongdoing

It is very difficult to estimate the costs of organizational wrongdoing. Since only few organizational offences are detected, prosecuted, and finally sentenced, the official statistics are likely to represent only a tiny proportion of the total damages. Alvesalo and Laitinen (1994:7) have suggested that in the field of economic crime -which they considered a particular type of organizational crime- the proportion of hidden criminality revolves around 90 per cent. The official statistics are flawed also because they are based on narrow legal categories of wrongdoing, ignoring much victimization. As Friedrichs (1996:50) states, according to the conventional view the official crime statistics are quantitative measurements of crime and criminal justice system outcomes, while the critics contend that the statistics are the product of

particular agencies, each with ideological biases, strategic purposes, and finite resources. Victimization surveys are not likely to yield the true scope of organizational harmdoing either, because the victims do not always comprehend being victimized by organizations.

There are many factors that tend to prevent harmful organizational conduct from being regarded as a violation. As Felstiner, Abel and Sarat (1981) pointed out, a legal claim takes certain preconditions. The first step, *naming*, refers to a recognition that a particular experience has been injurious. However, people do not necessarily realize having suffered: they may not be aware of the relevant legal, moral, or scientific⁹ norms and facts, and may take the status quo as granted and feel powerless to even imagine that things could be different. Accordingly, disputes are social constructs.

Ulrich Beck (1990) illustrates the social construction of risks: The political nature of risks is being mystified through the technical mode of representation. It is practically impossible for an individual to clear how harmful a substance really is. Dangers of the risk society transcend the capacity of the daily culture to make estimates or decisions. Instead, specialists take over and officially define the risks people ought to be able to bear. Actually, a glance at the abyss of risks renders also regulators powerless: according to the logic of bureaucracy, what cannot be controlled, must be treated as legal. This kind of cultural mystification normalizes hazards and renders naming organizational action a violation unlikely. (Ibid.)

In the social construction of disputes, the second phase is *blaming*. Here, the perceived injury is transformed into a grievance: the victim attributes the undesirable occurrence to the fault of another individual or entity. (Felstiner et al. 1981) This is even more demanding than naming: it may be very difficult to be able to blame a certain

⁹Stating, e.g., the nature and amount of the substance one is exposed to.

organization for the damage, let alone to find the guilty ones inside the organization. Again, the environmental example is illustrative: it may be practically impossible to disentangle which of the many organizational sources of environmental damage is causally linked to a particular harm. In addition, victims of faceless organizations may feel partly or wholly responsible for their victimization and blame themselves for not using sufficient caution -e.g., in case they have bought defective products (Croall 1992:24).

The final step, *claiming*, occurs as the one with the grievance expresses it to the person or the entity believed to be responsible, asking for remedy (Felstiner et al. 1981). In the case of white collar crime, claiming is unlikely for many reasons: E.g., the victim may be uninformed of how to report the violation and pessimistic about receiving sufficient assistance from the criminal justice system (Friedrichs 1996:60). The inequality of the relationship is likely to deter an individual from confronting a powerful organization. Typically it is the organization with the most power: information, legal expertise, financial resources, etc. Furthermore, the damage is often diffused among many victims. Thus, the share of each victim may be so insignificant that no one bothers to take action. Distinct victims may expect someone else to act which may lead to overall passivity¹⁰. Furthermore, claiming doesn't necessarily show in the statistics since even if the wrongdoing organization failed to escape confrontation, it typically would prefer settling disputes quietly in private in order to avoid negative publicity.

The statistics of organizational wrongdoing are incomplete due to these kind of factors. For an incident of organizational misbehavior to be officially counted as a violation, it would have to be successfully

¹⁰This is the problem of the freerider: it may be rational for an individual not to act if she can achieve her goals through other people's effort. From the social psychological point of view this situation can be approached in terms of bystander apathy which is discussed in the Chapter 3.2.1.

named, blamed and claimed. The total amount and the costs of white collar crime in financial -let alone human- terms are beyond estimations. As Braithwaite and Pettit (1990:186) argue, there can never be a systematic comparison of the volume of white collar crime with that of other crime (Croall 1992:42). Nevertheless, there prevails a general agreement among criminologists, and also increasingly among the general public (Evans et al. 1993), that the scope and the costs of white collar crime by far exceed those of conventional crime. In fact, we all are multiple victims of various kinds of organizational wrongs. As Brown and Chiang (1993:33) conclude in a melancholic way:

There can be no doubt that the seriousness of harms produced by corporate crime far outweigh those that result from conventional crime. -- victimization by corporations is as inevitable as death itself. While many individuals can take steps to minimize the probability of being a victim of street crime, there is no way to prevent being a victim of corporate crime.

Organizational wrongs take many forms. This can be illustrated by classifying them by their primary victims: the general public, consumers, employees, corporation's competitors, and so on. Organizational wrongs can also be categorized according to their perpetrators such as business firms, governmental agencies, academic institutions. The wrongs could be divided into categories in several ways and placed under different headings. E.g., an environmental wrong may have several groups of victims like the general public, employees, or other organizations. In the following, damages of different types are brought out. To be noted is that the forthcoming list is by no means complete since organizational wrongs are so versatile and pervasive, and their perception ultimately is a matter of social construction. Rather than to provide a systematic analysis, my purpose here is to present some exemplary forms of organizational wrongdoing in order to provide the reader with a glimpse of the problems that constitute the subject matter of this thesis.

1.5.1. The Damage in Monetary Terms

To begin with, let us consider organizational wrongdoing in monetary terms. According to the Finnish data, the financial costs of traditional crimes are under 5 % of those of organizational crimes. In the US, the figure has been estimated to be even lower, 1.7-2.3 %. (Alvesalo and Laitinen 1994:46) According to Simon (1996a:269): "Corporate crime alone accounts for an estimated \$200 billion a year in avoidable loss. This huge loss is larger than that of all other types of crime combined, plus the cost of running the entire US criminal justice system." The loss attributable to organizational crimes is huge enough to have national economic relevance (for estimates, see Laitinen and Virta 1998:69).

Fisher and Green (1992) note that the financial costs of economic crimes have considerably and steadily increased in the US during the last few decades. Given the transboundary nature of economic criminality, it can be suggested that this escalating trend applies. (Laitinen and Virta 1998:68)

Just one corporate crime episode, the savings and loan scandal, is estimated to cost the American public from \$325 to \$500 billion according to governmental estimations, and as much as \$1.4 trillion -or over \$5,000 for every American household- by other estimates. The victimization related to this scandal was diffused indeed, including legitimate investors, savings and loan employees, taxpayers, government agencies, and other corporations. (Brown and Chiang 1993:34 and 36)

A form of economic organizational misconduct with wide societal implications is tax avoidance. Friedrichs (1996:85-6) points out that major US corporations with net incomes of hundreds of millions of dollars have been paying virtually nothing in taxes. Active lobbying and close relations between the governmental and the economic elite affect the tax legislation in favor of corporations. Corporations also

have highly paid lawyers and accountants who help them to minimize their taxes.

1.5.2. Damaging the Employees

Workplace injustice can be traced back to the very foundations of work. According to the Marxist approach, workers are subject to systematic exploitation in the capitalist societies. Marx (1867) regarded corporation as one of the capitalist instruments to exploit and dehumanize workers. Owners of the means of production take unfair advantage of workers by not giving them the full outcome of their work. Engels (1845/1958) went as far as to claim that the ownership class is guilty of murder because they are fully aware that workers in factories and mines will die violent premature deaths due to unsafe conditions. (Friedrichs 1996:67 and 233)

The exploitation of workers takes various forms. E.g., corporations drive the wages down in a number of ways: they may employ foreign, part-time or other low-wage workers, or directly violate the laws concerning the minimum wages and benefits. (Friedrichs 1996:89) People in organizations are replaceable: they are frequently hired, transferred, and fired. When the economic conditions are unsatisfactory, organizations have the power to major lay-offs. It has been suggested that lay-offs, downsizing, reorganizing, corporate takeovers are, regardless of the terminology, remarkable organizational crimes where employees are sacrificed in order to enhance organizational profits. (Brown and Chiang 1993:49-50)

In line with Engels, dangerous working conditions have been brought out in the white collar crime literature. Due to inattention to safety regulations, workers can be injured or killed, or subjected to long-term health risks from working in unhealthy environments or with hazardous or carcinogenic substances (Croall 1992:22). Alone in the US, more than 100,000 workplace deaths and 2 million workplace injuries occur each year. In fact, work-related accidents and diseases are estimated to

be the single greatest cause of disability and premature death in the US today. Corporate violence far exceeds the magnitude of violent street crimes: e.g., in the US, work-related deaths have been calculated to be over ten times more frequent than homicides. In many industries, workers are routinely exposed to dangerous conditions. Especially this is the case in the mining, textiles and chemical industries. A prominent example of harmful substances is asbestos, to which workers -and consumers- continue to be exposed despite the conclusive scientific evidence of its lethality. (Friedrichs 1996:80-2; Brown and Chiang 1993:39-40)

Although not all workplace accidents, injuries and deaths result from violations, a sizeable proportion does, and may be blamed on the management. Pierce and Tombs (1990) conclude that "in at least two out of three fatal accidents, managements were in violation of the Health and Safety at Work Act 1974 in terms of their general duties to employees."(Croall 1992:40)

Although these findings originate from the US, also in Finland a considerable share of worker accidents is attributed to labor crime (Alvesalo and Laitinen 1994:47-8). In the similar vein, Carson (1981, cited in Croall 1992:40-1) found that many fatalities which often are attributed to the inherent dangers of working on the "frontiers of technology" in fact resulted from routine breaches of safety regulations. Furthermore, even if the "accidents" didn't include violations of formal norms, they may fit the category of avoidable harms (Friedrichs 1996:81; Brown and Chiang 1993:39). This concerns other kinds of organizational harmdoing as well. Frequently in cases where employees have been exposed, there is evidence suggesting that the corporation has long been aware of the risks and actively resisted regulation (Friedrichs, p.82).

In addition to the above mentioned wrongful patterns, several misbehaviors could be listed. Workers may be mistreated through

sexism, racism or other inhumane treatment. (Brown and Chiang 1993:49-50)

1.5.2.1. Examples of Organizing an Employee Hazard

Chicken Plant Fire

An often cited episode of organizational wrongdoing took place in North Carolina in 1991 as 25 workers died in a chicken plant fire. The plant didn't have any alarms nor a sprinkler system. The workers had tried to open the emergency exit doors but they were locked. (Brown and Chiang 1993:43) The reason for keeping the doors locked was to prevent the workers from stealing chickens (Simon 1996a:279).

Continued Exposing of Employees to Hazardous Substances

Also the case of Anne (Rothschild and Mieth 1994) will do as an example of severe organizational wrongdoing against the employees. In 1990, Anne was hired as a casting operator for a company that makes rubber belts. Her job was to mix the chemicals needed in the production. After a few days in the job, she started to note unusual physical reactions. However, having worked for two months, her supervisor gave her a special commendation stating that no one had ever learnt the job so quickly, and asked if she would assist in training of the others. A couple of weeks after that, her symptoms developed into significant physical problems. Therefore, Anne told her boss that she wanted to study more about the chemicals she was dealing with and their possible side effects. As a result, she was fired. (Ibid.)

After her dismissal, Anne heard from the other employees that she had not been the only one to have medical problems in that job. In studies, it was found out that the company was exposing its workers without warning nor protection to more than 100 times the levels of certain chemicals that the law allowed. The effects of the chemical exposure had been in the company's knowledge for over a decade. As a result of this continuous organizational criminal pattern, Anne had developed

tumors in her mouth, permanent liver and lung damage and her skull began to soften. She learnt the full extent of the damages only after consulting independent doctors; first, the company had referred her to the local doctors who tried to suppress the problem. (Ibid.)

1.5.3. Damaging the Consumers

Also consumers are being victimized by various organizational wrongs, ranging from minor financial harms to severe threats to their health. There is a vast range of ways to offend against consumers: roulette systems may be manipulated, products forged, unsafe products launched on the market, and in bogus sale offers consumers may be misled into thinking that they are being offered a real bargain when in reality no higher price has ever been charged. Consumers can be deceived about the quality as well as the quantity of the goods they are buying. Although some of these wrongs may sound trivial, it is to be noted that they may amount to surprisingly high illegitimate profits as you add up the dispersed losses of the numerous customers who are charged a little too much, given too little, and charged for services they did not need. (See Croall 1992)

Many consumer products have been found hazardous to various degrees. In the US, defective products cause more than 30,000 deaths each year (Brown and Chiang 1993:39). According to some estimates, about 70,000 Americans die annually from product-related accidents, and millions suffer disabling injuries (Friedrichs 1996:75). During the making of this thesis, media have been rife with news related to organizations risking or harming their customers in Finland. E.g., many defective products have been withdrawn from the market, and there have been serious transport accidents in which several passengers have got killed or injured. In addition, the debate on the possible health effects of mobile telephones is still going on, and the researchers claim that sure knowledge will not be obtained for a long time (Tikkanen and Jokela 1998). Such phones radiate radio waves, which have been suggested to be linked with various health problems. Meanwhile, over

40 % of the Finnish population regularly use a mobile telephone. (Ibid.)

In automobile advertisements, corporate responsibility toward the consumers has become more visible with time and it has even become a trend to advertise cars by referring to safety issues. Nowadays, accidents and injuries are more widely attributed to automobile design defects, and not only to driver errors or the road conditions. However, unsafe vehicles are still launched on the market, and automobile companies have suppressed data on unsafe designs even in the 80s and 90s. (Friedrichs 1996:77 and 79)

Some consumer products threaten life even when they are used as intended by the manufacturer and contain no defect. In addition to automobiles, tobacco and alcohol are among the primary health problems universally. Yet they are being forcefully advertised. In addition, the tobacco industry has long refused to acknowledge the causal link between tobacco and illnesses, and lobbied against controls on smoking. (Brown and Chiang 1993:48-9)

Corporations commonly engage in false advertising as they present exaggerated or totally false claims concerning, e.g., the product's nutritional value or the demonstrations that have been carried out in order to secure safety. Quite recently, several such cases have been revealed in the US: E.g., cars that were sold as new had in fact been driven hundreds of miles by the selling company's executives and in some cases even been to accidents. In another case, a cheap mixture of sugar and corn syrup was mislabeled and sold as apple juice. (Friedrichs 1996:88)

Corporations entice especially children to consume misleadingly named foods with an unhealthy high content of sugar or fat. Food products are also widely processed with additives that may risk the consumers' health. (Friedrichs 1996:75; Simon 1996a:128) Croall argues that the excessive use of water, additives and other substitutes

for real food can be called legalized adulteration. Consumers can also be killed or injured by foreign bodies in food and poisoned by food. It has been estimated that the majority of people have eaten products made from unfit or knacker meat. (Croall 1992:22 and 38) Still in the final decades of the 20th century, millions of Americans were suffering from food poisoning as a result of unsanitary conditions in meatpacking plants, marketing of unsafe meat and bribing inspectors (Friedrichs 1996:75). In England and Wales, Environmental Health Officers have reported more than 12 % of restaurants, canteens, hotels, school and hospital kitchens, and food factories to pose a significant and imminent health risk to the public (Croall, p.39).

Yet another form of corporate misbehavior against the consumers is price-fixing which means that competing firms join together and agree to set prices at a certain level. Even if this activity didn't involve a specific conspiracy, the competitors can adopt parallel pricing wherein they adjust their price level to the inflated prices set by the industry leaders. According to much evidence from the US, price-fixing has been extremely common across a broad range of industries, reaching virtually every imaginable product or service. Furthermore, corporations have taken advantage of supply shortages and especially vulnerable classes of consumers -who cannot control the service, or urgently need a specific product- and overcharged in some cases by thousands of per cents. (Friedrichs 1996:86-7) Systematic overcharging at the expense of patients who need a certain drug is not only an economic organizational wrong but a threat to human life. Moreover, as an example of exploiting vulnerable consumers, approximately 15,000 deaths have been attributed to unnecessary medical operations in the US each year (ibid., p.57).

1.5.3.1. The Pharmaceutical Industry

Serious injuries and death can result from using inadequately tested drugs or medical devices. In 1973, Dow Corning Corporation announced that tests support the safety of *silicone implants*. Since that,

millions of women have received implants. However, in 1991, reports began to surface stating that the testing had been inaccurate. A former employee of Dow Corning has claimed that the silicone breast implants the company sold could rupture and leak, posing a serious health risk. Internal documents of the company reveal that the organizational men had been aware of the implant problems but concealed the information for nearly twenty years. (Friedrichs 1996:77; Brown and Chiang 1993:41-2)

There are a number of other wrongs committed in the pharmaceutical industry (in depth, Braithwaite 1984). Among the most heinous ones are the cases of Thalidomide and Dalkon Shield. *Thalidomide* was prescribed as a tranquilizer during pregnancy in the early 60s. Chemie Grunenthal -the principal pharmaceutical company involved- continued to promote Thalidomide despite, according to much evidence, the company had had early indications of the drug's dangers. This organizational wrong resulted in about 8,000 babies being born grossly deformed. The company did not stop promoting Thalidomide until the enormous scope of the harm had been widely published and they were forced to withdraw the drug from the market. (Friedrichs 1996:76)

In the 70s, an intrauterine birth control device called *Dalkon Shield* was declared safe and sold by A.H. Robbins Company. The Dalkon Shield was used by 4.5 million women worldwide. In effect, using the device exposed women to high risk of infection, sterility, spontaneous abortions, giving birth to children with major congenital defects, and death. It has been estimated that thousands of women died of using the Dalkon Shield. Also this case involved suppressing scientific studies and concealing the hazards from the consumers. (Friedrichs 1996:76-7; Brown and Chiang 1993:42-3) The Robbins company sold the Dalkon Shield in some 40 Third world countries after it had been withdrawn from the US market. It is argued to be a widespread practice that pharmaceutical companies take advantage of the more lenient controls in the Third world countries to market drugs and devices banned in the West. Also other manufacturers dump unsafe products or waste banned

in one country into others. (Cass 1996; Brown and Chiang 1993:45; Croall 1992:42)

1.5.3.2. The Ford Pinto Case

There is still a significant and frequently cited case to be mentioned: the making and launching of a defective automobile, Ford Pinto. The Pinto case was a milestone in the mobilization of criminal law as a response to avoidable consumer injuries and deaths (Brown and Chiang 1993:40).

In the late 60s, facing increasing competition from foreign smaller-sized and advantageous imports, the president of the Ford Motor Company called for the production of a car which would weigh less than 2,000 pounds and cost less than \$2,000. These requirements affected the design of the car, and the gas tank was placed in the rear. (Friedrichs 1996:78) It has been claimed that before releasing Pinto on the market, the executives at Ford were aware that the gas tank was vulnerable to rupturing and exploding upon low-impact rear-end collisions. The refusal to redesign Pinto's fuel system saved the company \$137 million, while they had calculated that they would lose \$49.5 million in damage suits for deaths, injuries and property loss. On the basis of this calculation, the company decided not to make the improvements that could have prevented the injurious outcomes. It has been estimated that there were at least 500 burn deaths caused by the Pinto crashes. (Brown and Chiang 1993:40-1)

1.5.4. *Damaging the Environment*

There is no lack of examples of the damage done to the environment as a byproduct of industrial activity. In fact, corporate contribution to environmental *pollution* may be the most common form of corporate harmdoing. Corporations account for a disproportionately large share of the most dangerous pollution. Pollution is associated with a wide range of serious health problems, including heart and lung diseases,

birth defects, genetic disorders, and sterility. Furthermore, it is estimated that 56 million people in the US alone will develop cancer, and by some estimates as many as 80-90 % of all cancers may be environmentally related. (Friedrichs 1996:71-2).

In addition to pollution, environment is being damaged by toxic *waste*. Corporations often have employed highly hazardous low-cost methods in order to get rid of their wastes, although they have known or should have known the risks of the dumping. Furthermore, corporations have suppressed information on the dangers of wastes and pollution, and typically denied responsibility for the consequences of their environmental practices. They also often have carried on with their misconduct until forced to change, and actively lobbied against environmental legislation. (Friedrichs 1996:72)

Simon (1996a:144) points out how fundamentally corporations participate in the collective jeopardy: natural balance is being disturbed, resources wasted, and the consumption of non-renewable resources and energy have escalated. E.g., the American auto industry has suppressed a viable mass transit alternative and delayed the introduction of vehicle exhaust control devices (Friedrichs 1996:73; Simon 1996a:151; Poveda 1994:118-9). Corporations also aggravate the waste problem by constantly designing new products and new versions of the existing products. These novelties are supposed to make the older products unattractive through pervasive advertising. (Simon, p.144)

1.5.4.1. The Love Canal: A Scene of Environmental Damage

In the late 30s, Hooker Chemical Company purchased an area of land near Niagara Falls, New York. For about 15 years, the company used the area as a dump site for hundreds of tons of chemicals. Subsequently, in 1953, the site was sold to the school board and a school, a playground, and hundreds of houses were built on or around it. The company allegedly had failed to inform the board that the land had

been used for chemical dumping. (Poveda 1994:117; Brown and Chiang 1993:44)

The results were catastrophic: children were burnt by toxic wastes and there occurred a disproportionate rate of miscarriages and birth defects. However, the history of the dumping was not released until the chemicals began leaking into homes in the late 70s. Tests showed the presence of 82 chemicals, including 12 known carcinogens. Finally, 239 families had to be evacuated from the Love Canal. The episode came to cost taxpayers approximately \$200 million. (Ibid.)

1.5.5. Damaging the Competitors

Organizational wrongdoing also victimizes other organizations. Similarly to the other categories of organizational wrongs the harmdoing takes various forms.

First, the damage can be indirect: e.g., acid rain caused by certain branches of industry falls on the forest economy, and industrial landscape doesn't attract tourism (see Beck 1990:104). Other than that, organizations can use their power to directly victimize their competitors. They can try to annihilate the competitors by reducing the competitors' sales and increasing their costs. These goals may be achieved, e.g., through predatory pricing, pressuring other parties to boycotts, making special deals with the suppliers of the raw materials, or even arranging outright sabotages against the competitors. In addition, competitors can be harmed through violating their immaterial rights like patent, trademark or copyright. Also false advertising and misrepresentation of products harms the competitors as the offender gets unfair advantage. (Friedrichs 1996:91; Sutherland 1949:76) Numerous additional examples could be presented: e.g., espionage, hostile takeovers, bribery and corruption (Croall 1992:22).

1.5.6. Governmental Wrongdoing

Also governmental action can be attributed to people behaving in an organizational context, and also governmental entities are capable of producing massive harm even on a global scale (Simon 1996:277). In fact, the worst crimes have been committed in the name of government. Accordingly, Braithwaite (1992:100, cited in Friedrichs 1996:129) suggests Hitler to be "the greatest white-collar criminal of our century". Alone in the 20th century, state actions like wars, genocides, massacres and mass executions have killed over 100 million people. Activity that involves unjustly depriving people of their property, way of life or even their lives can reasonably be seen as criminal. Therefore, also imperialistic conquests have been labeled criminal behavior of extraordinary width. (Friedrichs, pp.122 and 126)

Friedrichs (1996:128-35) regards state criminality as governmental crime. There are different forms in which the state can deviate from its true mission: The state can be called

- 1) *criminal* when it is used as an instrument to commit crimes. This most often applies to crimes against humanity. A prominent example is the Nazi regime during the 2nd World War.
- 2) *repressive* as it systematically deprives its citizens of fundamental human rights. A clear example is the apartheid era South Africa.
- 3) *corrupt* in case it is used as an instrument to enrich its leaders. This has taken place, e.g., in the Philippines and in many African nations.
- 4) *negligent* as it fails to prevent suffering or death, or grossly wastes its resources. As an example, Friedrichs offers the US policy in regard to the AIDS problem in the 80s: both the state level and local governments took action in a slow and ineffective way although a more efficient response could have saved many lives. Also the US policy during the 2nd World War will do as an

example: although aware of the Nazi deathcamps, the US leadership failed to more actively act against the genocidal activities. (Ibid.)

The range of governmental wrongdoing is vast. In addition to the above mentioned questionable practices, state officials have also widely participated in assassinations¹¹, criminal conspiracies, spying on citizens, selling arms to blacklisted countries, terrorism, etc. (Friedrichs 1996:134-7). As Friedrichs admits, allegations of state criminality are ultimately subjective and based on ideology. Accordingly, the fourth category can be suggested to include such negligence as inadequate governmental responses to poverty, crime, environmental degradation, and so on. (Ibid., pp.128-35)

In relation to governmental wrongs, the political nature of the question what is criminal surfaces in an extreme way. As Friedrichs points out, the abuse of governmental power can be divided into two categories: either certain laws are violated or the state exercises power it ought not to have. A wrongful governmental practice may not violate any official law because the offenders themselves have prevented the legislation that would restrict their very power. Not only has the formal legislation approved of the heinous destruction of the Jews by the Nazis, but also terrible historical crimes such as the annihilation of Native American peoples and the slavery trade of African Americans have once been celebrated as triumphs of Western civilization. (Friedrichs 1996:124-6) In this reference, it becomes strikingly clear that criminological inquiry must not be restricted by the legislative categories.

Also the Vietnam war provides a notorious example of organizational violence backed by the government. In addition to the fact that the war

¹¹E.g., a Cuban court of law has estimated the US officials to have attempted to murder Fidel Castro 637 times (Tuohinen 1999)!

itself can be condemned as criminal¹², the accusations of specific violations by the US soldiers include, e.g., illegal detention of civilians, torture of prisoners, use of napalm and other chemicals, burning villages, and bombing hospitals. Furthermore, the extensive destruction of forest can be considered a major environmental wrong. The single most wicked incident of the US violence in Vietnam arguably was the massacre of about 100 villagers in My Lai 1968. (Friedrichs 1996:127)

1.5.7. Psychological Damage

Yet a crucial type of damage is to be mentioned. Both public and private organizations typically enjoy general legitimacy and have the moral responsibility not to engage in unethical action and to refrain from furthering social injustice. Knowledge of the prevalence of questionable and even highly harmful organizational practices erodes the trust towards them. The violation of the social trust may lead to institutional legitimacy crisis, and increase alienation from social institutions and values. Also the legitimacy of the judicial system is likely to decrease due to its incapacity to effectively name, blame and claim the wrongs and their organizational perpetrators.

It can also be argued that perceived white collar crime increases the general level of wrongdoing in society. Awareness of the enormous scope of organizational wrongdoing may create cynicism toward the law and other institutions of social control. In addition, the wrongful nature of one's own unethical, illegal or criminal acts may be successfully neutralized and wiped out in comparisons to the severe injustice committed by people in legitimate positions. Furthermore, societal elites provide rolemodels and their conduct gives signals about successful behavior (Simon 1996a:269).

¹²Both in the legal as well as a broader sense of the word (see Friedrichs 1996:127).

Beck suggests that living in the *risk society* is a Kafka-like experience characterized by the absurd situations one is likely to confront in a totalitarian, impenetrable, labyrinthine world. The analogy between the experiences in the risk society and those of Josef K. is fertile: In the same vein as Mr. K is arrested while in bed, the dangers of the risk society penetrate into our most intimate walks of life, taking advantage of human vulnerability. Risks transcend all boundaries. (Beck 1990:94-7)

Protesting against the risks furthers absurdity: The protest must follow the same professional discourse in which the risks originate. The critic is also bound to the official procedure which, as we have noticed, typically fails to challenge organizational wrongdoing. "Die organisierte Unverantwortlichkeit" renders proving organizational misconduct impossible, which can only result in the victim seeking causes for the uneasy awareness of the risks in herself. And indeed: Since organizational action is so pervasive today and everyone is manifold victimized, the lack of confidence may be overwhelming. In order to reach psychic balance and to cope with the uncertainty involved in organizational outcomes and the absurd risks that are beyond comprehension, one is inclined to look for justification for the wrongdoing in oneself. Exactly in the similar fashion becomes Josef K.'s protest suffocated: in the end, he is lead to charge himself. (Ibid.)

CHAPTER 2: THE CRIMINOLOGICAL THEORIES

2.1. Introduction to the Theories

In this chapter, I will present the dominant criminological theories that have been applied to white collar crime. Naturally, all criminological theories cannot be incorporated. The purpose here has been to select the theories that are prominent in the criminological literature (e.g., Friedrichs 1996; Poveda 1994; Laine 1991; Braithwaite 1989a and b) and have important aspects to offer in the vast programme towards understanding organizational wrongdoing. Leaving a certain theory out either implies that I have not considered it relevant in this context or that it is a relatively unknown or undeveloped hypothesis overlooked in the references of this thesis.

Traditional criminological theorizing has emphasized crime primarily as a lower-class phenomenon. In addition, most theories and conceptions center on individuals rather than on organizations (Tonry and Reiss 1993:3). Consequently, explanations of criminal behavior have been sought for in factors like physical deviations, lack of intelligence, emotional disturbances, and poverty. Obviously, these factors are insufficient explanations of organizational behavior. (Sutherland 1983:258) However, as Baucus and Dworkin (1991:232) argue, little is known about the factors that lead to corporate misconduct. Most likely organizational wrongs derive from an interplay of various factors. Thus, several theories may hold some truth, and the causes can be looked for on many levels.

Theories of white collar crime have largely been constructed on the basis of the traditional criminological theories. Although these theories typically focus on criminal behavior -which in a strict sense refers to violations of the penal code only- my interpretation is that these

theoretical approaches can be understood more widely and applied to breaking other norms, too. Referring to the discussion earlier in this text, I don't find it very plausible to search for theories that would explain the causes of certain behavior defined by the legislation. The label of crime does not directly follow the behavior's nature but is in a relatively contingent way due to political processes and human imperfection to criminalize the most injurious wrongs. The theoretical contributions that are presented occasionally suffer from terminological in clarity and contradiction with my conceptual preferences. In the following, this simply means that the term crime must not be understood in a lawyer's viewpoint but in that of a sociologist's. Despite this terminological multiplicity, my intent is to draw from these theories at least partial and theoretically viable explanations of the problem of organizational criminality, illegality, and unethicity: organizational wrongdoing.

As was the case with the damages of organizational wrongs, also the theories can be categorized in different ways. A common criterion of classification follows the level of analysis: Human behavior is affected by *macro- and microlevel* as well as *situational* factors. Accordingly, certain theories emphasize *structural and societal* factors, while others are more *individual-oriented*. In the case of organizational wrongs, the *organization* is a central level of analysis.

As I invoke the theories, I reach for escalating understanding. As I chose the theories' order of appearance, I looked at their implied conception of human being. Totally overlooked is the demonic explanation of criminality since it perceives human beings as subject to otherworldly influences (Friedrichs 1996:215). I have also left out biogenetic explanations of criminal behavior since my interest is in understanding why biologically normal people engage in wrongdoing. Attributing human behavior merely to demons, biogenetics, or personal pathologies are too simple explanations of organizational wrongdoing. As Friedrichs (p.219) concludes:

Altogether, then, there is currently little reason to believe that individualistic factors take us very far in understanding white collar crime.

However, individual differences are relevant, too: some people are more uncritical to follow authorities and group norms than others, not everyone takes her illegitimate chances, and so on. Still, individual characteristics must be analyzed in relation to organizational processes since human behavior is at the same time biological, psychological, and social. Such micro-macro connection of organizational wrongdoing will be discussed especially in the 3rd Chapter.

Braithwaite (1989a:9) contends:

Criminological theory has tended to adopt a rather passive conception of the criminal. Criminal behavior is determined by biological, psychological and social structural variables over which the criminal has little control.

I will begin my analysis with the theories that hold quite superficial basic assumptions about the human agency. The three approaches to be discussed first -*control theory*, *strain/opportunity theory* and *rational actor/crime as choice theory*- all imply a rather one-dimensional and oversimplified view on the human nature. According to them, people rather automatically follow a set of social conditions, be it social control, opportunities, or benefit-cost calculation.

Thereafter, the next theoretical approach is *neutralization theory*. It views human actor in more sophisticated terms, acknowledging the human sense of morals which is especially crucial in regard to organizational wrongs. Then, the perspective is still widened through the concept of *culture* -which actually incorporates neutralizations. As it is held that various theories offer their share in the overall project of understanding organizational wrongdoing, I finally turn to approaches that integrate different theories. *Coleman* and *Sutherland* bring together organizational and wider societal processes. As a sophisticated postlude, *Braithwaite* builds upon *Sutherland's* heritage and comes up

with a rich framework of old and new components. The last three theories have been designed bearing in mind their applicability to white collar crime.

When presenting the theories, I intend to bring forward their very cores. However, I also aim at a critical evaluation of their adequacy to organizational wrongdoing. In this effort, the theories are interpreted and occasionally extended.

2.1.1. In Search of a General Theory

There is no consensus of the plausibility of a general theory of white collar crime, let alone all criminality. Braithwaite (1989b:333) describes the situation: "The scholars who have taken up the challenge of explaining the criminality of the powerful generally have eschewed the Sutherland program of building general theory that gives an account of all types of crime." There are scholars with serious doubts towards united explanations of the various forms of white collar crime. The common rationale is that white collar crime includes far too many different forms basically unrelated to each other (e.g., Friedrichs 1996:212-3).

There prevails considerable cynicism towards a general theory of white collar crime in its organizational form as well. E.g., Baucus and Dworkin (1991:239) state that

-- we can no longer assume that one theory explains all types of corporate wrongdoing. -- few of us would argue that theories of ethical or unethical corporate behavior explain illegal or criminal corporate activities.

Simpson (1986:860, cited in Shover and Bryant 1993:162) accompanies:

We cannot assume etiological invariance between and within corporate crime categories -- Corporate illegality is as diverse as street crime --.

Admittedly, the activities presented in this text are various and may seem to have little in common.

However, there are also theorists who trace a general theory not only of corporate, organizational or white collar crime but all lawbreaking. Such prominent criminologists as Sutherland and Braithwaite have been ambitious enough to invest in a general theory, although they regard their hypotheses only as contributions to the grand project of formulating a general theory. Braithwaite (1990) wants to give a general theory a chance and calls for empirical scrutiny. He argues that most crimes may share certain elements without which they would not have occurred. However, he acknowledges that the general theory needs to be complemented by theories of particular types (Braithwaite 1989a). Also Sutherland (1983:240) maintained self-criticism, admitting the limits of the available data and that his hypothesis "is certainly not a complete or universal explanation of white collar crime or of other crime, but it perhaps fits the data of both types of crimes better than any other general hypothesis."

2.2. Control Theory

Control theory is a traditional criminological theory that has been applied to white collar crime, too. The basic assumption of the theory is that crime is rooted in the human nature. We all are potential criminals, and unless internal drives and impulses are restrained by external social forces, criminal behavior will result. The social bonds between an individual and her society -family, school, church, friends, neighborhood, etc.- maintain conformity. In case these bonds are weakened, the likelihood of crime increases. (Poveda 1994:91-2; Laine 1991:63)

Thus, the question that control theorists pose is: why doesn't one offend? According to Hirschi (1969, cited in Braithwaite 1989a:27), the key is social control. There are four aspects of the social bond:

1) *Attachment*: emotional connection to other people; 2) *Commitment*: investment in social relationships; 3) *Involvement*: participation in legitimate activities; and 4) *Belief*: acknowledging the desirability of obedience to social norms.

Critical Evaluation

Control theory can be criticized as it fails to account for the fact that white collar offenders typically hold many ties to the community: they have social relationships, participate in legitimate activities, and respect the law in general. Furthermore, the theory should acknowledge that much wrongdoing in fact follows from sticking to the collective, submitting oneself to social control. People in organizations largely obey their subcultural norms and may follow their peers and superiors even into wrongful courses of action. Therefore, the diversity of social control needs to be recognized. Moreover, the functioning of social control is not one-dimensional: it can even be counterproductive as the labeling approach points out. Clearly, the dynamics, the opposite forces embedded in the control need elaboration: how exactly does social control work to reduce deviance; what kind of social control is effective? (See Braithwaite 1989a:29-30)

Generally speaking, control theory's view on the human nature is in coherence with that of strain/opportunity theory and rational choice theory (Friedrichs 1996:228) which are discussed below. Therefore, further critical voices emerge as the text proceeds.

2.3. Strain/Opportunity Theory

Following the tendency to adapt already existing theories, strain theory originates from an explanation of lower-class crime and urban gang delinquency. According to the theory, crime results from socially structured pressures. Merton (1938) argued that strain is socially produced by the unequal distribution of legitimate means by which to achieve widely shared cultural goals. Elaborating this theory, Cloward

and Ohlin (1960) attributed gang delinquency to the unequal distribution of both legal and illegal opportunities and argued that for delinquency to result from blocked legitimate means, illegitimate means to achieve the aspired goal must be open. (Poveda 1994:87-8; Braithwaite 1989b:336-7)

As Braithwaite (1989b:337) states, the theories of Merton, Cloward and Ohlin can be conceptualized so that they apply to individual as well as organizational goals and opportunities. The most important cultural aspiration -at least in the US- is material success. It has been argued that crime derives from the American dream which emphasizes universal competition for material success, orientation on achievement, and individualism. (Simon 1996a:269-70) The cultural stress on economic success arguably leads to greed: new goals are set as soon as the old ones are achieved (Vaughan 1983:59, cited in Braithwaite, *ibid.*)¹³. Thus, although wealth may satisfy, still more is reached for, and if not easily attained by legitimate means illegitimate ones may be taken. E.g., in competitive bidding, it is uncertain whether a candidate will reach the contract. Thus, legitimate means are being threatened and a bribe may be offered in order to achieve the goal.

Braithwaite (1992:80-6) elaborates opportunity theory by pointing out that offenders can affect the opportunities that open to them. In addition to legitimate opportunities, wealth and power also produce illegitimate ones and, at the same time, immunity from accountability. Surplus value -that is for exchange rather than for use- can be invested in the creation of illegitimate opportunities not available to the poor. Organizations are able to use their legal, economic, technological and other resources to create opportunities not available to individual actors (Shover and Bryant 1993:145).

¹³Simon (1996:271) notes: "No matter what their income level, most Americans want about 50 per cent more money." See also Braithwaite (1992).

Shapiro (1990) emphasizes the concept of *trust* in relation to white collar crime for such crime is facilitated by the confidence we have in white collar actors. The organization of an occupation may involve little opportunity for supervision, and, in consequence, opportunities for misconduct are open. In Shapiro's terms, trustees -providers of goods or services- are entrusted to carry out functions ordered by principals -clients or employers. E.g., when a consumer takes her car to be repaired, her incompetence or indifference may offer the company an illegitimate opportunity to overcharge or to do unnecessary repairs. Customers may also represent "passing trade" in case they are not likely to return: e.g., tourists are vulnerable to misconduct. Some occupations provide more opportunities for misconduct than others¹⁴. (Croall 1992:60-2)

Critical Evaluation

Shover and Bryant (1993:144) attribute the attraction of illegitimate opportunities to the absence of immediate guardian or effective controls. Their proposition of opportunity theory is that the rate of criminal participation varies directly with the supply of criminal opportunities. What follows from strict interpretations of opportunity and control theory -as well as rational actor theory- is that an actor automatically would seize available illegitimate opportunities, if confronted by the absence of legitimate means, controls or sufficient deterrence. These hypotheses need a closer analysis of the human sense of ethics.

Opportunity theory should acknowledge that not all wrongful opportunities are taken advantage of. Elaborating this point, it can be asked how organizations perceive their opportunities: to what extent must opportunities be blocked in order to provide sufficient rationalization for misconduct? E.g., if legitimate opportunities to make

¹⁴See classification of occupations according to their criminal opportunities by Mars (1982).

profit are threatened, a company could invest more resources in improving its products or reformulate its business idea. In case the legitimate opportunities were completely blocked the theory would gain explanatory power: in a collapsed cave, explorers committed cannibalism since legitimate opportunities to survive were blocked indeed (Douglas 1987:4-5). However, most often this is not the case. Rather, the absence of legitimate means is a matter of social perception. Wealth can be attained through a variety of means, and more specific goals can be altered. So, the question remains: what makes some actors ready to take their illegitimate chances?

Croall (1992:70) refers to cultural factors, such as "ambivalence towards white collar crime" and emphasis on material values, to increase illegitimate solutions. However, these factors prevail in society in general, and it still needs to be answered what makes certain actors follow cultural rationalizations while others follow the law and morals. Braithwaite (1989a:34) suggests that the impact of organizational subcultures intertwines with that of blocked opportunities. Subcultural theories do offer a plausible way to proceed and are presented further in this text.

Shover and Bryant (1993:147-8) add that a factor that also varies directly with the crime rate is the supply of motivated offenders. They distinguish three factors that produce firms with personnel predisposed to lawbreaking, incorporating the level of market uncertainty, cultures of noncompliance, and the qualities of the controls. Also Coleman (1987:424) notes that although there is no crime without opportunity, the illegitimate behavior must also be psychologically available to the actor. He defines opportunity as based on objective social conditions while motivation is a subjective construction of one's personal desires.

Shover and Bryant (1993:164) argue that direct tests of opportunity theory are very few, and that it is not known how well opportunity and crime as choice theories actually explain corporate crime. However,

opportunity theory can provide some understanding as the examples below go to show.

2.3.1. *Empirical Illustrations of the Theory's Explanatory Power*

1) Sutherland (1949) suggested in his study of 70 major US corporations that corporations that share the same *position in the economic structure* have a high degree of similarity in behavior. He found no other factor to significantly affect corporate lawbreaking, concluding that the variations are not due to the corporations' age or size nor to the personality characteristics of their executives. Instead, Sutherland (1983:258-63) argued that

-- position in the economic structure determines in a gross sense the opportunity and need for violation of the law. -- The corporations in one industry tend to have approximately equal numbers of adverse decisions --.

These Sutherland's findings seem to provide support for strain/opportunity theory, for it is suggested that a certain position rather automatically leads to wrongdoing.

2) Braithwaite (1989b:337-8) describes an exemplary case to which opportunity theory can be applied: In the pharmaceutical industry, it commonly costs a fortune to develop a product. In case the product is banned around the world due to doubts over side effects, the manufacturer's legitimate opportunities would be blocked, or at least threatened. The company might be prone to look for illegitimate opportunities, such as a health minister in some country who would accept bribes in return for allowing the product into the country. Braithwaite concludes that the relatively high level of bribery in the international pharmaceutical industry can be understood in terms of two factors: First, *known networks of corruption* present illegitimate opportunities. Second, the blocking of legitimate opportunities is unusually severe for the corporations *depend on a small number of*

successful products, and having spent a fortune on a product, a ban is a major crisis.

Applied to this type of cases, opportunity theory provides fertile analysis, yet not the whole story. The same is true of the next example.

3) Often offered to support strain/opportunity theory are the fraudulent auto repairs studied by Faberman (1975) and Leonard and Weber (1970) (cited, e.g., in Poveda 1994:88; Shover and Bryant 1993:146; Coleman 1992:67). Shover and Bryant state that criminal opportunities can be created by the *structure of relationships among the firms in a certain industry*. Inequal or dependent relations between the firms may instigate misconduct. In the automobile industry, dealers have to meet performance quotas imposed on them by large and powerful manufacturers. They are to maintain high sales volumes which keeps their profit margins low, thus limiting their legitimate opportunities to profit. As a result, the dealers are strained to increase profits in nonsales areas where they have more control and illegitimate opportunities to make phony repairs or to overcharge are open.

2.4. Rational Actor/Crime as Choice Theory

Rationality is often regarded as the guiding feature of modern organizations. This line of thinking derives from the Weberian notion of bureaucracy and is supported by the rational portrayal of human character of utilitarianism and classical economic theory. Today, rational actor models of organizational action are generally favored in law, economics, and management technologies (Rabe and Ermann 1996:295). Within criminology, this approach views organizational misconduct as a result of rational decisionmaking in which costs and benefits of available courses of action are calculated and weighed against each other, and the conduct that yields the most net benefit for the actor is chosen in spite of the alternatives' ethical or legal status as such.

Critical Evaluation

It is true that organizational wrongs take place in settings where rational deliberation is the general claim. There is reason to believe that organizational crime better fits the model of rational goal seeking than individual crime generally does (Braithwaite and Fisse 1990:33). Legendary is the case of Ford Pinto¹⁵ where even human lives were reduced to potential costs of legal processes. However, this kind of decisionmaking can hardly be defined as rational -let alone wise- or profitable in a wider sense. Positive public appearance and content consumers are long-term organizational interests. It is also valuable to maintain a positive self-image. Furthermore, organizations surely don't wish to provoke tighter regulation. Therefore, it is crucial to note that rationality in this reference is subjective and bound to a certain situational context. It is short-term financial rationality, stemming from an incomplete and biased perception of a particular situation.

The myth of organizational rationality can also be attacked from another point of view. The information available to the decisionmakers is likely to be limited: not all pieces of information are gathered and some things are a matter of chance. E.g., the organization cannot accurately assess the costs of violations since even their detection often is coincidental (Alvesalo and Laitinen 1994:76; Laitinen and Virta 1998:20-1). One of the very first to point out the reality of administrative decisionmaking was H.A. Simon (1945). He questioned the assumptions of the rationality of bureaucratic decisionmaking, discovering certain limitations to it. Administrative behavior never is wholly rational. In fact, the best possible solutions are not even aimed at. Instead, they are replaced by satisfactory ones. All possible goals and means are not taken into account; rather, only a few are discussed, and the analysis is simplified by rules of thumb. Accordingly, administrative decisionmaking has been described as "muddling through" (Lindblom 1959). (Berndtson 1993:260-1)

¹⁵The Pinto case is described in the Chapter 1.5.3.2.

Rules of thumb are helpful and to a certain extent rational means to proceed as quick decisions must be made and not all factors can be given proper thought. As Rabe and Ermann (1996:304) state:

In a world filled with uncertainty and the high cost of gathering information, muddling through on the basis of limited information and limited planning is rational and unavoidable. As part of this muddling through is an optimism that things will work out -as they often do.

However, reliance on rules of thumb may lead to oversimplifying and even distorting reality.

Constant decisionmaking is likely to create patterns of perception. These *schemas* develop out of perceptions and also affect the way things are perceived. They aid in organizing and giving meaning to the vast flow of information. Schemas further efficiency by releasing the decisionmaker from thoroughly processing each detail of each case and thus prevent "cognitive paralysis" (Gioia 1996:152). The danger lurks in that following a schema related to a certain category may result in overlooking the specific features of an individual case were they not coherent with the schema. Furthermore, missing information may be replaced by the expected features supplied by the schema.

Schemas have been used in understanding the Ford Pinto case. The reports about the fires were not perceived as extraordinary since they were essentially similar to many other reports involving "normal accidents". In the continuous flow of reports, the actors had developed a schema of a typical report. The Pinto files were interpreted according to this schema and misplaced in the "normal" category which did not demand recall. The former Recall Coordinator reasons:

Although the outcomes of the case carry retrospectively obvious ethical overtones, the schemas driving my

perceptions -- precluded -- ethical terms because the scripts¹⁶ did not include ethical dimensions.

Thus, schemas lead also one's emotions as suffocated emotions were a typical part of working with safety issues. Finally, seeing a burned Pinto shook this employee's script and he took the case to "preliminary consideration". However, he was still to convince the other organizational members of the potential distinctiveness of the case, in which he failed. (Gioia 1996:151-6)

Thus, rationality may be limited by patterns of perception called schemas in the domain of psychology. Berger and Luckman (1994:65-6) provide an insightful sociological analysis of how institutions develop and come to constrain action. They argue that repetition of any activity leads to stabilized forms. Conventional action, routine, comes to be taken for granted and to shape one's perceptions. In this process, the number of perceived alternative courses of action becomes less. The effort of making decisions is relieved as one states: "Here we go again". In a stable and predictable environment, energy is released to be used elsewhere than in questioning the foundations of the action. Although this is a reasonable way to cope with the complex reality, this view of decisionmaking hardly is consistent with the basic assumptions of rational actor theory. The actor concentrates only on a limited set of alternatives which are not rationally compared to the whole width of possible courses of action.

In social sciences, it is becoming more common to acknowledge that human behavior has multiple causes only one of which is rational choice. There are also such decisive factors as *emotions* and *value commitments*. Collective action is even more complex. (Friedrichs 1996:226) Accordingly, Braithwaite (1989a:140-1) criticizes the abundance of "overly economically rational" conceptions of corporate

¹⁶A script is a "specialized type of schema" that simultaneously provides understanding of certain information and a way to behave on the basis of it (Gioia and Manz 1985, cited in Ermann and Lundman 1996:151-2).

behavior for ignoring that organizations do have values and policies related to social responsibility and that they are constituted of individuals with consciences. Countering the economically oriented view on human, Braithwaite (p.37) contends:

Human beings are not mere calculators: -- human beings can and often do choose not to engage in crime when biologically or socially defined rewards of crime seem to exceed costs. They do so out of a commitment to ideas of right and wrong, out of sympathy for others, a sense of justice or equity, and for many other reasons of conscience.

Braithwaite (1989a:140-1) emphasizes that conscience, the sense of social responsibility, is a more important safeguard against organizational crime than the fear of formal punishment. This point is supported by the fact that the monetary benefit of organizational wrongs to the offenders is generally high while the risk of severe legal sanctions is low. The criminal justice system typically fails to credibly deter corporations (for an illustration, see Braithwaite, p.141). Thus, moral hindrances may be an important factor to prevent organizational wrongs from flourishing even more than they do¹⁷. In conclusion, when making decisions between legitimate and illegitimate ways to proceed, the factors to consider include also the weight of moral and emotional components. Accordingly, there is an interpretation of the rational actor model which incorporates moral pondering (see Paternoster and Simpson 1993, cited in Laitinen and Virta 1998:20-3).

In addition to the criticism above, the assumption of the organization as a unitary decisionmaker implied in the rational actor approach is unrealistic. It echoes an out-of-date individual perspective which was not constructed to apply to present-day complex organizations. (Fisse

¹⁷Or perhaps the actors' morals just reflect an utilitarian anticipation that the control agencies would gain resources or the smokescreen of legitimacy would be lost were organizations to exploit more of their illegitimate opportunities. Moral behavior can also be economically rational.

and Braithwaite 1993:73-4) Legitimate organizations have many goals, and what benefits a manager does not necessarily benefit the organization as a whole. Even though rational choice offers an appealingly clear theorization, its application to collective behavior is problematic. Rational amoral actor theory may be celebrated in the field of economic crime organized by individual crooked businessmen. However, there is little reason to emphasize the rational aspect of organizational wrongdoing by naming the whole approach as such. Even incorporating various, other than economic factors -such as morals, emotions, or self-image- in the consideration does not make organizational behavior rational due to collective¹⁸ and schematic constraints. In conclusion, rational actor and crime as choice theories need to be supplemented by social psychological and other empirical components.

In fact, what the theoretical approaches discussed so far are all lacking is a real organizational perspective. It needs to be recognized that goals and opportunities are not perceived and converted into organizational outcomes in an automatic, particularly rational, predictable way. As Clinard and Yeager (1980:43) so aptly put it:

-- the first step in understanding corporate illegality is to drop the analogy of the corporation as a person and analyze the behavior of the corporation in terms of what it really is: a complex organization.

Thus, in order to seize available organizational opportunities, data about them must be collected and communicated within the organization. Furthermore, the resulting information needs to be converted into concerted action in order to mobilize the organization. (Rabe and Ermann 1996:296) An inclusive theory must acknowledge these particular processes of organizational behavior.

¹⁸Collective constraints on behavior are discussed in the 3rd Chapter.

2.4.1. *Organizational Goals*

What, then, constitute the goals that organizations so eagerly aspire to that even crimes may be committed? Of course, corporations strive for financial gain. As mentioned earlier, typical of monetary desires is that they are never completely satisfied. In addition to need, white collar criminals are motivated by greed and the fear of losing what they already have achieved. Even if their basic needs were mostly satisfied, the pursuit of wealth may continue for many reasons: to compete, to express wealth and success, to leave an inheritance. (Braithwaite 1992:82-5)

Yet, also other goals than sheer money underlie organizational behavior. Actually, any demand for goal achievement can be the motivational culprit for misbehavior (Gross 1978, cited in Coleman 1992:65) and it would be theoretically constraining to attribute organizational wrongs merely to the pursuit of profit. E.g., governmental, charitable and academic organizations have very divergent goals; still they all are capable of wrongdoing. In general, organizations are characterized by aspirations to enhance also their power, prestige, and size. In practice, these goals covary and intertwine. (Jamieson 1994:8) Related to these goals is that organizations, like their individual members, seek to create a predictable environment (Simon 1996a:277). Gross (1978:209, cited in Braithwaite 1988:628) concludes:

Some organizations seek profit, others seek survival, still others seek to fulfill government-imposed quotas, others seek to serve a body of professionals who run them, some seek to win wars, and some seek to serve a clientele. *Whatever the goals might be, it is the emphasis on them that creates the trouble*¹⁹.

¹⁹Emphasis mine.

As to the divergence of the goals between different organizations, Laitinen (Laitinen and Virta 1998:38) argues that the organizational level in society has become internally integrated and more distant from the civil society. The goals of the powerful institutions have become relatively uniform. Generally speaking, organizations more and more aim at securing financial goals, economic growth and international competitiveness. Therefore, their differences must not be overrated either.

Within organizations, various goals coexist. It is useful to distinguish official and unofficial, not always fully conscious goals. Some official goals may serve as legitimate facade, lacking more concrete meaning. (Sjöstrand 1981:40) The goals within an organization may even be conflicting. They may contradict each other or more general extra-organizational norms. It is not evident that a member automatically adopts the organizational goals. Therefore, Sjöstrand (p.41) suggests we look at the collection of each member's efforts in order to grasp the organization's real goals. E.g., one of the employee goals might be to escape the boredom of the job (Stone 1975:235). Also subunit goals are to be acknowledged. In Braithwaite's (1989b:338) words, "we must avoid a monolithic, conflict-free conception of the organization and its goals." E.g., the legal or the public relations unit may not accept goal-attainment through illegal means by the corporation's plants (Croall 1992:62-4; Braithwaite 1989b:349).

In modern organizations, ownership typically is separated from the management, although also managers may own some stock. The interests of the stockholders may diverge from those of the managers. The executives may not prioritize maximizing share values but rather have in mind such goals as maintaining their jobs, getting a promotion, more power and perks, and expanding the corporation. (Friedrichs 1996:92) Rabe and Ermann (1996:307) agree: "The profit goals of owners compete (often unsuccessfully) with the security, prestige, income, and other goals of managers."

According to *system theory*, an organization reflects the goals of different interest groups. In addition to managers, owners and employees, these groups include customers, financiers, authorities, suppliers, consults, trade unions, etc. However, the balance implied in this model doesn't mean that these groups would have an equal impact. As Abrahamsson (1975) argues, an organization seldom is for common interests; rather, it wields power upon the interest groups and actively creates those relations. For all that, he nears system theory by acknowledging that the quest for organizational goals is limited by societal economic and political counterforces. (Sjöstrand 1981:42-4) Thus, power is to be interpreted in the Foucauldian sense as a strategic situation rather than an absolute wield by a certain actor (Helén 1994). Accordingly, and in spite of the iron law of oligarchy, organizational goals are produced by an interplay of a variety of actors in a certain historical situation. Organizational action is basically independent of any one individual actor.

What follows from viewing organizational goals as historical and dynamic, is that they change over time: new goals are adopted and the old ones redefined. With time, different interest groups emerge and become attached to the organization. To be noted is that although the organization is created to be a tool in achieving certain ends, maintaining the existence of the organization becomes a goal in itself. (Etzioni 1964, cited in Sjöstrand 1981:44)

Yet a crucial goal is to be mentioned: for all organizations it is important to maintain internal coherence. As Galbraith (1984:69-72) noted, an organization's ability to reach its external goals depends on the depth and reliability of internal compliance with the organizational goals. Thus, organizations generally aspire to subject their members to collective aims. It is especially important that those on the higher organizational strata conform²⁰. As an indication of this, the payment

²⁰On the other hand, those with a higher status typically enjoy certain privileges in the organization. However, these function to secure their

increases as one goes higher. However, more importantly, conformity is secured through conditional power -belief in the organizational goals. This form of organizational power often is unconscious to its object, making it easier to submit oneself to the collective goals. (Ibid.)

2.5. Neutralization Theory

Neutralization theory offers a fertile approach to white collar crime. In comparison to the theories discussed so far, it views the human agency in wider and more plausible, realistic terms: offenders' sense of morals and social norms is acknowledged. This is essential in regard to organizational wrongs since they are participated in by people with the social bond. As the prominent scholars within this approach, Sykes and Matza (1957), pointed out, the ones who commit crimes do not significantly differ from other people. Similarly to others, they are generally committed to conventional values and do feel guilt for their wrongdoing. (Laine 1991:77) And, as Braithwaite (1989a:39) contends, there usually prevails a wide consensus over the content of criminal law, even among those who violate those norms.

What enables wrongdoing, then, for law-abiding proper citizens? Cressey (1953) studied convicted embezzlers and found out that the crucial facilitator is *rationalization* through which offenders can solve the contradiction between their deeds and the normative social standards. For the embezzlers, the suitable rationalization was that they claimed to be only borrowing the money. (Friedrichs 1996:231; Coleman 1992:56-7) Sykes and Matza called such rationalizations *techniques of neutralization* and argued in their theory of delinquency

compliance; in Galbraith's terms, they invoke conditional power. In addition, although high status members may be allowed to deviate more from the social norms than those with less power, this rather concerns issues of secondary importance.

that most delinquents employ various such techniques in order to be released from the "moral bind of law" (Matza 1964; Sykes and Matza 1957, cited in Poveda 1994:89). In sum, what enables participation in wrongdoing is a set of techniques that neutralize the guilt.

Rationalizations and neutralizations are psychological mechanisms that aid to achieve and defend psychic balance. A priori, one cannot not seize one's illegitimate opportunities if one is to perceive oneself as a law-abiding and respectable citizen, as white collar offenders typically do. As one takes the illegitimate chances, one arrives at the state of psychological contradiction. In order to soothe the voice of consciousness one can employ psychological defence techniques. Thus, they facilitate individual participation in wrongdoing. Furthermore, theories of social defences are useful in understanding organizational behavior as a whole (Tiuraniemi 1993:76-7; Bar-Yosef and Schild 1966).

According to Festinger's theory of cognitive dissonance, contradictions where two cognitive elements -such as the sense of ethics and knowledge of participation in misconduct- are in dissonance are stressful and unpleasant situations. Therefore, one will strive for neutralizing or avoiding possible dissonances. The strength of the dissonance covaries with the importance and the number of the conflicting cognitions. The dissonance can be relieved only by coming up with new cognitive elements or changing the ones that already exist. (Festinger 1964 and 1957; Zajonc 1968, cited in Eskola 1977:86-7) What follows, is that an individual wrongdoer with dissonant cognitions will have to modify or replace her cognitions. It is unlikely that the cognition regarding one's status as a law-abiding citizen will be changed. Rather, it is common that white collar offenders do not regard themselves as law-breakers, let alone as criminals (e.g., Coleman 1987; Sutherland 1949). Neither will one typically terminate her membership in the organization, or is able to reform the organization (e.g., Rothschild and Miethe 1994). Instead, other measures are taken in order to relieve the cognitive uneasiness: one's

ethical or emotional notions and the wrongdoing can be modified to better fit each other.

Cognitive defences serve this end. As Freedman, Carlsmith and Sears (1970:294-5) represent:

An individual intellectualizes, encapsulates, distorts, denies, displaces, and, in general, does whatever he can to minimize the stress in a situation.

They continue that:

There are virtually unlimited ways of distorting, shifting, explaining away discrepancies. They are all quite illogical and irrational and probably produce other stresses in an individual's cognitive system. But they may also be successful in reducing stress due to discrepant communications.

However, there are also relatively logical defences, including refuting arguments, producing counterarguments, and attacking the credibility of the source. (Freedman et al. 1970:333)

In general, defence mechanisms are beneficial as far as they further psychic balance and the ability to function in the world full of disappointments and insecurity. However, much resorting to defences restricts behavior and prevents true confrontation with the demands of reality. Accordingly, Katz and Kahn (1966:231) distinguish between coping and defensive mechanisms: the former are adaptive, concerned with solving the problem one encounters, while the latter protect one from breakdown but fail to solve the actual problem. In relation to wrongdoing, defences can obfuscate the wrongful nature of the activity. This is a central key in understanding organizational wrongs.

Statt (1994:113) argues that individuals and organizations have difficulties in dealing with strong emotions -and the cognition of even criminal processes is likely to encompass remarkable emotional arousal. He continues that our need to be psychologically comfortable is

often stronger than our need to know the truth and this need pushes us to defend our self-image, or ego, from the discomfort of experiencing strong emotions. In fact so powerful is this need that to satisfy it we are capable of believing, literally, anything that will make us feel more comfortable.

In the domain of psychology, the most prominent researchers of defences of ego have been Sigmund and Anna Freud.

2.5.1. *Illustrations of Defence Techniques*

Repression is a defence where a cognition, like guilt, that arouses uneasiness is repressed from the consciousness. It is a very common defense mechanism, often taking the form of a failure to perceive or remember something uneasy. Disclosure of the repression may cause true astonishment: there are cases where white collar criminals have been surprised to hear that their conduct can be labeled wrongful (Coleman 1987:423). Also the Ford Pinto case offers a telling example of far-reaching repression of the dangerousness of the product as a former Ford's Field Recall Coordinator reveals: "The entire time I was dealing with the Pinto fire problem, I owned a Pinto. I even sold it to my sister." (Gioia 1992:149)

In a defence called *reaction formation* a forbidden emotion is transformed into its counterpart. A threatening impulse is fought by extremely going to the opposite, and vigorously denouncing expressions of the denied impulse in other people (Statt 1994:115). E.g., the environmental devastation likely is a painful thing to acknowledge. Not only may its perception be repressed but one may turn the loss of nature into a belief in the superiority of science and technology, and romantic dreams about joys in virtual reality. With insight, Beck (1990:99-100) grasps the essence :

Faith in the progress is the dominant attitude -- it acknowledges what is inevitably going to happen. -- industry

has replaced the former coercive system with a new one. -- Faith in the progress means fawning on such a power that cannot be overthrown -- Tyranny that cannot be overthrown nor ignored has to be loved. The inevitable must be accepted with joy. -- There's a contradiction: the superior force of circumstances prevents action and yet democracy and enlightenment would oblige us to take action. But the faith in the progress denies this. -- *If we must fall, let it happen in the glory of human perfection and not out of plain lack of alternatives*²¹.

A related defence is *isolation of emotions* where uneasy emotions are blocked off the issue. Again, the making of Ford Pinto provides a graphic example: the anticipated injuries were calculated in an objective and insensitive manner. This kind of separating one part of the personality is not very healthy psychologically. As Statt (1994:111) points out: "It is -- normal for most people to be asked, implicitly, to bring their hands and brains to work and leave their feelings at home. -- If taken far enough that route leads eventually to the condition known as schizophrenia -- where people's feelings are typically out of touch with their thoughts and behavior --."

There are numerous other defence mechanisms. Michael Corleone used one as he *comforted* his wife. *Dreaming* of legitimacy was his justification to carry on until the bitter end. In case one's sense of ethics cannot be put into practice in the work, one may also turn to *transference of the object* or *compensation*: e.g., godfather John Gotti has been described as "a loyal family man who has never cheated on his wife", although having personally murdered a number of rivals (Simon 1996:271).

A defence mechanism is *revenge*. According to Laitinen (Laitinen and Virta 1998:16), economic crime often takes the form of a game

²¹Emphasis mine.

between the state and the business in which each party temporarily suffers losses. Thus, violations may be justified as natural responses to the harm done to oneself.

Also *cynicism* or *ridicule* can be used to neutralize threatening voices. E.g., organizational members who try to maintain higher standards can be labeled disloyal and inflexible idealists (see, e.g., Jackall 1996:65).

Fixation means being stuck to a certain solution which takes place, e.g., as a company that traditionally has employed environmentally harmful practices fails to reform when challenged by new norms. A possible defence is also *regression* as the wrongdoer refuses to reform and regresses to childish behavior instead.

Through *introjection* an external phenomenon is internalized as it was a characteristic of one's own. E.g., it has become common for corporations to boast about being environmentally friendly now that it is demanded by the interest groups and can be considered a competitive advantage. People in wrongdoing organizations can also relieve their anguish through introjecting the features of the successful who are not so sensitive and critical emotionally and morally. *Projection*, in turn, occurs as one projects to other people such features that one does not accept in oneself. Accordingly, white collar offenders typically blame other people for the wrongdoing and obfuscate one's own responsibility in comparisons to more serious wrongs that others have committed.

Typically mentioned in the criminological literature is a typology of the neutralization techniques used by white collar criminals (e.g., Laitinen and Virta 1998:41-3; Alvesalo and Laitinen 1994:55-6; Shover and Bryant 1993:157-60; Laine 1991:77-8; Coleman 1987:409-14). The typology is based on the findings of Sykes and Matza (1957) and includes such neutralizations as:

Denial of the harm. Organizational wrongdoers may deny that their activities actually harm anybody. They may claim that the harm is only

financial and does not have any specific, real victims. As Beck (1990) notes, risks are obscured in the scientific language of calculations and probabilities. Critical voices are ignored unless they employ the same scientific discourse; yet, if they do refer to scientific findings they are subject to refutation. Companies are specialized in their field and, consequently, have the resources to prolong the scientific confusion. E.g., the tobacco industry has traditionally denied that tobacco can be causally linked to health problems. The Thalidomide disaster offers another notorious example: in the trial, the company Chemie Grunenthal tried to the very last to contest the claims and to underrate the injuries related to the use of Thalidomide (Laitinen and Virta 1998:41-2).

Denial of the victim. The producer of a harmful product may put the blame on the consumers and claim that the harm resulted from their misusing the otherwise safe product. E.g., producers of alcohol may refer to the studies supporting the benefits of moderate use. Another way to undervalue the victims is to deny them equal human status. One of the rationalizations the Nazis employed was that "the Jew is evil": the Jews were portrayed as a conspiracy, criminals, dirty and inferior people (Hilberg 1996:173-6). In the similar vein, unsafe products and harmful substances have been dumped in foreign countries (see, e.g., Cass 1996). It is easier to neutralize victimization when the victims are at a distance socially and geographically. Wrongdoers also take advantage of the relative powerlessness of the victims: typical victims of corporate misconduct are children, women, the aged, and the needy.

Laws are unnecessary or unjust; condemnation of the condemners. Referring to the ideology of laissez-faire capitalism, corporate actors may argue that business should be free from governmental inference. As they criticize regulation, they may appeal to *higher loyalties than legal norms*. Thus, norm breaking may be justified on grounds of allegedly more important issues, such as economic growth and international competitiveness which provide employment and other social welfare. Economic values may be set above other values which

are labeled "soft" and of secondary nature. It may also be claimed that occasional norm breaking is necessary to survive (see Coleman 1987:412).

Transfer of responsibility from the offender to a large and often vaguely defined group to which she belongs. A usual claim is that "everybody else is doing it too". Opinion polls indicate that business people widely believe their peers to be ready to commit unethical acts. In the US 1975, a survey of top officials in 57 largest corporations revealed that they believed unethical behavior to be widespread in industry (Silk and Vogel 1976). In another study (Madden 1977), it was concluded: "Most managers believed that their peers would not refuse an order to market off-standard and possibly dangerous products --." (Coleman 1987:413) In Finland, a former insurance company director has claimed the corporate sense of morals to have shifted towards approving any means in goal-attainment regardless of their ethical status (Alvesalo and Laitinen 1994:24). These findings may reflect a psychological phenomenon of pluralistic ignorance, where the community members' perception of each other is biased (Eskola 1977:65-69). A wrongdoer can use such an illusion to comfort herself of being ethically normal or even better off than the rest.

Also the diffused nature of organizational action facilitates neutralizing individual responsibility. Organizational wrongs may stem from separate and rather lenient misbehaviors as such. A significant characteristic of organizations is specialization: the tasks are divided in parts and most participants perceive only their little share of the entire process. However, usually the actors must not be naive; rather, they do know the ultimate outcome of the process they are contributing to but choose not to see the whole picture.

In addition to the **cognitive** defence mechanisms that were discussed above, there are various **behavioral** defences that apply to organizational life. They are reactive and protective actions that function to reduce a perceived threat or to avoid an undesirable

demand. More specifically, behavioral defences are intended to avoid action, blame, and/or change. (Ashforth and Lee 1990) Common varieties of these techniques include, e.g., the following types of behavior:

One can hide one's moral conscience in the organization by *over-conforming*. Here, ethically correct action is avoided by resorting to a strict interpretation of one's official responsibilities. In the similar vein, participation in organizational wrongs may be justified by the possible lack of any law that would be broken. Legislation may include loopholes or be totally lacking in some branches of organizational activities. Thus, one may escape independent ethical reasoning and soothe the dissonance by sticking to the standard operating procedures, managerial demands, precedents, etc. The dynamics of this technique are expressed in linguistic phrases like: "I didn't make the rules", "Listen, if it were up to me..." This form of defensive behavior is also discussed by Kelman and Hamilton (1989) as they talk of crimes of obedience where routines and authorities are uncritically celebrated²². An atmosphere of competence and thoroughness can also be pursued through *buffing* which refers to the practice of rigorously documenting activity: written information is exchanged, proceedings of meetings recorded, laborious analyses conducted, and so on. Buffing can also lead to fabricating documents. (Ashforth and Lee 1990:624-7)

Passing the buck is defensive behavior that occurs as one shifts the responsibility for the execution of a certain task to someone else. It can be a form of over-conforming if the passing of the buck is justified by interpreting one's duties narrowly by the book. Responsibilities may also be avoided by *playing dumb*: falsely pleading ignorance or inability. Alternatively, one can create an appearance of being busy through *stretching and smoothing* one's performance. (Ibid.)

²²To be discussed in the following chapters.

Playing safe refers to a practice where a person avoids situations that may reflect unfavorably upon her. Such organizational members, e.g., take great pains not to offend anyone, seize neutral positions in conflicts, share risks through joint decisionmaking, seek approval through going along with the majority, and are reluctant to try new ideas. Akin to this defence is selective perception of certain inconvenient practices. Thus, a participant may deny knowledge of harmful organizational activities in order to avoid action, blame and/or change. E.g., nurses have been reported to "turn their back on day-to-day happenings -- and spend their time physically isolated in administrative enclaves (Stannard 1973)." (Ashforth and Lee 1990:627)

Justifying is an attributional technique used to minimize one's responsibility for a certain misbehavior. One may give alternative accounts in order to lessen either one's responsibility for the creation of an unfavorable condition or the severity of the consequences. Rather than being truthful, everyday explanations for failures at work are selected according to how acceptable they would be to others (Riordan, James and Runzi 1989). Through *scapegoating*, external factors or actors are blamed for the undesirable outcome. (Ashforth and Lee 1990:627-8) It is a human tendency to attribute one's own failure to external or situational factors, while taking credit for success. Furthermore, in the work community, problems tend to be attributed to one person rather than on more general factors. (Tiuraniemi 1993:20) Ermann and Lundman (1996:30) provide an example where organizational people tried to avoid action and blame through justifying, scapegoating, and passing the buck: after an oil tank disaster, Exxon directed attention to the tanker's captain, asserted that the environmental damage was minimal, and claimed that the Coast Guard was responsible for the delay in starting to clean up the mess.

Various defences often intertwine in practice. The more difficult and critical the problem, the greater the range of defensive techniques employed. Defences are likely to decrease the quality of organizational

decisionmaking: Causal accounts are unreliable, need of change is not acknowledged and change is delayed if accomplished at all. In general, organizational efficiency suffers from the self-interested defensive behavior of its members. Since defences are designed in order to avoid unpleasant situations, problems are not confronted and really resolved. Often people are not aware of their defensive inclination but come to believe in myths that support their defences. Iteration turns defences into automatic scripts. In this process, defensive routines may become institutionalized in the organization; often they become chronic and even pathological. Consequently, the organization becomes stagnant and unresponsive, isolates itself from the environment, and develops a climate of distrust and low morale. (Ashforth and Lee 1990)

In groups, also **collective** defence mechanisms are employed. Bar-Yosef and Schild (1966) describe how organizational units as a whole may develop structural mechanisms of defence. For example: Decisions that could as well be resolved individually are brought to group affirmation. Through this defence, pressures are reduced on the person who presents the case in the group and recommends a certain decision. The group's stamp approval provides the individual decisionmaker with social support consonant with the decision. Furthermore, once collectively agreed upon, one comes to feel more committed to the chosen course of action. One is inclined to suppress critical thoughts that would question the decision made in front of others.

2.5.2. *Following the Authority*

One of the most central justifications available to members of hierarchic organizations is that they are only following superior orders. The sense of obedience is traditionally emphasized in many cultures. Individuals are typically demanded to obey in such powerful social institutions as family, school, church and army. (See, e.g., Miller 1985, Eskola 1977:254) In their quest for efficiency, modern bureaucracies largely follow the Weberian ideals according to which it is to be

achieved through obedience to rules and centralized authority (Jamieson 1994:7; Berndtson 1993:212-3).

As Milgram's 1963 and 1965 series of experiments on obedience impressively revealed, it is a human tendency to follow even highly unpleasant authoritative orders (for a review, see, e.g., Kelman and Hamilton 1989). All research subjects delivered electric shocks; most even shocks labeled dangerous, although often with anxiety. It is thought-provoking to consider the experiments' implications in regard to organizational life. As Kelman and Hamilton (1989:152) suggest:

-- the laboratory situation closely resembles other authority situations, in all of which control and responsibility are turned over to the authorities in charge of the setting -whether they be government officials, military officers, hospital physicians, or airline pilots.

The effect of the authority was more accurately examined as the experiment was carried out in various settings. As the distance to the authority was varied -the experimenter either was in the same room or communicated by the phone- it was found that the closer the authority, the stronger the obedience, the more inclined the participants to inflict powerful shocks. If the authority was not in the same room, many participants claimed to be obeying although actually delivering milder shocks. Furthermore, being close to the victim -in the same room vs. beyond eye contact- tended to decrease the use of powerful shocks. Distance to the victim made it easier to participate in producing violence. (Eskola 1977:254-6; Gahagan 1977:91-3)

According to Kelman and Hamilton (1989:163-4):

Opposing forces to an action increase to the extent that we see ourselves as *personally causing* the harmful consequences of that action.

True, opposing forces weaken as the personal causation becomes more ambiguous: almost all participants (92,5 %) cooperated to the very end in a variation where their task was only subsidiary and the shocks were

administered by an assistant playing the role of another testee. Accordingly, obedience reduced to 30 % when the task was to forcefully push the “learner’s” hands on a device that would deliver the shock (Eskola 1977:256). The suggestive implications to hierarchical and specialized organizations are that most people are ready to contribute to violence since they only perform their subtasks and do not see the putting of the violence into effect, and that there will be people to do the dirty job, too.

Also other aspects of Milgram’s experiments can be used in understanding the dynamics of organizational wrongdoing. The high levels of obedience have been attributed to the scientific settings that implied an aura of legitimacy, alertness and care and created an expectation that the participants could not be seriously risked (see, e.g., Kelman and Hamilton 1989:150 [footnote No. 9] and 164). However, the victims were caused pain which was expressed through their cries for help. The surroundings of the experiment were varied to less respectable ones in order to further study the status factors. As the experiment was conducted in a poorly furnished office in a decayed neighborhood and organized by an unknown commercial research organization, the obedience did decline: the proportion of the testees to go all the way dropped from 65 % to 47.5 %. (Kelman and Hamilton 1989:151; Gahagan 1977:93) As any white collar crime, organizational wrongs occur in respectable and legitimate settings that support the legitimacy of the activity and facilitate individual participation.

Relevant indeed are also Milgram’s findings regarding social support. In a series of the experiment, there were two “teachers” to inflict the pain. Only one of them was an actual research subject, while the other was an assistant of the researcher. When the assistant protested against the experimenter and refused to deliver the shocks, the actual subject immediately followed the example and refused to obey as well. (Gahagan 1977:93) The meaning of social support was tested also in a variation with divided authority: Two experimenters ran the experiment jointly, expressing contradictory orders to the research

subject. As a result, all but one "teachers" chose to follow the authority who called for a halt, thus disobeying the other's orders to go on. (Kelman and Hamilton 1989:158-9) These findings go to stress the moral weakness of an individual and the social and situational construction of norms. It is difficult to be the only one or the first to disobey. Milgram concluded that our culture obviously does not offer suitable ways to refuse to obey orders one finds wrongful (Eskola 1977:256).

Kelman and Hamilton (1989:16-7) define *authorization* as a condition to weaken the usual moral inhibitions. Through authorization a situation is so defined that an individual is absolved of the responsibility to make personal moral choices. Kelman and Hamilton argue that

-- when acts of violence are explicitly ordered, implicitly encouraged, tacitly approved, or at least permitted by legitimate authorities, people's readiness to commit or condone them is enhanced. -- particularly when the actions are explicitly ordered- a different kind of morality, linked to the duty to obey superior orders, tends to take over.

They share Milgram's notice that people often obey without question, regardless of the harm caused to others or themselves. People don't see themselves personally responsible for their actions insofar as they think they had no choice. However, a similar mechanism operates when the behavior is only approved of by the authorities. In fact, sufficient for this guiltless illusion to arise is that the authorities make clear that the (otherwise) illegitimate behavior will not be punished. (Ibid.)

In sum, the rationalization of following superior orders can be used in order to defend the ego from cognitive dissonance. However, there are individual differences: some view themselves as being more capable of evaluating the legitimacy of orders than others (Kelman and Hamilton 1989:16). Furthermore, most Milgram's test subjects suffered from feelings of uneasiness (ibid., p.152). Although the justification of

following orders neutralizes guilt, one may not be able to escape the underlying feeling that something is wrong.

2.5.3. *Following the Routines*

Also legitimate routines facilitate participation in wrongdoing. Typical of white collar wrongs is that they are committed through the same official procedures as the organization's legitimate activities. Thus, a participant is able to soothe her consciousness through the defence that nothing extraordinary is taking place as the required, normal, comfortable, every-day practices are being fulfilled. Organizational members and subunits reinforce each other's shared illusion of legitimacy by proceeding in routine fashion: "-- processing papers, exchanging memos, diligently carrying out their assigned tasks --." (Kelman and Hamilton 1989:18)

Kelman and Hamilton (1989:16-8) state:

Through *routinization*, the action becomes so organized that there is no opportunity for raising moral questions. -- the likelihood of moral resistance is greatly reduced by transforming the action into routine, mechanical, highly programmed operations.

Routinization reduces the need to make decisions. Thus, occasions where moral questions might arise are minimized. Routinization also facilitates repression: the implications of the activity are avoided more easily as the actor focuses on the details rather than on the meaning of the job. (Ibid.) Also the busy space of work can be used to keep the focus off moral contemplations.

Routinization operates on two levels: 1) On the *individual* level, the job performance is "-- broken down into a series of discrete steps, most of them carried out in automatic, regularized fashion." 2) Through *organizational* routinization, the performance is divided between different offices, each with only a partial responsibility of the overall task. As responsibility is diffused and decisionmaking limited in scope:

There is no expectation that the moral implications will be considered at any of these points, nor is there any opportunity to do so. (Kelman and Hamilton 1989:18)

Routinization is a method to relieve moral controversy involved in organizational wrongs -although the dilemmas are rather suppressed than confronted. Holding tight on the routines, following the same patterns day by day, is likely to prevent seeing the activity in a broader context. As energy is released from ethical pondering it can be addressed to other functions of the organization, such as raising efficiency, productivity or group cohesion (Ibid.).

2.5.3.1. Language Rules

The true essence of organizational activity can be obscured through so called language rules -or, as Arendt (1964:85, cited in Kelman and Hamilton 1989:18) puts it straight, lying. Thus, the reminders of the actual nature of the action are minimized which makes it easier to accept the claims about legitimacy and to repress the threatening cognition of the immorality one is contributing to.

Notorious code names for killing and torture were employed by the Nazis. The vocabulary of destruction was camouflaged with expressions like "final solution of the Jewish question", "special treatment", "evacuation". Furthermore, it was considered inappropriate to talk about the killings in social conversation among the closest participants. Although widely recognized, the destruction was a taboo, and especially critical voices were silenced. (Hilberg 1996:171-3) Language rules prevailed also in Ford's legal office in the Pinto case: "problem" and "component failure" were prohibited words, the preferred phrase being "condition". (Gioia 1996:143-4)

Scientific language can be used in order to obfuscate hazards. According to the logic of expert language, risks can be objectively dealt with and finally obscured in comparisons to other risks -for there

will always be something that inflicts even a greater risk. Ethical discourse has been superseded by a technical one. (Beck 1990) E.g., Ford Pinto was treated as just another potential recall issue and its dangerousness normalized in comparisons to other competitors' small cars. The Ford's representatives did not define Pinto as significantly different than the other cars. (Gioia 1996:146)

2.6. Cultural/Subcultural Theory

Cultural approaches to crime offer a wide framework for understanding how a community can foster wrongful patterns. Subcultures are criminologically relevant as they may convey neutralization techniques, social approval, role models, and know-how in support of offending. Although such subcultures may challenge the legitimacy of legal norms, most often they approve of the legislation in general but offer neutralizations to legitimize a certain deviation from the general norm. (Braithwaite 1989a)

As with numerous other concepts in this thesis, there are various approaches to organizational culture. Usually, culture refers to patterns of behavior and thought that prevail in a certain community at a certain time. The concept incorporates values, norms and beliefs. Culture also affects the way its members perceive reality. (Juuti 1992b) Subcultures provide their members with status elevation, development of identity, and shelter (Laine 1991:67-70).

The concepts of climate and culture are near to each other, concerning somewhat similar phenomena. Organizational *climate* refers to the individual depiction of the characteristics of her community; it is the personnel's view on the organization. Climate can be seen as a reflection of culture which is a concept of less consciousness and a higher level of abstraction. (Juuti 1992b:79-83) Victor and Cullen (1987:51-2) define corporate ethical climate as "shared perceptions of

what is ethically correct behavior and how ethical issues should be handled.” (Shover and Bryant 1993:157)

Coleman (1987:422) distinguishes three types of subcultures that can intertwine in occupational settings: 1) Every complex organization has its own subculture. 2) Industry subcultures include attitudes, beliefs and definitions commonly shared in a certain economical sector. 3) In addition, there are occupational subcultures among those who share the same careers, although working in various organizations and industries. Statt (1994:37-8) stresses that since there is often very little that all members of the organization are able to agree on, it is preferable to talk about organizational cultures or subcultures in plural. Further, there are both official as well as unofficial aspects in organizational culture: the official "business idea" may become distorted along with the organizational processes of interpretation. (Tiuraniemi 1993:71)

According to the *cognitive* view, culture stems from shared processes of thinking. Culture is a mode of perceiving events, behavior, emotions and other phenomena. The adopted pattern of thinking determines what information is considered important and what kind of behavior legitimate. The *symbolic* approach, in turn, defines culture as a system of shared meanings and symbols. Symbols constitute coherent networks of meaning and affect organizational behavior. Accordingly, culture can be understood as a set of values that are hidden in the form of myths and symbols. Thus, culture is information transferred from one generation to the next through various signs, images, and associations. (Juuti 1992b:23 and 31-2)

Schein (1985 and 1987) defines organizational culture in terms of *basic assumptions* a community has developed in order to cope with the external reality, simultaneously maintaining its internal coherence. The basic assumptions carry the fundamental view on the nature of action, reality, time and space, and of the relationship between the organization and its environment. Certain basic assumptions have proved useful with time and become transmitted to new organizational

members who, thus, come to know how to perceive, think and feel in regard to different problems the organization confronts. (Tiuraniemi 1993:70; Juuti 1992b:27-30)

Schein distinguishes cultural processes on different organizational levels. The highest level of organizational culture consists of *artefacts* such as technology, architecture, art, public documents, and visible patterns of behavior. *Values* form a deeper level of organizational culture while cultural *basic assumptions* are still more unconscious. When a certain solution successfully and continuously works, it becomes unquestioned, self-evident truth. In this gradual process, successful action first turns into values which slowly become basic assumptions. In order to understand organizational action, one must look at the underlying basic assumptions that guide it. (Ibid.)

2.6.1. *Cultural Products and White Collar Crime*

Culture can be studied through its *products*. Cultures produce language systems and metaphors, myths and tales, symbols, ceremonies, rites and rituals, as well as value systems and codes of behavior. (Shrivastava 1985:104) Myths, which are not necessarily truthful, include heroes and traitors and convey a culturally valued way to resolve problems. Moreover, myths function to mask the uncertainty underlying the community's activities (Kluchohn 1942:66; Scheid-Cook 1988:162-3). (Juuti 1992b:33 and 138) In fact, all cultural products relieve confrontation with insecurity and enhance the feeling of rationality through explaining and simplifying complex social reality. (Juuti, pp.137-8)

Poveda (1994:4-9) talks about the myth according to which white collar citizens refrain from crime, whereas the myth of the criminal classes applies to a certain social type with such characteristics as lower class or minority standing. Such a truth-distorting myth may be used to decrease the insecurity about the morality of an activity taking place in legitimate organizations. Crucial is that the false dichotomy

makes a sharp distinction between criminals and non-criminals. As a morally conscious dealer of used cars accounts in regard to his colleagues who engaged in questionable practices:

-- these people were unanimous in their denunciation of gangsters, robbers, burglars, and petty thieves. They never regarded themselves as in the same class and were bitterly indignant if accused of dishonesty: it was just good business. (Sutherland 1983:242)

Also other products of organizational culture, like symbols, rituals, and language, can be utilized to highlight belonging to the legitimate side of the dichotomy. Accordingly, the term white collar crime derives from such symbols: legitimacy is implied through the strict high status dressing code. The expressive and anxiety-controlling functions of rites are powerfully conveyed in the motion picture *Godfather III*: dramatic indeed is the opening scene where Michael Corleone seeks purity through religious ceremonies. Furthermore, organizations commonly resort to symbolic acts in order to promote their good will and to be associated with socially valued activity. For positive images they may invest in charity. (See Ermann and Lundman 1996:28-30)

Culturally valued ways may favor wrongdoing. As Sutherland (1983:240-5) described, employees may confront demands for misconduct. Myths can support these demands: in the culture prevailing in the used car business, getting away with "a crooked deal" was not only organizationally tolerated but admired and praised as "shrewdness". Similarly, in shoe sales business, culturally valued and demanded practices included that shoes were to be sold in a highly active and insisting, even aggressive way. Unethical manipulation was not worried about, while reaching a purchase was highly appreciated. (Ibid.)

2.6.2. *A Typology of Corporate Cultures*

Shover and Bryant (1993:157) present a typology to distinguish between different corporate cultures. A culture characterized by *amoral calculation* prevails in firms that regard profit-seeking as their paramount and unrivalled objective and where the law is violated when it is financially worthwhile to do so. Second, corporate culture may emphasize *political citizenship*. In these corporations, the law is followed out of respect or obligation. However, public policies may be resisted in case they are regarded as arbitrary or unreasonable. Finally, in a culture of *organizational incompetence* the management often fails to properly supervise its subordinates, to wisely assess risks, or to otherwise further compliance.

Cultures of noncompliance have been argued to distinguish industries rife with noncompliance. Barnett (1986) defines a culture of noncompliance as a "set of commonly shared attitudes, techniques, and rationalizations which condition the likelihood that owners, managers, and employees -- will use illegal means to pursue corporate goals." (Shover and Bryant 1993:150) Accordingly, Shover and Bryant (pp.150-2) suggest cultures of noncompliance to increase the supply of offenders, whereas cultures of compliance reduce illegal conduct. A culture of noncompliance encourages and justifies criminal conduct as normal business practice. On the other hand, in spite of the considerable consensus on the covariation of cultural factors and criminal participation, compelling direct evidence is still lacking (p.165).²³

²³Shover and Bryant seem to employ the terms illegal and criminal interchangeably which is not correct but makes it unclear what phenomena they are actually referring to.

2.6.3. *Organizational Discourses of Neutralization and Restraint*

In analyses of the cultural contributors to wrongdoing, *techniques of neutralization* are commonly referred to. However, *techniques of restraint* as their counterpower need also to be acknowledged. These dynamic forces are linguistic devices in the construction of organizational reality, affecting the perception of what is possible and preferable. Techniques of restraint emphasize the moral and the legal dimensions of behavior and thus reduce the probability that the members of the organization will choose illegitimate means. Countering this discourse, techniques of neutralization increase the availability of illegitimate means as they function to diminish the moral inhibitions to violate the societal standards of proper conduct. (Shover and Bryant 1993:157-60) Various forms of neutralization were discussed earlier in this text²⁴.

The dialectical forces of neutralization and restraint are in a continuous struggle for dominance in the organizational culture. Essential in Sutherland's (1949/1983) theory of differential association is that where definitions favorable to misconduct exceed those in favor of compliance, violations will occur²⁵. According to Braithwaite (1989b), typically definitions favorable to the law are dominant, and organizations generally follow the law since it is considered to be of value in itself. Although corporations commonly misbehave at some points of their existence -e.g., all 70 corporations studied by Sutherland had adverse decisions against them- Braithwaite (1989b:347-9) argues that most large corporations still comply most of the time. (See also Croall 1992:64)

²⁴Chapter 2.5. Neutralization Theory.

²⁵The theory will be discussed in the Chapter 2.8.

2.6.4. *Organizational Criminogenesis*

Sutherland (1983:240-5) discusses accounts of young businessmen who are looking for their positions in the job market. One found moral scruples in all three jobs he had tried: selling typewriters, sewing machines and finally used cars. The subculture in each of his workplaces demanded unethical behavior towards the clients. Various occupations include peer as well as superior pressure to engage in unethical conduct. In Needleman's (1979:517) terms, such organizations can be described as *criminogenic* as

-- features of their internal structures -- play a role in generating criminal activity within the system, independent at least to some degree from the criminal's personal motives.

Needleman (1979) distinguish two forms of criminogenesis: crime-coercive and crime-facilitative systems. The accounts presented by Sutherland fall into the category of *crime-coercion*, since it was necessary to play the game on other people's wrongful conditions. As a manager told one of the employees:

I expect you to do the same (undertake unethical action). If you do not like this, some one else can have your job.
(Sutherland 1983:243)

Thus, crime-coercive organizations are viewed as

-- tight little worlds in which the individual system member is essentially a pawn, with few choices -- (Needleman and Needleman, p.520).

Crime-facilitative systems, in turn, do not exactly compel their members to crime but present

-- extremely tempting structural conditions -high incentives and opportunities, coupled with low risks- that encourage and facilitate crime --.

Characteristic to these systems is that the wrong doesn't necessarily benefit the organization but, however, is organizationally tolerated since the measures needed to control the harmful behavior are assessed

to be possibly even more injurious to the system. Since misbehavior in crime-facilitative systems is not essential to the organization's goals, Needleman suggest a third type to emerge: *crime-resistant* systems in which the structures rather prevent crimes. (Needleman and Needleman 1979:520-6)

2.6.5. *Occupational Crime in Cultural Terms*

Also harming the organization by the employees has been explained through cultural factors. Croall (1992:64-6) presents that subcultures are

-- often interpreted as a more or less organized response on the part of employees to organizational structures, managerial policies or payment systems.

The technological and social organization of work may feed subcultural responses as psychological defences against the inhumane conditions. Often workers have little discretion or freedom, which can lead to boredom, frustration, alienation. Workplace subcultures have been associated with employee theft, restriction of organizational output, and even direct sabotage. However, they may not only nurture violating the organization but also cause wider harm as they involve neglecting safety regulations and quality standards. (Ibid.)

The management may tolerate workplace subcultures since they provide employees with some satisfaction, thus hindering more serious forms of protests from the management's point of view. Employee responses may be individual as well as collective. The responses are likely to be individual where workers are isolated, and subcultural where the job is performed in groups and cooperation is required. Furthermore, what may enhance subcultural informal responses is a lack of formal and legitimate opportunities to address grievances, such as trade union negotiations. (Ibid.)

2.6.6. *Are People Products of Organizational Culture?*

Occupation is central in one's overall identity. Typically, work provides Western life with meaning, acknowledgement, and financial security. Work most often takes place within some organization. In general, the ideological basis of organizations has been argued to have become unified (Laitinen and Virta 1998:38). Therefore, organizational influence is rather inescapable. Subcultures also tend to isolate their members from external social constructions of reality. Corporate executives' contacts both in and out of the workplace tend to be limited to "people of the same set". (Coleman 1987:422-3) Also more generally, professional people are expected to identify with their profession, and disproportionately interact with the members of the same subculture.

Is individual behavior, then, merely determined by the social influence within her organizational subculture? Coleman (1987:423) notes: "Of course, the formulation of criminal motivation depends on far more than the definitions to which an individual is exposed by virtue of his or her occupational position." One is also subject to much other socialization than that of the workplace and adopts the occupational culture in terms of one's personality. Principal factors in the socialization process are one's upbringing and memberships in various groups and institutions.

Organizations commonly evade responsibility through attributing harms to accidents and human error. The actual fault can still be argued to belong to the managers for don't they affect the organizational culture by organizing the working conditions, distributing resources, and setting the overall ethical tone (see Clinard 1985; Clinard and Yeager 1980)? However, the managers' influence in imposing the ethical tone upon their organizations reminds the famous chicken/egg dilemma. They have themselves gone through a powerful socialization process within the organizational world, either in the very organization they manage or in general. Furthermore, they have been recruited by

the organization and there are cultural expectations that constrain them, too (see Ermann and Lundman 1996:6-7; Poveda 1994:91). Still, it is true that managers wield more power on the prevailing interpretations of the organization's functions, principles and measures than the personnel do (Tiuraniemi 1993:71-2), and they provide their subordinates with role models (Shover and Bryant 1993:155).

2.6.7. *Cynical Accounts on Organizational Life*

Robert Jackall (1996) describes how managerial work requires compromising one's personal sense of ethics. He views life in organizations as highly competitive and centered on the pursuit of material values. One of his key observations is "a pervasive mediocrity in big organizations" which refers to a lack of any fixed criteria within organizations according to which to assess the quality of the products or the performance. The measure is highly political since it depends only on social construction, "interpretive judgments of shifting groups in an ever-changing social structure", and since individual fates depend on it. Thus, creating the standards is a function of a political struggle within the organization. In order to impose a consensus of proper standards, leadership must be skillful and able to

-- resist pressures for short-term expedient solutions -- be willing to confront others, both in private and in public, who espouse or embody in some way variant, undesirable standards; and enforce one's judgment -- such insistence on standards of excellence can quickly earn one enemies and the feared label of being 'inflexible'.

For it is socially so difficult to uphold high standards, Jackall comes up with the concept of *leveling process* which produces "a comfortable mediocrity". Thus, lower standards of performance come to be tolerated in organizations. (Ibid.)

The organizational members may take the organizational standards as granted and slip into normative isolation from extra-organizational

perceptions. E.g., as Richardson-Merrell Company employees concealed tests which showed harmful side effects to be linked with one of their company's drugs:

No one involved expressed any strong repugnance or even opposition to selling the unsafe drug. Rather, they all seemed to drift into the activity without thinking a great deal about it. (Carey 1978, cited in Coleman 1987:423)

Jackall (1996) notes that many managers come to view their work largely senseless, although the success and the prestige they enjoy provide some relief. The senselessness increases as one goes higher and the work becomes more abstract and ambiguous, and as one has to leave behind "comforting concreteness, -- visible enactment of one's rational schemes --". Jackall elaborates:

The more abstract the work becomes -- the greater the likelihood that one's rational efforts to improve an organization will meet with and even beget various kinds of irrationality. One's rational systems -- fall to others for implementation -- One's best laid plans are always subject to ambush by random events, fickle markets, recalcitrant or, worse, well-intentioned but incompetent subordinates, rival managers, or simply the weariness that work produces. One's best intentioned schemes sometimes produce exactly the opposite of what one wanted to achieve.

As a result of this disillusionment, most managers share the view that "the main chance", the real meaning of work, is maintaining and furthering one's career. This entails "our surrender of ourselves to groups", "unrelenting attentiveness" to social relations in order to gain "access to key managerial circles", and "continual compromises with conventional and popular notions of integrity". Also needed is an "inexhaustible capacity for self-rationalization" to relieve the discomfort that follows since managerial work involves self-denial:

-- a willingness to discipline the self -- to stifle spontaneity -- to conceal emotion and intent, and to objectify the self with

the same kind of calculating functional rationality that one brings to the packaging of any commodity. (Ibid.)

The characteristics of persons who are more likely than others to enter the leading organizational positions have been discussed by a variety of scholars. Jackall argues for the narcissism of high rank executives, resulting from the continuous focusing on self-improvement in the constant goal-attainment (ibid.). Presthus (1978, cited in Simon 1996a:286) describes the characteristics particularly successful in making it to the top of organizations. Such a person:

-- exudes charisma via a superficial sense of warmth and charm. He or she is able to make decisions easily because matters are viewed in black-and-white terms.

It is of common wisdom that one must not take business personally in order to be able to cope with the stress. To be effective and acknowledged in the workplace, one must be capable of quick and crude decisions. As a former Ford Recall Coordinator accounts, the job was extremely busy and complex, including a vast amount of information. At first, he used to take his responsibility so seriously that he sometimes woke up at night, worrying about his job performance. However:

That soon faded -- To do the job 'well' there was little room for emotion. Allowing it to surface was potentially paralyzing and prevented rational decisions -- On moral grounds I knew I could recommend most of the vehicles on my safety tracking list for recall -- We could not recall all cars with potential problems and stay in business. (Gioia 1996:144-5)

The contributions above illustrate how organizational wrongdoing can be understood in cultural terms. Cultural factors underlie organizational behavior and wrongdoing. Culture guides its members, but its impact also depends on individual factors. Human behavior

derives from the particular mixture of socialization as a whole and personal inheritance.

While Jackall's accounts illuminate managerial culture, they can also be viewed as criticism of organizational rationality. They also near political theory and the paradoxes of political collective action. Actually, what emerges while looking at cultural approaches to organizational wrongs is that various theories intertwine. They may not be very distinct after all; they have various interpretations and reformulations, somewhat overlapping each other. E.g., subcultures may have developed due to a lack of legitimate opportunities or labeling, defences are a central part of a subculture, and yet each of these factors is considered a theory of its own. The benefit of various theories is that they describe different specific processes of organizational wrongdoing. Therefore, different theories can be applied at the same time. (Laine 1991:88)

Accordingly, many criminologists (e.g., Braithwaite, Coleman, Box) have integrated elements of various theories in order to gain more explanatory power. Next we will turn to the prominent criminologists who explicitly aim at understanding white collar crime and approach this goal through building on several theories. Coleman will be discussed next as he employs a cultural explanation of the ultimate source of criminal behavior. Like cultural theorists, Sutherland's learning theory accounts for how a community maintains and conveys criminogenic patterns. Braithwaite intends to collect the viable components of a number of theories together into his integrated understanding of organizational crime.

2.7. Coleman: the Culture of Competition

In his hypothesis of white collar crime, Coleman (1987) combines elements from opportunity, rational actor, neutralization, cultural, and social psychological theories. As a general theory of white collar

crime, his account is directed also to organizational crime. Although white collar crime includes a wide range of behavior, Coleman argues for the plausibility of a general theory for the various forms “-- share many important similarities and require treatment as a single phenomenon for many analytic purposes.” According to his definition, white collar crime includes violations of criminal as well as civil law. (Pp.407-8)

Research on white collar crime involves studies of micro- and macrolevel factors. Coleman (1987) draws these levels of explanation together into a single theoretical framework. (P.408) On the **microlevel**, explaining the social psychology of organizational crime, his point of departure is the interactionist approach. According to the interactionist theory, meanings are attached to social reality and this social construction determines which courses of action are appropriate and socially desirable. (P.410) In case the organizationally constructed reality clashes with more general social norms and ethical principles, techniques of neutralization are employed to smooth the contradiction (pp. 410-4 and 420-1).

According to Coleman’s (1987) hypothesis, criminal behavior results from a coincidence of appropriate motivation and opportunity (p.408). Motivation is a subjective construction of individual desires, while an opportunity derives from objective social conditions (p.424). Coleman argues the *motivation* for white collar crime to originate from the structural **macrolevel** (p.414). His key concept is *culture of competition* which emphasizes *wealth and success* as central human goals. This system of beliefs holds each person as a freely choosing autonomous actor with reason and responsibility for her own condition. Achieving economic self-interest through competition prevails. Competition is believed to develop character, measure personal worth, stimulate individual achievement, and to ultimately profit society as a whole. (Coleman 1992:61 and 1987:416)

Fear of failure is another central feature in the culture of competition to provide motivation for white collar crime. Coleman argues that the sense of insecurity reaches every stratum of industrial capitalist societies. In the 20th century, the desire for wealth and success as well as the fear of failure have become stronger. Although acknowledging also other factors to contribute to the white collar crime motivation, he concludes:

However, when analysis is extended beyond single individuals to encompass the entire group that sustains such criminogenic attitudes, the influence of the culture of competition reappears. (Coleman 1987:416-8)

The culture of competition is due to the structural characteristics of market economy. Competition is based on growing amounts of surplus wealth, societal class system and high mobility between the classes. Money facilitates comparison and competition by providing an objective standard for measuring profit and loss. (Coleman 1987:418-20)

In addition to motivation, *opportunity* is needed for crime to occur. Coleman suggests at least four factors to affect how attractive one perceives an opportunity:

- 1) The value one expects to gain from the opportunity.
- 2) The perception of potential risks involved in a certain course of action. Coleman considers law and enforcement crucial shapers of opportunities.
- 3) The perceived compatibility of the opportunity with the actor's ideas, rationalizations and beliefs.
- 4) Finally, the actor evaluates her total opportunity structure. In case attractive legitimate opportunities are not available, the attractiveness of illegitimate chances typically raises. (Coleman 1987:424-5)

Critical Evaluation

Coleman importantly acknowledges that organizational violations are due to a dynamic interplay of various forces. However ambitious and many-sided, his theoretical approach still oversimplifies certain points. Generally speaking, the theory overly relies on the macro structures while the microlevel should be more accurately studied.

Coleman overlooks the diversity of organizational goals as he emphasizes the relevance of financial goals. Although the achievement of financial goals surely provides motivation for much wrongdoing in and out of white collars and organizations, it must not be overemphasized at the expense of other accounts. Organizational wrongs do occur also in settings without monetary goals: e.g., state schools, hospitals, nursing homes, police, and army can nurse patterns of misbehavior that are not sufficiently explained by the "culture of competition". Goals to motivate organizational misbehavior may involve expressing power or superiority also in other than monetary terms, escaping undesirable tasks, pleasing others, simply getting entertainment, etc. Actually, the range of relevant goals may be wide indeed; what matters is not the goal but the means through which it is achieved (Braithwaite 1988:628). Academic glory is an acceptable goal but may motivate falsification of test results. Betterment of human kind is a legitimate goal, too, but turns criminogenic when tried to accomplish through medical experiments on coerced victims or sterilizing mentally ill people.²⁶

Furthermore, basing his analysis on the political economy of industrial capitalism, Coleman fails to acknowledge that organizational crime flourishes also in socialist countries (see Braithwaite 1988). Countering this critique, Coleman (1992:62) argues the origins of criminogenesis to actually lie in industrialism, whether in capitalist or communist societies. He also refers to the reality of the communistic societies: in

²⁶Organizational goals were also discussed in the Chapter 2.4.1.

spite of the official ideology, considerable inequality and social mobility prevails, resulting in status competition. People are driven to crime by their individualistic desire for personal gain, and exhortations to work for the common good are ignored.

As a result, Coleman becomes further restricted theoretically for also cooperation can motivate wrongdoing. The core of organizational wrongs is collective behavior, not necessarily competition. Braithwaite (1988:629) illustrates:

Even a utopian, perfectly democratic commune can have a cooperative goal -feeding the collective- that is frustrated by environmental contingencies that can be overcome by breaching laws controlling irrigation, soil conservation, or use of pesticides.

Organizational wrongs may take place also in conditions free of money, capitalism or competition.

Yet a crucial blind spot in Coleman's theory must be noted: he understates the value of social psychological explanations in illuminating the collective creation of biased perceptions. Coleman (1987:414-5) claims that the interactionist theory is not able to account for the origins of criminal motivation. Yet, organizational goals and motivations do develop in the social discourses on the microlevel. Goals cannot be derived from the "culture of competition" without organizational processes in which they are adopted, interpreted, disseminated, and finally turned into organizational outcomes. It is not a fertile approach to view organizational wrongs as a function of any given goals. Furthermore, Coleman nears rational actor theory as he views the actor as a calculator of the net benefits of opportunities. However, as discussed earlier²⁷, organizations are not unitary actors comparable to individuals and their decisionmaking seldom is distinctively rational. (See Rabe and Ermann 1996) Wrongful outcomes may as well stem from sticking to schemas, faults,

²⁷Chapter 2.4. Rational Actor/Crime as Choice Theory.

disinformation, lack of communication, high group cohesion, and other factors that intervene in the rational goal-attainment.

2.8. Sutherland: Differential Association

Sutherland developed the theory of differential association in order to account for all types of crime, including white collar crime. Differential association is the most influential learning theory of crime (Braithwaite 1989a:34). Its key idea is that criminal behavior, like any behavior, is learned from other people. An individual is subject to influence of other people and criminality occurs when that influence primarily is favorable to crime. Sutherland argues that

-- white collar crime has its genesis in the same general process as other criminal behavior, namely, differential association. The hypothesis of differential association is that criminal behavior is learned in association with those who define such criminal behavior favorably and in isolation from those who define it unfavorably, and that a person in an appropriate situation engages in such criminal behavior if, and only if, the weight of the favorable definitions exceeds the weight of the unfavorable definitions. (1983:240)

As mentioned in reference to cultural theories, Sutherland draws from personal documents which reveal how businessmen with no criminal background are induced into white collar crime as a part of learning business in practice: managers and colleagues teach and demand employees to commit wrongs, and newcomers learn specific techniques how to commit wrongs as well as an ideology to justify them. (Sutherland 1983:240-6)

Differential association theory's explanatory power is supported by the notion that wrongdoing spreads. Sutherland argues that as a firm adopts an illegitimate method for increasing profits, other firms become aware of it and adopt it, too, in order not to let the other firm to benefit from

the unfair practice. E.g., a chemist who had been employed in a food manufacturing firm accounts that the members of the firm frankly deplored the misrepresentations in their advertisements but considered them necessary to attract customers since the other firms employed extravagant statements about their products, too. Sutherland provides also other examples: practices of restraint of trade spread as firms interact, sometimes even through coercion. In addition to certain practices, the diffusion of misbehavior also occurs on the level of attitudes. (Sutherland 1983:245-50)

Businessmen are not only influenced by definitions favorable to wrongdoing, they are also relatively isolated and protected from unfavorable definitions to it. Traditionally, the media and the governmental bodies have focused on the misbehavior of the lower socio-economic class and failed to address white collar crime with the same rhetorical and functional energy. The business has also been able to employ a powerful set of linguistic devices against critical voices, such as condemning them "communists", "socialists", "bureaucracy", and hyper-patronizing in general. Although the system of free competition and enterprise must give way to governmental regulation, "it retains great force as an ideology, which has been designated 'the folklore of capitalism'." (Sutherland 1983:250-6)

From the societal point of view, Sutherland's hypothesis for explaining crime is *social disorganization*²⁸. The concept supplements differential association theory by accounting for the source of the attitudes learned through differential association. Social disorganization results from conflicting attitudes, values and standards that prevail in the contemporary Western society. The principal agencies of social control -large family and homogenous neighborhood- have broken down as mobility and individualism have increased. Personal worth has come to

²⁸However, in the last edition of his work "Principles of Criminology" (1947), Sutherland preferred the term "differential social organization" to social disorganization (Coleman 1992:54).

be measured through wealth which creates materialism and encourages crime. Underlying this development is industrialization and the growth of capitalism. (Sutherland 1934, cited in Coleman 1992:54-5)

Sutherland (1983:255-6) distinguishes two types of social disorganization: *anomie* -a lack of standards of behavior- and *conflict of standards* where the prevailing norms of behavior are contradictory. Social disorganization is being nurtured through the difficulty to control business behavior which is complex, technical, and takes place in relative secrecy. In addition, the norms are changing along with new political ideologies, which creates uncertainty as to what set of norms to follow. (Ibid.)

Critical Evaluation

Like Coleman, Sutherland integrates micro and macro explanations. Also the same criticism applies: understanding organizational behavior cannot rely on societal macrolevel factors such as materialism, capitalism, or individualism.

Clearly, contradictory norms may be confusing: governmental regulation is escalating, the social responsibility of business is widely called for and active social movements argue for new codes of business behavior. Quite obviously, there are different perceptions of ethical behavior among different social actors, and it is not much to assume that crime is a function of these conflicting standards. Rather, it reminds a tautology to argue that crime follows its label: the ability of one group to label another group that employs a different set of norms.

How about the lack of standards, then, as an explanation of white collar crime? The problem with *anomie* is that surely white collar criminals, and wrongdoers in general, are following some set of norms. Thus, a step forward would be to focus on the origins of these improper codes of behavior. Rather than macrolevel products, the wrongful norms are an organizational phenomenon.

Sutherland's psychological merit is in acknowledging that human beings are subject to powerful social influence. Coleman (1992:56) has problems with this notion: "In one sense, Sutherland's assumption that all crime is learned from criminally oriented groups denies the possibility of true deviance, since everyone is seen to be conforming to the expectations of one group or another." But that exactly is the case: human behavior derives from human associations. Even the deviant ones who do not conform to criminogenic pressures of their organizations derive their thinking from certain associations. Therefore, it must be recognized that social influence exists also beyond intimate, personal groups that Sutherland emphasized: one's behavior may also be shaped by literature, political leaders, philosophers. Although Sartre is not a personal friend of mine, I would think of his existentialist writings while being confronted with undue collective pressures.

However, it is true that Sutherland's view on the human agency and the social psychology of organizations need elaboration. He was vigorous to deny that white collar crime can be attributed to immorality or other psychological characteristics of the criminals (Coleman 1992:54). Still, whether one submits oneself to wrongful organizational pressures is due to one's psychological characteristics indeed. Although it is important to acknowledge how communities construct their standards and demand obedience from their members, human actors not necessarily choose the wrongful path even if its social rewards would exceed the costs in that very situation. Power always creates its counterpower (Galbraith 1984:87), and human beings are not mere calculators (Braithwaite 1989a:37). Therefore, more sophisticated analysis is required if the intention is as ambitious as to account for organizational misbehavior.

2.9. Braithwaite: Differential Shaming

Braithwaite has been a very productive writer on white collar crime. The reason for turning to him last is that he constructively builds on the other theories, yielding a systematic integration. He incorporates elements from control, opportunity, labeling, subcultural, and learning theories of crime. Furthermore, the view on the human agency adopted in his theory is sophisticated and psychologically sensitive.

Braithwaite's work is valuable not only because of his extensive field research but also for his ambitious programme of creating a general theory of crime. Drawing from an analogy to family, he argues for a wide concept of social control that does not crucially rely on formal punishment. For Braithwaite, the critical concept in explaining deviant behavior is *shame*. In its simplicity, the basic argument is that one is not likely to do something that makes one feel ashamed. (Braithwaite 1989a)

Braithwaite (1989b:340) defines shaming as

an expression of disapproval that can be enacted in an infinite variety of verbal and nonverbal cultural forms. -- The disapproval is expressed with the intention or effect of invoking remorse in the person being shamed and/or condemnation by others who become aware of the shaming.

He adds that shaming can be effective be it direct or indirect: even a suspicion that others are gossiping may be a powerful form of social control. The most important shamers are within interdependent communities such as family or workplace. Also the state can shame, especially through the criminal justice system (see Braithwaite 1989a:69 and 100; 1989b:342-3).

According to the theory of shaming, actors find it more difficult to break the norms in case other people come to know about it -unless the others represent a subculture approving of such deviance. Sunlight is "the best disinfectant", and organizational offenders do not want their

symbolical white collars tarnished (Fisse and Braithwaite 1983). Thus, organizations can more easily sustain subcultures of noncompliance with the wider social norms if they manage to cover the misbehavior "so that members of the organization can go out into their neighborhoods, their churches, their social groups without suffering accusations that they are criminals." Braithwaite notes an important facilitator of organizational misbehavior: it is too easy to escape publicity and conceal the wrongs as well as to obscure where, in the complex organization, the responsibility actually lies. (Braithwaite 1989b:341)

Braithwaite (1989a:100-1; 1989b:341) distinguishes shaming into two types: *Reintegrative shaming* maintains respect and is followed by "gestures of reacceptance or forgiveness." The wrongful act is condemned while the actor is regarded as essentially good. The other type of shaming, disintegrative *stigmatization*, treats offenders as outcasts and the shaming ceremonies are not followed by efforts to reintegrate the offender to society.

According to the research on convicted white collar offenders, they experience contradictory emotions: embarrassment and shame vs. hostility and rage (Benson 1989). In order to survive the crisis of being caught doing wrong, organizations as well as individuals employ certain defence mechanisms. An undesirable one is to raise rage and hostility against the enforcement, while a more creative way to cope with the situation is for an organization to reform, for an individual to repent. (Braithwaite 1989b:345-6)

In order to promote reintegrative shaming, Braithwaite analyzes the role of the enforcement agencies in affecting the rate of organizational violations. Citing Bardach and Kagan (1982), he maintains that an enforcement style that is "unreasonable, uncooperative, rulebook-oriented and litigious" contributes to the formation of business subcultures of resistance. Such subcultures nurture rationalizations and know-how for misbehavior. Citing Matza (1964), he moves on: "Being

pushed around puts the delinquent in a mood of fatalism. -- he is rendered irresponsible." If the enforcement is experienced as unjust or oppressive, the offender "might transcend that mutilation through rage" and lose the moral bond of the law. Furthermore, if organizational actors are stigmatized as untrustworthy and unworthy of cooperation, they might turn to resistant subcultures for social support. (Braithwaite 1989b:343-5)

Therefore, Braithwaite argues for a regulatory style that is firm but cooperative:

-- trusting toward cooperating organizations, tough toward cheating organizations, and forgiving toward cheaters who switch to cooperation.

If mutual respect is maintained also informal control has effect. As we know, relying solely on the formal court-based control has not been an effective response to organizational violations. Still, occasional use of legal weapons may increase the regulators' credibility in the eyes of the organizations. Accordingly, organizational wrongs are facilitated by the fact that the most common regulatory style is cooperative but too permissive. Thus, organizational actors may not regard the regulators as significant others. (Braithwaite 1989b:343-5) Lack of respect enables playing games with the regulators where a punishment is considered a temporary game loss with no severe implications (Laitinen and Virta 1998:16).

Braithwaite emphasizes the role of societal interest groups in providing the regulators a fertile middle-ground standing in the political discourses on the standards of organizational behavior. Interest groups may also have a more direct impact on organizational behavior as they launch new ideologies to base assesment of "reasonable" business behavior and shaming on. (Braithwaite 1989b:342 and 344)

Central in Braithwaite's theory is integrating seemingly contradictory traditional criminological theories. He (1989a) seeks greater explanatory power through integrating "the modest explanatory

successes of existing sociological theories of crime” (Preface) and “through the addition of just one element -the partitioning of shaming- as a shunt to connect these diverging theoretical tracks” (p.107). The shunting is needed in order to combine labeling theory that suggests social control to create deviance (Lemert 1967), and control theory that makes the opposite argument: social disapproval by the important others reduces deviance (Braithwaite 1989b:340). Braithwaite disentangles these dynamics through a “theory of tipping points”: Organizational behavior involves forces which either favor compliance with the law or a subculture of resistance. In the tipping points, differential shaming is the variable to determine which way to go: if the significant shamers share a subculture of resistance, shaming integrates the actor into wrongdoing; if one’s significant others think highly of the law and morals one is more likely to be deterred from wrongs. (Braithwaite 1989a:107; 1989b:345 and 348)

Critical Evaluation

Braithwaite seems to be on a promising track. Organizational wrongdoing often is facilitated by the absence of official condemnation -the greatest crimes tend to escape the criminal label and punishment²⁹- and by the fact that in the actual situation where a wrong is committed the participants do not perceive their behavior wrongful -at least not as a real or serious violation. Thus, there may not prevail sufficient shaming to deter one from what is defined as wrong in a wider context. Clearly, extra-organizational actors and memberships are significant in pointing out alternative bases for shaming.

Support to the explanatory power of shame as a significant deterrent to guide human behavior can be drawn, e.g., from Milgram’s

²⁹There is no lack of examples to support this argument. E.g., no high-level official was ever prosecuted for engaging in the pursuit of the Vietnam War (Friedrichs 1996:127).

experiments³⁰. In his obedience experiments, the participants had no reason to fear punishment -apart from the possible loss of the participation fee- but were afraid of embarrassment. When the experimenter was out of the room it was easier to disobey since direct confrontation could be avoided. Kelman and Hamilton (1989:157) conclude that

-- the fear of embarrassment is functionally equivalent to the fear of punishment -- stigmatization and isolation of dissidents as troublemakers, deviants, or traitors- is a binding force available to political authorities as much as to experimenters, airline pilots, or supervisors in the workplace.

Braithwaite (1989a:69-71) comes up with other, equally convincing, evidence in support of the power of informal punishments in comparison to the formal ones.

Shame is an effective means of social control for it relies on the very fundamental human need to be in contact with other people. In addition to social disapproval, pangs of conscience are the crucial punishers incorporated in the theory. Reintegrative shaming functions to make the actor her own shamer so that external controls are "resorted to less and less". (Braithwaite 1989a:72-5)

Is the community that Braithwaite aspires after, then, a Foucauldian nightmare? The power of the community Braithwaite is suggesting reminds of Foucault's modern biopower that relies rather on discipline than punishment and the core of which is normalization (Helen 1994:276). Controls are to invade our very personalities, and an individual is rejected unless she conforms to the social norms and asks for forgiveness for her deviation. Would a community of reintegrative shaming stultify individualism and have neurotically inhibited inhabitants with too strong superegos? Is it right to foster feelings of

³⁰ Milgram's experiments were discussed earlier in the Chapter 2.5.2. Following the Authority.

shame, for shaming implies a negative feeling of oneself and degradation of self-esteem?

Braithwaite (1989a) counters this line of critique by admitting that shaming "surely limits autonomy" (p.10) and that it can be "cruel, even vicious" (p.101). He acknowledges that shaming is "a dangerous game" that can be misused for thought control and stultification of human diversity (p.12). Therefore, only behavior that risks or harms other people is to be shamed or punished, always with human respect and without stigmatization. Shaming is justified for the moralizing restricts our autonomy in a well-grounded manner,

-- by inviting us to see that we cannot be whole moral persons through considering only our own interests -- We are shamed if we exercise our own autonomy in a way that tramples on the autonomy of others. (P.11)

Actually, the sense of communitarian morals the theory invokes is a necessity of contemporary life on a globe with limited resources and enormous inequalities of power. A way to define wrongs is that they deny others their humanity and render them powerless (Henry and Milovanovic 1994). Organizational wrongs do this to an overwhelming extent, as was seen in Chapter 1. Powerful shaming is justified and needed in order to fight organizational wrongs. Unfortunately, conscience has to be acquired (Braithwaite 1989a:71); it is not inherent in human behavior. Therefore, it must be taught in active shaming processes in the interdependent community, and required from individuals and their organizations.

CHAPTER 3: THE DYNAMICS OF COLLECTIVE BEHAVIOR

In this 3rd Chapter, it will be discussed what kind of social psychological forces affect human behavior in social settings such as organizations. Although the dynamics of collective behavior underlie organizational life, they have been neglected in the criminological theory. I will focus on the question whether collective outcomes differ from the members' individual behavior and preferences. Various social psychological phenomena will be presented in order to provide further understanding of organizational wrongdoing. Finally, means to avoid the pitfalls of collective decisionmaking will be brought out. It is also important to acknowledge the organizational dialectics of power: much as individual members are affected by the collective, the human agency must still be taken into account. Thus, resistance is a theme to be incorporated, too.

3.1. Methodological Individualism vs. Holism

When approaching organizational behavior, the basic choice is between the atomic view -which views organizations as nothing more than a collection of individuals- and the organic view -where organization is not reduced to its members (Wells 1993:85). *Methodological individualism* regards organizational action merely as a sum of its individual parts: only individuals are real and act, while social phenomena such as organizations are abstractions beyond direct observation (Fisse and Braithwaite 1993:18-9). Accordingly, Cressey (1989) argued that the idea of corporations committing crimes merely is a legal fiction. He claimed that "so-called organizational crime is committed by corporation executives, not by organizations." (Geis 1992:44)

Cressey's view has been challenged by a number of scholars. E.g., Braithwaite and Fisse (1990:19) make it straight: "The notion that individuals are real, observable, flesh and blood, while corporations are legal fictions, is false." Rather, the whole always is more than the sum of its parts, and in each case there is a need to build upon reductionism to study how the parts interact to form wholes (Fisse and Braithwaite 1993:20-1). Opposite to methodological individualism is *methodological holism*. This view was notably presented by Durkheim who saw an individual as a product of social forces. Straightforward is the rejection of individualism in the Balinese culture:

Physically men come and go, mere incidents in a happenstance history -- But the masks they wear, the stage they occupy, the parts they play, and, most important, the spectacle they mount remain -- (Geerts 1983, cited in Braithwaite and Fisse 1990:19).

Also crude methodological holism can be attacked for it denies individual wilful freedom thus leading to determinism. Therefore, an intermediary stand would be reasonable: *individuals and their institutions shape each other*. Individualism ignores the social forces that constrain organizational behavior while holism overlooks the individual capacity to resist and reshape the community's "thought world". (Fisse and Braithwaite 1993:19-21) Because the collective impacts its members' behavior the whole transcends the sum of isolated individual actions.

What, then, must be added to the sum of the individuals in order to grasp the whole; what exactly constitutes the difference between the individuals and the organization? The answer is the *organization* which constrains human behavior. Also being a *group* member affects human behavior; in fact, so does the mere cognition of co-workers. In social psychology, different phenomena of human behavior in social settings are recognized. E.g., social facilitation occurs as the presence of other people enhances productivity, social loafing being its counterforce (Franzoi 1996:522-7).

Within organizations, individuals do things they would not do individually. Army may be the most radical example. Organizations guide their members conduct through their routines, history, continuity, role expectations, status hierarchy, depersonalized relationships, and norms in general. In groups, decisionmaking yields something else than a mere combination of individual voices.

Stone (1975:3-5) illustrates the difference between individual and organized behavior with an example of the jury. The jury may come up with a verdict that results from compromises and does not correspond to any member's initial preference. Everyone's individual decision might differ from the group's decision even after the joint deliberation. To belong to an institution like the jury means that one's behavior is fitted into an institutional framework with "a whole series of formal constraints". Stone specifies various formal constraints the jury confronts: they only have a limited set of appropriate judgemental categories to decide between, there are rules on the vote, the time and the information for the decisionmaking are limited, the jurors' number and the physical setting are fixed, there is a formal role structure, and there are general qualifications for the post. In addition to the formal factors, there are informal constraints inherent in all group behavior. For example, jurors are affected by the sense of the jury's societal role involving expectations of what the jury is supposed to do in the particular case or in general.

In the similar vein, Braithwaite and Fisse (1990:22) note that institutional procedures distinguish collective action from individual preferences. As in regard to the board of directors: "-- while each member -- can 'vote' for a declaration of dividend, only the board as a collectivity is empowered to declare a dividend."

Organizations are capable of outcomes far beyond individual capacity. For a single isolated individual, it would be impossible to impose such threat and damage as, e.g., nuclear disasters or the Nazi administration have been able to produce. Organizations encourage and employ

specialized skills that would otherwise be of little use. In addition, as an organization brings the pieces together, the social psychological phenomena of collective action further separate group working from what an isolated individual would do.

Stone (1975:6-7) concludes that in order to institute a change in the performance and the functions of the jury as a social institution the relevant level of analysis would not be the individual actors but their institutional framework. The institutional approach even more powerfully facilitates understanding corporations:

For while a jury brings together on an ad hoc basis for a rather limited time, and with rather limited aims, and in a rather flat hierarchical structure, the corporation brings together men, machines, and patterns of doing things into an enormous sociotechnical system that is far more complex, overwhelming, and powerful. (Ibid.)

Stone nears Durkheimian holism as he describes individuals in corporations as "fitted parts of elaborate subsystems" whose wants, perceptions, and emotions are swayed by the institutional structure. His delicate point is that the participants do not plainly serve the employer, but, more importantly, the general process as a whole. Similarly to the jury:

There is no reason to suppose that -- (the corporate) decisions and the way it arrives at them - will coincide with those of any one person within it, not even necessarily those of the president. (Ibid.)

In sum, these arguments strongly support the view that an organization cannot be reduced to its individual parts.

3.1.1. The Irrelevance of Persons

As mentioned in the introduction, Galbraith (1984) stresses the role of organizations as he analyzes the modern sources of power.

Accordingly, the importance of personality and property -the two other sources of power- is diminishing. Corporations have lost the visible, powerful, dominating leaders. They have been replaced by management groups, "faceless organizational men". Accordingly, organizational decisionmaking depends on continuous cooperation rather than the abilities of one single person. (Pp.142-5) Now that the days of the prominent "robber barons" have passed, "faceless" is the expression that also Geis (1993:19-20) generally attributes to business leaders. Galbraith (1984:191) concludes that products of bureaucracy have replaced the manager's will. As an indication, when the management personnel changes, no notable political or functional changes are usually expected in large corporations nor in public institutions.

Ermann and Lundman (1996:4-5) describe large organizations as collections of positions that powerfully constrain the work-related thoughts and actions of the replaceable people who occupy these positions.

Organizations commonly substitute their members at all levels with little effect on the organizational processes. Ermann and Lundman apply an analogy to basketball teams: although players and coaches change, the same game still goes on. The same is true of universities: each year a number of students and professors leave while new ones come in. Still, universities continue to operate as if nothing had happened. (Pp.5-6)

Sharing these views, Coleman (cited in Ermann and Lundman 1996:6) claims that the structure exists independently of the persons occupying the positions within it, and that obligations and expectations, goals and resources associated with the positions exist apart from the individuals. Accordingly, the one who has initiated the wrongful pattern may have moved on to new positions as so often happens. Then, the replacer may find that the wrong is an expected part of the job. (Ermann and Lundman, p.22) And indeed, in many corporations that Sutherland

(1983:262) examined, the wrongdoing continued despite the persons had changed:

-- many corporations which violated the antitrust law forty years ago are still violating that law, although the personnel has changed completely.

Thus, people are incidental in the structure that only consists of positions and is not dependent on particular persons. Coleman (1982:59-60) illuminates this through the in-basket game, a common method in management training programs. In the game, management trainees are to assume that they unexpectedly have replaced the previous plant manager and have to reply to the mail in their predecessor's in-basket. The idea is to make the change of the manager unnoticeable, which is considered good for the smooth functioning of the plant. Using the game in training managers is a telling example of how irrelevant persons in organizations really are. One is expected to play the organizational role with no personal variation. One is not significant as a person but as an occupant of a particular position. Furthermore, one is aware of being replaceable: one is trained for the position, and should one fail to meet the standards, there are others with a similar training. This is a dehumanizing realization (Simon 1996a:281).

3.2. Human Behavior in Groups

Social psychology investigates how the presence of other people - concrete or imagined- affects individual thinking, emotions and behavior. Social psychology clings to the micro-macro connection between the individual and her collective so crucial in sociolegal analyses of organizational behavior. In addition to its members' features, an organization can be analyzed on the collective level, e.g., on the basis of its structure and interaction. (Tiuraniemi 1993:3-5) Various social psychological experiments have been carried out in order to study and explain human behavior in social situations.

Working in a group is a central social situation. An organization is a major group which may also be constructed of various specific groups. (Tiuraniemi 1993:45) Organizational behavior takes place in groups, and therefore social psychological research on groups is relevant in this study.

3.2.1. *Bystander Apathy*

A public-place murder in New York 1964 gained wide publicity and set forth much research. The victim's struggle with the murderer lasted over half an hour. None of the at least 38 witnesses took action to prevent the crime and not even called the police until the scene was over. (E.g., Franzoi 1996:487; Gergen and Gergen 1981:255) *Bystander apathy* is a situation where the sense of social responsibility collides with the situational norms (Gahagan 1977:94). In order to study this very phenomenon, Latané and Darley (1969) arranged a research setting in which the subjects confronted situations that demanded immediate action: e.g., smoke began to pour into the room, a person in the next room seemed to get injured, or another testee seemed to have a serious fit. It was found that when alone in the room, the research subject usually acted properly: took action, helped or sought help. However, when there were many people in the room often nobody acted. (Eskola 1977:82) It has been concluded that when others are present, people are less likely to define a potentially dangerous situation as an emergency. Furthermore, the response is likely to be slower. (Franzoi 1996:490)

Bystander Intervention Model

Latané and Darley distinguish two processes that prevent action in social settings:

- 1) *Definition.* "Emergencies don't come wearing signs saying 'I am an emergency.' In defining an event as an emergency, one looks at other people to see their

reactions to the situation and interprets the meaning that lies behind their actions.”

- 2) *Diffusion*. When many people are present in the situation, the responsibility for acting does not clearly focus on one person. (Franzoi 1996:488)

Latane and Darley (1970) have further developed a model of various steps. Taking action during an emergency involves a series of decisions. Should one fail in any of these decisions, one will not intervene. First, one must *label a certain course of action as something unusual and not desirable*. Thus, a participant in an organizational wrong must perceive the scene as ethically or legally wrongful. Then, one must *determine one's responsibility to intervene*. In case other potential actors are present, one may not define oneself as the responsible one to take action. This is especially the case when authoritative actors are present. However, the mere presence of the neighbors prevented action in the above mentioned murder case: people surely had thought of calling the police but estimated that "thirty people have probably called by now." (Franzoi 1996:487-90) Typically in complex organizations, there are many other people of various status levels who would be responsible for acting as well. Therefore, one may neutralize individual responsibility by thinking: "Why should I be the one to make an effort and risk being labeled ridiculous and a troublemaker?"

Furthermore, even if one notices a violation and defines oneself as responsible for intervening, one must *come up with a potential form of action to take*. According to Latane and Darley, if the actor is not able to think of an appropriate course of intervention, she will fail to take action. Finally, should one pass all the preceding gates towards intervention, the last decision required is whether to *implement the course of prosocial action*. However, there are many inhibitions at work even if one fully recognizes the situation. (Franzoi 1996:488-90)

The *audience inhibit effect* prevents people from helping as they fear that the other bystanders would evaluate them negatively if they do intervene and the situation turns out not to be an emergency. Thus, one is likely to be concerned about embarrassing oneself by overreacting. However, some people are more sensitive to embarrassment than others. (Tice and Baumeister 1985, cited in Franzoi 1996:492). In case people are not sure how to define a particular situation, proper action may also be prevented as the participants tend to become dependent on the others in defining social reality: in order to make sense of the ambiguous situation, people look for cues in the others' behavior. Apathy follows since inaction is commonly preferred due to such a mode of thought as "doing nothing is relatively safe because it is noncontroversial" (Benveniste 1977:110, cited in Ashforth and Lee 1990:624), and since people tend to define situations collectively. (Franzoi, pp. 490-2)

Freedman et al. (1970:196-8) refer to diffused responsibility as *deindividuation*. People may do such things together that they would not do alone -including keeping passive. The effect of deindividuation is increased by anything that makes the members of the group less identifiable: the more anonymous the participants, the more irresponsibly they may behave, and the less they feel they have an identity of their own. There is experimental evidence suggesting that the loss of individuality contributes to violent or antisocial behavior exhibited by groups. (Ibid.)

3.2.2. *Group Cohesion and Conformity*

Conformity means yielding to social pressure, whereas *group cohesiveness* refers to the degree to which group members are attracted to one another and to the group as a whole (Franzoi 1996:556-7; Gergen and Gergen 1981:492). As mentioned earlier, organizations have a stake in conformity since their external power can be argued to depend on their ability to maintain internal conformity (Galbraith 1984). Also cohesion is argued to benefit the organization: it is likely

that a cohesive group is productive and its members enjoy their work and share the institutional goals. Cohesion provides social satisfaction. However, cohesion and conformity have their part to play in producing organizational wrongs since the wrongs stem from concerted action and inaction.

Juuti (1992a:111-5) agrees that group cohesion also has undesirable consequences. The level of the cohesion implies the extent to which the group is able to affect its members' voluntary action. In a cohesive group, more social pressure is prone to develop. Groups create their way of perceiving the world, and a cohesive group more forcefully imposes that view on its members. This manipulation constrains individual members' freedom to act.

Group cohesion is likely to increase as the meaning of the membership increases in value to the participants (Tiuraniemi 1993:47). The more the group members are attracted to one another and to the group as a whole and share the group's goals, the greater the group's cohesiveness -and success (Freedman et al. 1970:94). Cohesion increases as the group succeeds in satisfying its members' needs, and cohesion typically leads to better goal-attainment as well as to greater personal devotion to the collective goals (Juuti 1992a:111-4). Thus, cohesion feeds itself.

Persons with similar backgrounds and interests are prone to build coherent groups. However, cohesion can also develop with time: persons who work together are likely to adopt common values, norms and beliefs which contribute to coherence. Other factors to invoke coherence include external respect that the group enjoys. Also an external threat unites the group and joint efforts against the threat further solidarity and identification with the group. In addition, coherence is enhanced by mutual dependence of the actors. (Tiuraniemi 1993:47; Juuti 1992a:112)

It is seen that coherence tends to prevail in settings similar to those of white collar crime: White collar offenders typically share a legitimate background and are better educated than the conventional ones. Although organizational action involves employees from various social classes, a certain organization or a subunit often attracts, employs and cultivates people with shared characteristics. Also achieving organizational goals furthers coherence, and goals can be reached through white collar crime the net profit of which typically exceeds that of conventional crime (see, e.g., Laitinen and Virta 1998:24-5). Being respected belongs to white collar crime by definition, fostering cohesion. Furthermore, organizational offenders share an enemy: illegitimacy is always lurking around the corner since the line between right and wrong is an eternal dilemma. The organizational actors typically also depend on each other as the performance is divided into parts and specialization prevails. In conclusion, the settings of white collar crime are in many ways similar to those that nurture group coherence which suggests coherence to be a variable in understanding collective wrongdoing.

3.2.2.1. Key Experiments on Group Conformity

As stated above, in ambiguous situations people tend to look for cues in the others' behavior. Traditionally cited in this context are the experiments of Sherif (1935) and Asch (1956). In *Sherif's* experiment the participants were to observe an immobile luminous point on a screen. The experiment bases on the autokinetic effect, an optical illusion that the point seems to be moving. There is personal variation in how much the point seems to move. In the first part of the experiment, each participant's personal variation was measured. In the second part, the same phenomenon was measured in group settings where the group members became aware of the others' assessments. This was the only interaction between the participants. The result was that the individual perceptions became to resemble each other, and each group developed a unitary level of the illusory movement. (Gahagan 1977:80-4)

Asch studied group conformity through an experiment where the task was to compare the length of the lines drawn on cards. The groups had from seven to nine persons, only one of whom was an actual subject of the study. The others were *Asch*'s assistants and strangers to the testee. Each member was delivered two cards: one with the standard line and the other with three lines from which to choose the one equally long with the standard. A line was clearly as long as the standard, and when the control experiment was conducted individually, nobody erred. However, when the research subject was to answer after the others who had been instructed to give a uniform incorrect reply, in one third of the cases she followed the others and supplied the wrong answer. (Gahagan 1977:84-5) As many as 76 per cent of the research subjects adjusted themselves to the misleading majority at least once (Juuti 1992a:118; Statt 1992:128).

The experiment has been modified by *Asch* as well as other researchers in order to reach more specific results. It has been found that the likelihood to follow the erroneous majority increases as the task becomes more difficult. When encountered by a difficult arithmetical problem, up to 80 per cent of the subjects conformed to the faked group consensus (Crutchfield 1955, cited in Statt 1992:129-30). However, if the issue lacks the right answer and rather concerns personal opinions or taste, the level of the conformity is argued to be lower (Gahagan 1977:85). Still, in Crutchfield's experiment, over half of the testees - compared to less than a fifth of the control group- agreed with a political statement according to which it is proper for a society to suspend free speech whenever it feels itself threatened. Thus, a considerable group bias took place although the argument regarded personal opinions. (Statt, *ibid.*)

How strong a group bias can we expect in ethical questions? At least ethical matters are difficult which suggests more reliance on others. E.g., a key participant in the Ford Pinto process, the Recall Coordinator, was thoroughly confused what would have been the right thing to do. He isn't even sure in retrospect what he should have done!

Furthermore, moral tones are often denied and reduced to arguments about technical details. Accordingly, the Ford management excluded discourse that would have relied on moral terms. (Gioia 1996:148-51) The pressure to conform becomes stronger as moral questions are obfuscated and transformed into questions of natural science because characteristic to natural science is that the right answers do exist and can be proven. (See Beck 1990) Besides, although certain ethical dilemmas clearly are acknowledged to raise divergent voices, different groups tend to perceive their own views superior. In this subcultural sense, ethical issues fall into the category where the right answers can be approached -and socially demanded.

In the Asch studies, the issue was very objective by nature. One could have been expected to be quite confident with one's perceptions since the lines were easily observed. Yet a considerable bias took place. In ethical questions, the social influence can be expected to be even greater since they are social constructions produced through political discourses. The social nature of morals already follows from the fact that ethical norms function to enable harmonious societal life.

The level of conformity also has to do with the size of the majority. As Asch varied the majority in size, he found that when it consisted of more than three persons, its size ceased to matter. Also Juuti (1992a:116) states that conformity increases with the group size to a certain limit. Conformity has reached its maximum level when the group has four members.

An important factor is whether the wrongful majority is unanimous. If even one participant agreed with the naive subject, yielding to group pressure was sharply reduced. (Statt 1992:129) As was seen earlier, an analogical result was reached in Milgram's experiment: obedience reduced as the research subject received social support in resisting the authority³¹.

³¹See Chapter 2.5.2. Following the Authority

In interviews following the Asch experiment, the ones who had conformed to the majoritarian view gave different accounts why they had done it. A few reported having followed their actual perception (which was false). Thus, most of them who had shared the majority's view thought that the answer was not correct. They thought that they somehow had mistaken and did not want to ruin the experiment, followed their image of the experimenter's wishes, wanted to appear positively in front of the others or simply felt uneasy challenging the majority. (Gahagan 1977:86-91; Eskola 1977:42) Analogically to Jackall's (1996) observations, a leveling process takes place: people do not consider it worthwhile to express their divergent views which would disturb the enjoyable balance, the "comfortable mediocrity", and expose themselves to the effort of confronting adverse views and to the risk of being labeled unfavorably by the others. An individual always assesses how the group views her and is deterred from deviation because it feels unpleasant (Bion 1967, cited in Tiuraniemi 1993:56) Accordingly, Asch and his successors found that in case the answer does not go public, conformity to the faulty majority decreases (Gahagan, *ibid.*).

What kind of people, then, are especially prone to conform? Variations of the Asch experiment suggest that the weaker the research subject perceives her skills to be in relation to the other group members, the more prone she is to give in to the majoritarian view (Gahagan 1977:87). People who yield to group pressure are lower in self-esteem than those who do not give in (Statt 1992:129). Accordingly, Juuti (1992a:116-7) contends that those who are most likely to conform are not very self-confident and their intelligence only amounts to the average of the group. Referring to research findings, he argues that intelligence is in inverse relation to the frequency of conforming. Also personality is significant: authoritarian persons conform more likely than those with less authoritarian personalities. Being dependent on the other group members increases the likelihood of conformity, too.

3.2.2.2. Absorption into Organizational Wrongdoing

Usually people enter new groups insecure and anxious. A new member wants to be accepted and respected by the group. Newcomers worry about such matters as whether the others like them and listen to what they have to say. (Juuti 1992a:134) In order to be an influential organizational member taken into account in important organizational processes and decisions, one has to comply with the organizational norms. Hamilton and Biggard (1985:13, cited in Braithwaite 1989b:348) illuminate the core of the organizational power dynamics:

Being powerful rests on being included in calculated strategies and ongoing decisions; being included in strategies and decisions rests on others' evaluation of one's accountability, which in turn rests on one's willingness to obey group standards of behavior.

In the similar vein, Galbraith (1983:172) states that the one to advance one's career and to collect the highest official honours is the one who completely approves of the organizational goals. An individual only maintains her influence over the organizational use of power to the extent that she is willing to subordinate herself to organizational aspirations (p.192).

Organizational life is filled with norms and only a proportion of them are explicit and formal. Formal means of control rather provide the last resort of controlling behavior (Braithwaite 1989b:348). Galbraith (1983:172) presents a military illustration: The insubordinate will confront official punishments such as being discharged from the service or, ultimately, sentenced in a court-martial. Yet, the primary everyday unofficial sanctions include such deterrents as not being promoted, not being invited to collegial work nor to social occasions, and not being trusted anymore.

It can be theorized how one becomes absorbed into organizational wrongdoing. As a typical newcomer is insecure and wants

acknowledgement and experiences of success in her new society, she must play the game by the organizational rules. These rules are being imposed on her by official accounts as well as by practical episodes. In case one recognizes immoralities, at first one has such a low status in the organization that one lacks the power to influence the way things are done. Nor is one very likely to resign for many reasons: e.g., giving up is culturally despised, and a new job may be hard to find -especially if one is labeled as a troublemaker. By time, one will become more and more adjusted to the organizational perceptions and is less likely to even recognize possible misconduct.

In the competition for success in the organizational world one may engage in misbehavior. Then, the wrongs tend to continue for other reasons than why they had started. The Nazis employed a strategy where they wanted to make everybody engaged, so that the participants would be inhibited from blowing the whistle (Hilberg 1996:171). Commitment escalates.³² Individuals who are responsible for a failing course of action often "throw good money after the bad" when they try to win back their losses and justify their initial decision (Ashforth and Lee 1990:629). This phenomenon belongs to the infamous category of heuristics in decisionmaking. Once so much resources have already been spent, in fear of losing them people may be attracted to go on with the wrongful path. Once people have gone through the "gate region" and got their hands dirty, various forces that originally deterred them from the situation begin to keep them in. The wrongful nature of the action

³²For an illustration, see John Grisham's novel *The Firm* (1991). Although imaginary, it provides a thought-provoking example of organizing an escalating commitment. Starting in legal work, the new recruit is gradually socialized into the organizational world. The firm wants its employees to be bound to the status quo -by family, collegial and financial ties- so tightly that they would not be ready to challenge it when they eventually realize that they are expected to commit wrongs. The story will also do as an example how difficult it can be to draw the line between legitimate and illegitimate organizations. Mafia may have the whitest collars!

may lead to further involvement in efforts to justify or conceal the action. (Kelman and Hamilton 1989:17-8)

3.2.3. *Groupthink*

By groupthink Janis (1972, cited in Simon 1996a:282-3) refers to a mode of thinking that people engage in where they are deeply involved in a cohesive in-group, where the members' striving for unanimity overrides their motivations to realistically appraise alternative courses of action.

Groupthink tends to increase as group cohesiveness increases. It involves nondeliberate suppression of independent critical thoughts. Groupthink is likely to lead to poor decisionmaking and to irrational and dehumanizing actions directed against other groups. (Chell 1987:92-3)

The dynamics of groupthink include various factors that defend the group from the demands of the complex reality. Negative feedback is discounted through collective rationalizations. Were the critique really faced, the group would have to question their underlying assumptions. Instead of critical evaluation, the members may believe in the inherent morality of their group. Along with the unquestioned morality comes an illusion of invulnerability which leads to unrealistic optimism and facilitates risk-taking. At the same time, outgroups are viewed in stereotyped terms, preventing true cooperation with them. (Chell 1987:93-4) Characteristic to groupthinkers is that they believe persons outside the group to be less capable and less aware of the significant information (Fisher 1981:45).

Groupthink limits rationality as it restricts discussion to certain courses of action. Suffering from groupthink, a group fails to re-examine the decision initially preferred by the majority even if they learn of risks and shortcomings they had not considered in the first place. Accordingly, the prevailing course of action is reinforced by a failure to recognize the non-obvious gains of the rejected alternatives or ways

to reduce the alternatives' costs. Communication is limited by not hearing external experts. As discussed in reference to the Ford Pinto case, being stuck in one view is facilitated by collecting and interpreting information according to the existing schema. Thus, groupthinkers show interest in facts and opinions that support their preferred policy, and ignore divergent voices. (Chell 1987:93-4)

In a groupthink situation, doubting members are pressured to conform. This tends to lead to *self-censorship*: deviation is avoided by undervaluing one's misgivings and keeping silent. Then, the silence is interpreted in coherence with the prevailing schema to signify agreement, reinforcing the illusion of unanimity. Any doubts the members may come across are quickly dispelled, e.g., through rationalization (Fisher 1981:45). Groupthinkers may go as far as to serve as mindguards, protecting the group and its leaders from adverse information that could risk the shared complacency. (Chell 1987:93-4) Accordingly, organizational wrongs are facilitated by blocking the flow of critical information. Many companies have systematic policies to protect their chief executives from knowing about violations. Executives may not even want to know about the misconduct taking place in their organizations and expect the subordinates to "get it done but don't tell me how you did it." (See, e.g., Braithwaite 1989a:146)

Typically, groupthinkers are not aware of being victimized by such a phenomenon. However, discerning members may sense that something is wrong. Fisher (1981:45-6) cites a member of a group suffering from groupthink:

Everyone in the group gets along almost too well. Ideas that come about -- are shallow and unclear. Members of my group are afraid to challenge or question ideas.

What follows from the uncritical adoption of a certain course of action is that the group does not prepare for the fact that the chosen and protected policy might fail. Hence, if the decision turns out to be risky, harmful or against the law, the group may lack means to properly cope

with the situation. Starting the process all over again would be costly and humiliating, and the easiest escape in the short run is to go on with the doomed show. In addition, by the time the negative consequences hit the organization, the initial decisionmakers may have moved on, retired, or the organization itself may have ceased to exist.

3.2.4. *Group Polarization*

Social psychologists have suggested that people favor more risky choices in a group than when deciding individually. Thus, a group tends to select the alternative with a bigger payoff but also a greater risk of undesirable consequences. This phenomenon is called the "*risky shift*". Of the many explanations for the risky shift the most plausible ones include such as: in groups, less individual responsibility is experienced; the social proximity may create an atmosphere that alleviates fears and initial conservatism of the members; in the state of groupthink a group may share powerful illusions which result in unrealistic risk-taking. Furthermore, actual or assumed social norms may contribute to taking risks: group members may think that courage is socially respected and preferred to conservatism. (Fisher 1981:61-2; Freedman et al.1970:199-202)

However, further studies have shown that groups can produce decisions that are biased into the other direction as well: group outcomes may be more conservative than individual preferences. This can be called the "*caution shift*". (Statt 1994:136) In conclusion, group discussion may *polarize* decisions: *decisionmaking in groups tends to produce more extreme positions than the average of the members' individual judgments* (Johnson and Johnson 1994:228-9). Group polarization refers to an increased extremity of the average response of the group, not to a split within the group (Chell 1987:99).

What, then, determines which way to go? Chell (1987:99) notes that the polarization occurs in the direction of the already favored pole and must therefore be distinguished from extremization regardless of

direction. According to Statt (1994:136), the group norm bases on the views that are first expressed. Then, the view that is supported by the majority will be confirmed. In the similar vein, Johnson and Johnson (1994:229) state that the direction of the shift depends on what initially was the dominant point of view. E.g., if the initial opinions of the group members favor conservatism, the shift in the group discussion will be toward a more extreme conservative opinion.

In the polarization process, coherence and conformity serve to silence deviant voices. Even though cohesiveness and conformity are beneficial to a certain extent, they may lead to a premature closure of the group's options. The group may suppress doubts and be lulled into a delusion of omniscience. Information that doesn't fit the emerging majoritarian schema makes the members feel uncomfortable and will be discredited or ignored. (Statt 1994:136-7)

Johnson and Johnson (1994:230) present explanations that have been offered for the group polarization effect. They often occur in combination (Franzoi 1996:536). The explanations can be divided into two categories:

1) Normative Influence. Members want to create a favorable impression on the others and modify their appearance in the direction they consider socially more desirable. According to social comparison theory, group members tend to compare themselves to others. Through this comparison, they may find that they are not as extreme in the socially valued direction than they thought. As they want to be evaluated positively, they shift toward more extreme positions. Related to normative influence, polarization can also be explained through the members' aspiration to identify with the group and to reinforce their membership.

2) Informational Influence. Polarization may also follow from the new information the members have learnt in the group. Primarily discussed in groups is the commonly shared information, while an individual

needs social support for introducing her unique ideas or information. (Johnson and Johnson 1994:230) If most members initially support a particular view, the group discussion mainly serves to confirm this view. Actually, the success of the initial majority opinion has been attributed to greater normative as well as informative influence the majority has at its disposal. Group discussion is more likely to focus on the majority's views than on minoritarian or individual voices as the majority can impose more social pressure than the minority. (Franzoi 1996:533-6)

Normative influence is especially strong when the issue is ambiguous or concerns values and tastes rather than facts. Informational influence most likely prevails in groups working on intellectual tasks, ie. on tasks with demonstrably correct solutions. (Franzoi 1996:533) However, these often intertwine in the organizational construction of reality as values are transformed into facts.

As to the informational explanation, cognitive learning is supplemented by group processes. Active discussion produces more attitude change than passively receiving information. Attitudes are shaped through processing information and publicly expressing arguments. As a result of such active processes, the arguments become incorporated in one's personal cognitive framework and the sense of commitment to a certain stand increases. (Chell 1987:101)

3.2.5. *Ethnocentrism*

It is a human propensity to view the groups one belongs to (ingroups) more favorably than other groups (outgroups). Poveda (1994:26) defines *ethnocentrism* as a tendency to view one's own culture and institutions as superior to others. Ethnocentrism is manifested in the powerful desire to have faith in our own leaders and institutions. It is reassuring to believe that the true criminals are those haunted by the

police in the streets and that our legitimate institutions are "beyond good and evil"³³. Also a member in a wrongdoing organization is inclined to escape the cognitive dissonance through failing to label her organization wrongful. One builds one's identity and self-esteem through the distinction between in- and outgroups (Eskola 1996:108). The split between "good" ingroups and "bad" outgroups is one of the psychological defence mechanisms to facilitate organizational wrongdoing: in black and white terms, uncritical confidence is directed to one's authorities and organizations, while the victims and "the real criminals" are placed into separate and inferior categories.

One tends to seek similarities with the ingroup members and differences with outgroups (Statt 1994:138). In the organizational process of depersonalization, the members of the same group tend to play down the differences between them and rely on the very basic social categorization: member in their own group - member in an outgroup (Johnson and Johnson 1994:380).

Ingroup members are seen as more similar to oneself even if the membership is based on chance (Fiske and Taylor 1984:164). Experimental *minimal groups* have been selected according to some trivial criterion such as lottery or eye color (Franzoi 1996:398). Even if the membership in a given group is arbitrary and the members strangers to each other, the ingroup is preferred to an outgroup: ingroup members are rewarded more, they are viewed as having nicer personalities and looks, as well as less responsibility for failing on a task and more responsibility for success (Fiske and Taylor, *ibid.*; Turner 1975, cited in Statt 1994:138-9). The tendency to give more favorable evaluations and greater rewards to ingroup members is called *ingroup bias* (Franzoi, *ibid.*). In an experiment, random membership in the roles of prisoners and guards lead to an unexpected level of hostility toward the outgroup. In fact, the research subjects played their parts so intensely

³³I.e., beyond critical assessment in moral terms.

that the experiment had to be interrupted. (Zimbardo et al. 1973, cited in Statt, *ibid.*)

To be noted is that the view on the in- and outgroups is self-confirming: the prejudiced schema guides searching and processing information. Thus, one tends to perceive and remember the ways the ingroup members are similar to oneself and how the outgroups are different. Negative behavior of the ingroup is often ignored while that of the outgroups is noticed and remembered. (Fiske and Taylor 1984:162) As Franzoi (1996:398) states, social and cognitive factors intertwine in producing prejudiced evaluations.

3.2.5.1. Intergroup Competition

Intergroup competition for scarce resources tends to exaggerate ingroup favoritism and lead to hostility towards outgroups. In a well-known series of experiments, *Sherif* and his colleagues observed how in the summer camp of 11- and 12-year-old boys competing groups developed hostility and prejudice against each other (E.g., *Sherif et al.* 1961, cited in Franzoi 1996; Statt, 1994; Johnson and Johnson 1994; Gergen and Gergen 1981).

Generally in intergroup conflicts, loyalty to the ingroup increases and prejudiced attitudes towards the opposing groups become incorporated in the group norms. Positive acts towards the outgroup members are punished by one's ingroup, while criticizing the opposing group may increase one's favor in the ingroup. The members are satisfied with their group and may even adopt an autocratic leader to lead the competition against the outgroups. Interaction between the conflicting groups decreases. (*Ibid.*) Johnson and Johnson (1994:381) state that the group that wins becomes more cohesive, self-satisfied, uninhibited, even playful. The leader is consolidated. Members believe that there is little need to re-evaluate their perceptions and actions because the winning has confirmed their positive stereotype of their ingroup and the negative stereotype of the outgroups.

Organizational wrongdoing can be analyzed in terms of conflict or competition between the organization and the external agencies of control. Since the wrongs most often go undetected and the gains can be vast, there may prevail a triumphant atmosphere in the organization after a successful cover-up. The frequent inability of the control agencies to "win" the wrongdoing organizations is likely to reinforce the harmful schemas. -In fact, since organizational wrongs are so immune to controls, win-lose confrontation should be avoided as it is likely to just deepen the harmful patterns of thought.

Sherif studied how to overcome intergroup confrontation and tested different incentives to cooperation. Simple non-competitive contact between the groups (joint events such as meals or movies) did not invoke positive cross-group interaction. It was concluded that contact between the groups does not in itself decrease the intergroup tension. Furthermore, providing correct and positive information of the outgroups may not be a successful remedy against the stereotyped attitudes either since the schemas of the conflicting groups are not easily penetrated (Eskola 1996:109).

Instead, in Sherif's experiment, effective was a superordinate goal which could not be ignored by the antagonist groups and the attainment of which was beyond the resources of either group alone. Such situations were tested and cooperation resulted, e.g., as the problems with the food supply had to be solved. However, groups tend to continue with their adverse attitudes once the critical situation is over. Still, a series of activities that demand interdependent action gradually reduce intergroup conflict and hostility.

Thus, in order to overcome mutual confrontation the groups must share a common interest that cannot be reached by separate action. Can this line of argumentation be applied to organizational wrongs? For example, however serious, limitless and lasting the environmental problems, they still are reproduced by organizations. Although the welfare of the consumers and the general public lies in the long-term

organizational interests and fighting environmental devastation clearly requires continuous joint efforts, the high rate of wrongdoing suggests that these connections are not genuinely acknowledged. Environmental problems are not truly perceived as everybody's business as they should. In order to overcome the barriers to cooperation, distorted schemas of the wrongdoers must be invaded by powerful and reiterative counter rhetorics.

3.3. Towards Healthier Decisionmaking

In order to reach for better organizational outcomes, it must be discussed how to overcome such threats to group work as presented earlier in this chapter. There are various obstacles to better decisionmaking, and members of the organization may not even be aware of groupthink and other phenomena that reduce the quality of the organizational output. Furthermore, the actors are usually more or less constrained by limited time and other resources, which makes schemas necessary for decisionmaking. Obviously, also the human need of some social support is beyond change. As a consequence, complete rationality is a goal that can be approached rather than achieved. A number of scholars have given their contribution in this aspiration.

All decisions involve controversy since decisionmaking is a choice between alternative courses of action. It is an important step in problem solving to identify and analyze alternative solutions. (Johnson and Johnson 1994:272) In groupthink situations, consensus and harmony are preferred to real discussion. Thus, the conflict is denied although it would be crucial for high-quality decisions. (Fisher 1981:46) In breaking the prejudiced schemas, needed is new, schema-discrepant information which inevitably produces conflict (Fiske and Taylor 1984:163).

Janis and Mann propose certain measures in order to avoid the undesirable consequences of groupthink (Janis and Mann 1977 and

1983; Janis 1971, cited in Johnson and Johnson 1994:274; Chell 1987:94-5): An open inquiry is facilitated if the high status members initially adopt an impartial stance and encourage critical evaluation of all ideas. The leader should abstain from expressing her position at the outset so that the members cannot adopt it uncritically but are lead to objective and wide investigation. Issues can be discussed in different groups and under different chairpersons. In order to prevent a narrow view, outside experts should be heard. In addition to outsiders, some members of the group can be assigned to represent unpopular positions and to challenge the majoritarian view. Options should not be prematurely closed. Thus, a further meeting should be arranged for expressing any second thoughts. Also Johnson and Johnson (1994:275) argue for a second-chance meeting in order to prevent too hasty decisions and to allow the members to express their remaining doubts.

Clearly, diversity of arguments in decisionmaking should be guaranteed by demanding critical and free discussion. The group should not be let develop a narrow and uncritical position out of the mere comfort of harmony, and internal and external divergent voices should be encouraged. However, setting extra groups and prolonging the decisionmaking process may not be realistic options due to the current emphasis on efficiency and low costs. It can also be questioned to what extent a further meeting can provide a real opportunity to change the course that has already been agreed upon. Although another meeting may bring distance to the initial decisionmaking, it is still likely to be difficult to admit the faults, to break the schema and try another path.

The qualities of an effective management that avoids groupthink situations have been discussed by organizational psychologists. Maier (1970, cited in Chell 1987:95-6) suggests how managers could elicit the best from their groups and improve the communication: For example, the leader should share with the group members all the information that is at her disposal. She should also encourage the members to express their views and to produce alternative solutions. It

is useful to try to prevent the dominant personalities from having a disproportionate influence and to minimize blame-oriented statements. In case the discussion slips out of the focus, it should be guided back to the actual issue. Furthermore, the evaluation of the alternatives should be delayed until all of them have been presented.

Postponing further discussion of the options is beneficial in order to prevent too early commitments. Were an option thoroughly discussed, the participants might be inclined to reject subsequent alternatives since so much resources would already have been spent on the previous one. Also being aware of the other options may decrease the risk of immature commitment. As to the other measures, it is much to demand that in the everyday continuous flow of decisions, all, even the lowest status voices would be invoked and given proper thought. Low status members most diverge from the dominant cultural appreciations. If the cultural emphasis is on material values, it is not likely that "safety first" voices will be raised after being continuously defeated -no matter how officially encouraged.

3.3.1. *Braithwaite on Forging Responsible Decisionmaking*

Braithwaite (1989a and b) incorporates both organizationally internal and external agencies of control in his theory of shaming. Shaming is facilitated by communication: it is important that the information of possible violations spreads. Accordingly, wrongdoing is facilitated by the ability to conceal it. In his 1985 study of the internal compliance systems of the companies with the best coal mine safety records in the US, Braithwaite found internal punitiveness not to be their distinctive feature. Instead, all five safety leaders had clearly defined accountability for safety performance, and they rigorously monitored that performance and communicated possible shortcomings. Braithwaite (1989a) concludes:

-- I suspect effectively self-regulating companies are those with means of drawing everyone's attention to the failings of

those who fall short of corporate social responsibility standards (shaming) --³⁴.

Often organizational subunits do not approve of law violations in the other subunits. Braithwaite calls for an "organization full of antennas" where shaming would be ubiquitous, actively imposed by the organizational actors. In a communitarian culture, everyone is the guardian of everyone else; compliance with the law is everybody's responsibility. Also occupational colleagues outside of the organization can impose shaming on their peers who violate the professional standards. Societal interest groups and investigative journalists are also significant as they scrutinize organizations and impose public shame on the wrongdoers. (Braithwaite 1989a and b)

To be noted is that in addition to the knowledge of possible violations, effective shamers must have "organizational clout": wrongdoers must somehow be dependent on the shamers (Braithwaite 1989a:135). Consumers have clout as far as their satisfaction is in the organization's interests. A mistreated customer may boycott or defame the organization. In general, a positive image is of value to organizational actors. Thus, prominent journalists are likely to have organizational clout, too. The role of the organizational members' other memberships is also significant. E.g., occupational peers may exert great influence on their deviant colleague for doing the job well probably is a matter of honor.

Groupthink and related phenomena are facilitated by organizational structures that shelter the decisionmakers from dissonant information. As mentioned earlier, groupthink typically involves mindguards to protect the others from unfavorable pieces of knowledge. Subordinates may employ illegitimate means in the pursuit of organizational goals and shield the top management from the tainting knowledge. There are policies to fight such concerted ignorance: Braithwaite (1989a:146-7)

³⁴Parentheses in the original.

proposes that all reports of the quality control director should be in writing, and should the manager overrule the quality recommendations, her signature would be needed. Thus, the body that chooses the organizational courses of action should provedly come to know about the safety issues. As a consequence, the decisionmakers might be deterred from risky or harmful alternatives out of fear of the shaming that could be targeted on them. Consolidating this policy, all employees should be reminded of their right and obligation to report cover-ups of offences, first internally, and independent of whether the violation falls in their specific domain of responsibility. Then, if the decisionmakers do not prevent the illegitimate practice, there should be mechanisms to enable blowing the whistle also more widely. (Ibid. See also Braithwaite 1989b:349-53)

3.4. Resistance in Organizations

Having said all this, it has become clear that individual actors are strongly guided by collective constraints. Does it mean that individual responsibility is rejected? How far should we follow the Marxian view that the worker's consciousness is infiltrated through the work? At his most pessimistic, Marx (1867/1972:817, cited in Jermier, Knights and Nord 1994:3) stated: "The organization of the fully developed capitalist process of production breaks down all resistance." On the other hand, Marx did acknowledge the worker capability of resistance, ultimately in the form of revolution. As discussed earlier, the Durkheimian holism must not be overrated. An individual has capacity to resist and reshape her organization. Yet, this capacity must not be overstated nor overromanticized either. As Jermier et al. (1994:8-9) argue, it is widely recognized in the current debates on the labor process that "-- most employees in advanced capitalist societies are neither class-consciousness revolutionaries nor passive, docile automatons."

According to Galbraith (1984:87), individual resistance will be exerted in organizations for almost any expression of power creates its counterpower. Any effort to subdue a person will encounter resistance in some form. Therefore, organizational top-down control is likely to be counterproductive and to frequently generate resistance -which in turn may lead to more managerial control (Collinson 1994). Management reprisals that aim at silencing the protesters may actually support and even radicalize their view on the wrongful nature of the organizational practices. (Rothschild and Miethe 1994)

Collinson (1994) distinguishes two opposite strategies of workplace resistance. Subordinates *resist through distance* as they try to escape or avoid the authoritarian demands and distance themselves from the organization and its power structure. This is the case when workers escape the boredom and the disillusion of depersonalized and highly specialized organizational life through work avoidance, indifference, or even sabotage (see Stone 1975:234-5). Organizational wrongs may stem from this type of resistance. There are far-reaching interpretations:

There has to be, among the workers (who participate in producing harmful products), a level of downright hostility - not just to the employer, but to the entire society, which as they see it, has cast them in a role barely above, perhaps subordinate to machines. (Ibid.)

By *resistance through persistence* the organizational members rather confront the issues they are protesting against. They seek to gain greater involvement in the organization and to render the management more accountable by acquiring information, monitoring practices and challenging decisionmaking processes. While there are rather limited possibilities available to passive opponents who escape true

confrontation³⁵, actively insisting on more managerial responsibility can yield more effective and creative results. However, although these forms of resistance indicate the individual power to interpret the organizational world, both of them are likely to leave the fundamental power structure unchallenged. (Collinson 1994)

Confrontation with organizational practices that one does not approve of commonly leads to grumbling horizontally at peers, friends, spouses. In the minority of cases, the protesters actually blow the whistle. Whistleblowing is likely to be first internal reporting to the qualified organizational organ. (Rothschild and Miethe 1994) If this doesn't prove an effective remedy, one will face the awkward question whether to conform, resign, or go public. Those who conform and follow the wrongful organizational expectations may come to be haunted by anxiety and uneasiness. Suppressed feelings may generate alienation and diffuse, unfocused, bottled-up aggression. Such a state of inauthenticity may involve major personal problems like psychosomatic symptoms and substance abuse. It is a state of mental stress -although often unconscious- and self-deception as one fails to understand one's own experiences. (Simon 1996:285-7)

On the basis of his research, Glazer (1996) classified public whistleblowers into three categories. The mildest form of whistleblowing only takes place as one has left the wrongdoing organization. These *reluctant collaborators* seek expiation of having been deeply involved in what they privately condemn. Also *implicated protesters* first acquiesce to the pressure but then expose the wrongdoing. *Unbending resisters*, in turn, maintain strict commitment to their principles all the way. As the organizational efforts to cajole or coerce them as well as their individual efforts to reform the organization have failed, they take a public stand.

³⁵Escapism must be discerned from passive resistance that fights injustice through non-violent means. Exerting power that relies on different means than that of the opponent can be highly effective. (See Galbraith 1984)

Certain characteristics have been associated with whistleblowers. In making the critical decision, Glazer (1996) considers crucial personal courage and circumstances of life. According to research, whistleblowers are highly competent and respected employees who belong to the central professionals in their organizations. Thus, they are in strategic positions which enables them to obtain knowledge of possible wrongs and gives them confidence that they will be heard. They often want the organization to maintain positive reputation and are devoted to the organization's actual mission which is undermined by the misconduct. Often they initially expect that the organization will appreciate exposing the wrongdoing and take constructive action. Unsurprisingly, one of their characteristics has been argued to be naivety. People who are inclined to blow the whistle also have a stake in following extra-organizational norms. Clearly, that is the base to question the organizational practices on. (Rothschild and Miethe 1994)

A potential whistleblower is affected by her particular mixture of negative and positive consequences. The organizational sanctions have strong personal implications: a whistleblower risks losing her job and the related monetary and social benefits. While the deviation is strongly punished, the protester's peers are rewarded for their conformity. In consequence, the dissident will lose positive coworking atmosphere and peer support. Insecurity about the future is likely to cause fear. The protester may blame herself for being too sensitive and feel inferior to the others who can play the game with at least seeming joy.

However, despite the inherent difficulties of being a dissident, the personal positive experience is the motive for the protest. According to Glazer's (1996) interviews with whistleblowers, they have rebuilt not only their careers but also their belief in their integrity and competence. Also Rothschild and Miethe's (1994:268) research suggests that personal identity is profoundly shaped by the experience of blowing the whistle. Often whistleblowers come to feel strong and moral, and free of the organizational abuses. Doing the right thing and following

one's conscience is likely to be an empowering and emancipatory experience indeed.

Organizational sanctions may be positive in organizations that claim to demand their employees to report violations. E.g., a police officer who revealed police corruption was supported and encouraged by the government prosecutors (Glazer 1996:273). However, there are also powerful degradation ceremonies for an informer within the police organization. Generally, many are likely to remain sceptical about speaking out in spite of its normative status. Actually, it is often the informer who finds herself being investigated rather than the reported violations. Efforts to foster the employee voice may be merely symbolic gestures in order to legitimize the organization in the eyes of the employees, external agents of control, and general public. Rothschild and Miethe conclude that organizations that honestly reward critical information are rarely found, even if the reporting is internal. (Rothschild and Miethe 1994)

Effective managers employ a variety of strategies in order to secure compliance. These tactics include persuasion through promises, rational arguments, threats, negotiation, lying or withholding information, claiming superior knowledge, etc. (Rothschild and Miethe 1994:257-8) Managers typically are the advantaged ones in these discursive struggles and capable of wider dissemination of their definitions due to their greater access to material and symbolic resources (Collinson 1994).

It is frequently observed that once an employee expresses to have information that can potentially be used to challenge the management's views, organizational reprisals will immediately be launched on her. Not only may one's employment be terminated but one may also be blacklisted in and out of the organization. The resisters are typically marginalized through managerial efforts at negating the legitimacy of the grievance and neutralizing the information that has been revealed. Such discrediting takes place, e.g., through attributing the protest to

personal problems or illegitimate motives. Breaching the taboo of loyalty may carry stigmatization as crazy, unreliable, incompetent, embittered, ridicilous, and a troublemaker. (Rothschild and Miethe 1994; Collinson 1994)

Bayley (1983:154, cited in Braithwaite 1989a:134) describes the disciplinary diversity in the police organization:

-- the police organization has a more extensive, subtle, and discriminating set of controls over its members than do external agencies. In addition to formal disciplinary punishments involving pay, postings and promotions, it can exhort, slight, harangue, praise, embarrass and so forth.

It is devastating to be continuously punished by the vast range of official and unofficial means of control. A telling anecdote of the vast mental pressure on the deviant is the view of a psychologist who has set up a support centre for whistleblowers in the US. Basing on numerous actual cases, he advises potential whistleblowers *not to do it* unless they are able to leak the information anonymously. In his view, the personal suffering transcends the benefits of the disclosure. (Rothschild and Miethe 1994:267)

In conclusion, organizational wrongdoing is facilitated by effective deterrents from blowing the whistle. Communicating hazards is often restricted and discouraged even within organizations. As a result of the above discussed constraints, whistleblowers remain statistically unusual. According to a study (Rothschild and Miethe 1992) on 158 workers in a high-security manufacturing industry, only a third of those who observed illegal and unethical conduct reported it to their employer. None of them informed external authorities. (Rothschild and Miethe 1994:261)

3.5. Discussion

An organizational member who observes misconduct is subject to contradictory norms. Both participation in the wrongdoing and protesting against it carry considerable harmful implications. If we are to increase the human ability to resist abusive practices, we must not merely rely on those with the right personality and appropriate circumstances of life but have to actively create conditions favorable to resistance.

In the first place, analogically to the bystander intervention model, the perception of abuses must be improved through sensitizing organizational people in ethical terms. Knowledge of extra-organizational ethical principles furthers recognizing misconduct. Self-assurance facilitates confrontation with the collective construction of reality. As we learned from the studies of Asch and Milgram, giving in to social pressure diminishes as the dissident finds at least some social support. Therefore, in order to support ethical construction of organizational reality, moral examples and ethical advisors must be present. Moral associations must be made more available through widespread social discourses.

Ethical knowledge is completed by being aware of constraints and risks inherent in human behavior in groups. Sensitivity to recognize how one's behavior is affected by the group can be furthered by raising consciousness of such tendencies of social settings that were discussed in this text.

In order to guide a potential resister to opt for prosocial action, she must be informed how to blow the whistle, and its negative personal implications must be minimized. Anonymous informing is a way to cripple the subcultural social control.

The critical factor in bystander intervention is how to enhance the individual sense of responsibility so that one would define oneself as responsible for taking action. How to raise less authoritarian persons

confident with their ethical judgements? Ultimately, one's behavior derives from personal interpretations of different courses of action, and conformity and resistance are a function of individual value preferences (see the chapter on freedom in Saarinen 1983).

We learnt that intergroup cooperation can be invoked by a superordinate goal that is important for the different groups and cannot be achieved by any group alone. For the harms and risks of organizational wrongdoing are ubiquitous and cannot be overcome by any separate agency of control, their policing should be recognized as a common enterprise. After all, avoiding the wrongs lies in the interests of society as a whole, including organizations. Were this pattern of thought more widely acknowledged, controlling organizational wrongdoing would be a little more realistic.

This kind of analysis of organizational white collar crime may be criticized in the similar fashion than Sutherland's theory of social learning that it is limited to explaining rather the individual assimilation into wrongful collective patterns than the actual incentives that gave birth to the wrongdoing (see, e.g., Friedrichs 1996:229). However, social psychological dynamics affect the decisionmaking on the organizational courses of action. Concerted behavior and wrongful outcomes stem from the social construction of reality which may involve conformity, groupthink, group polarization, and other difficulties in turning individual preferences into organizational outputs. In joint decisionmaking, group dynamics obfuscate individual responsibility, and the social construction of reality manipulates the line between right and wrong. Thus, organizational goals and means are subject to the meaning that is socially given in group processes. Theories that rely only on certain aspects of organizational action -such as rationality, greed for money, or competition- are likely to provide only very partial understanding.

CHAPTER 4: CONCLUSIONS

4.1. On Organizational Wrongdoing in General

It was seen in Chapter 1 that organizational actors are growing in societal importance. Organizations have become more prevalent than ever before; they pervade social life. Correspondingly, the organizational capacity to produce risk and harm far transcends that of an individual. Therefore, it is time to change the criminological paradigm: the study of organizational wrongs should be awarded the resources that it deserves.

A fruitful point of departure in studying reprehensible organizational behavior is to recognize that wrongs are always lurking round the corner: No organization is safe from failures and questionable conduct, however immaculate their white collars and well-defined their activities in general. The line between right and wrong is under constant demarcation in social discourses. A collective may slip into wrongful patterns without perceiving them as such. Furthermore, to a great extent, organizations are constituted of ordinary people with a confused view on the law; what matters to them is not only the act's legal category but also the organizational perception of its right/wrong status. Norms are given meaning through social processes.

In regard to white collar activities, the label of crime essentially is a political product, and organizational actors have much political and, thus, legislative clout. In conclusion from this line of argumentation, I argue that we must not limit the study according to such non-ontological categories as crime in its legalistic sense. It is rather the task of ethical argumentation to determine when certain behavior is legitimate or wrong, and it is the task of sociolegal studies to determine the dynamic forces that play part in crossing that critical border.

4.2. On the Theories

Now that the main criminological white collar crime theories and various other theories of social science have been brought under a common roof, it is time to draw some final conclusions. As it has become quite clear along the way, I argue that criminological theory that seeks to explain wrongful organizational outcomes is not viable without resorting to such empirical social sciences as social psychology. Although each of the criminological theories presented surely holds some truth, on the basis of this theoretical analysis it seems justified to claim that mostly they cannot offer wide enough a perspective. Organizational wrongs can hardly be explained by any one variable; rather, they stem from an interplay of various factors. Therefore, multidisciplinary integrated approach is needed.

At least through interpretation, many criminological theories can provide their share towards understanding organizational wrongdoing. Coleman points out how certain wrongful patterns can be understood in terms of competition. An important measure in this competition is money, while more generally the competition can be argued rather to be for power, "your way of doing things" as a manager expressed it in Jackall's (1996:62) account. However, the most plausible view is that criminogenesis is not exclusively a function of any given goal. What counts is the way goals are strived for: social discourses facilitate wrongdoing as far as they put disproportionate emphasis on the goals and not on the means of attaining them (see Braithwaite 1988). Scholarly attention must, therefore, be focused on the organizational processes in which goals are adopted and the means of their attainment defined. In the similar vein, organizations are not automatically guided by their opportunities: organizational action rather stems from the social perception of opportunities and their conversion into collective behavior. (See Rabe and Ermann 1996)

In order to maintain the criminogenic patterns, they must be disseminated to the organizational members and newcomers. Here,

Sutherland's differential association theory becomes relevant. His theoretical merit is in pointing out how wrongful patterns are nurtured in many occupations, and that organizations and their individual members learn these behaviors from each other.

Cultural theories account for how organizational wrongs may be embedded in the cultural foundations of an organization. Subcultures are crucial transmitters and facilitators of wrongful patterns. An organization may be filled with cultural products that facilitate wrongdoing by manipulating the perceptions and other cognitive processes of the organizational members. Wrongs may so easily be committed since cultural products create a comfortable atmosphere of legitimacy.

Also the theoretical approaches that were presented under neutralization theory offer a plausible set of explanations for organizational wrongdoing. Various psychological techniques can be employed in order to obfuscate one's personal moral responsibility: other people can be blamed and true perception of the situation avoided through resorting to authorities, routines, and outright self-deception. Organizational wrongs flourish due to the relative psychological easiness to commit them -as known, the participants are intelligent like any of us, and surely able to come up with a variety of ways to defend themselves.

Braithwaite's theoretical contribution and its practical implications form a coherent unity. He attributes crime to insufficient reintegrative shame. Although Braithwaite's conceptualization is so general, shaming is a useful tool in understanding organizational wrongdoing and provides viable social policy solutions to more effectively control organizational behavior. The idea of ubiquitous shaming underlies my practical suggestions, too.

As social scientists generally agree, collective human behavior differs from individual behavior. Already Sutherland (1949) argued for the

psychological normality of organizational offenders. Therefore, the criminogenesis lies in the organizational processes. These processes involve such phenomena as obedience to authority, diffusion of responsibility, group cohesion and conformity, groupthink, group polarization, modes of defensive behavior, ingroup bias and other distortions of reality. In general, the criminological literature I got acquainted with is lacking the social psychological perspective. In social psychology, scholars have been widely investigating phenomena related to organizational behavior. This domain of research is relevant in understanding human behavior in collective settings such as organizations. The social psychological studies presented in this thesis offer at least some aspects of the dynamics of collective behavior that the criminological inquiry should come to terms with.³⁶

4.3. Shortcomings of this Study

I realize that my conclusions are somewhat speculative and largely lack direct empirical evidence. I did not conduct any empirical research of my own. In addition, many times the information is of second hand nature. After all, there are practical limits to every thesis, and the original sources are not always achieved without unreasonable efforts. In cases I cited data from other than its original source, the source that I really used is mentioned, and I naturally have been on my guard against any distortions.

An additional problem with the data was that since my topic is interdisciplinary, literature had to be searched in more than one domain. I am not a specialist of sociology nor of psychology; I have

³⁶ For the subject matter is multidisciplinary, also other relevant branches of science could be named, e.g., organization theory and management studies. Regardless of the label, I am interested in studies of organizational behavior.

primarily studied law -i.e., mostly the Finnish legislation. This may have lead to my neglecting some central theories of social science and to a failure to find the best sources. However, I guess that this is a rather common difficulty in multidisciplinary work, and I hope to develop in this sense in the future.

As I set forth with this project, I actually had in mind carrying out empirical research of my own. However, as I was not familiar with the academic branch of white collar crime, I first had to get acquainted with the topic. I came to find out how complex these issues are, and how many divergent views are prevailing on the very basic concepts. Even the phenomena that should be studied are subject to serious controversy. Therefore, I felt that before I can even think of empiria, I must make more sense of these issues. As I proceeded and adopted an unusually wide approach, it came evident that the relevant theories are too voluminous to leave room for new empiria in the scope of a thesis.

Since I wanted to capture the phenomenon of organizational wrongdoing in its totality, I came to include a number of theories in my work. I recognize that trying to reach too far is a common shortcoming when it comes to writing theses. Of course, a thesis could be written on the basis of just one theory, or just one case. Accordingly, I surely have failed to discuss some theories in the depth they would have deserved. However, I still argue that a wide approach is grounded in order to show that these phenomena are interrelated and can and ought to be analyzed as an entirety. It is a challenge for the criminology of the new era. Indeed, I find the merit of this dissertation in bringing together theories from different scientific domains, and looking for answers to the problem of white collar crime in places that too much have been overlooked.

4.4. The Need of Further Research

Clearly, there is much research to be carried out. Largely, studies on the white collar crime etiology have been argued to be "a hodgepodge of studies looking at different crimes from different levels of analysis (Coleman 1987:408)." There is a lack of deep case studies that would examine organizations from the inside to see how the dynamics of control actually operate. Accordingly, Shover and Bryant (1993:167) argue for procedures that would enable the investigator to become immersed in the internal world of corporate firms. Such ethnographic studies would aid theory refinement.

Therefore, much in the same vein as studies in social psychology (e.g., on defences, such studies as Ashforth and Lee 1990; Bar-Yosef and Schild 1966; Menzies 1960), an actual case of organizational wrongdoing could be studied in depth. In the study, the dynamic organizational processes that played part in creating the wrongful outcomes could be analyzed on the basis of such social psychological and organizational phenomena that were presented in this thesis.

Often the research on organizational wrongs has focused on egregious and extremely harmful crimes and industries where illegal conduct has flourished (Shover and Bryant 1993:167). However, as wrongs are potentially present in every organization, various organizations can be investigated in order to find out what kinds of processes and procedures there prevail in regard to violations. Thus, in addition to organizations that have nurtured wrongdoing, any organization could be analyzed in order to investigate how its members perceive potential wrongs and try to prevent them.

In sum, I argue for studies on the organizational level. As Coleman (1992:70-1) notes:

Perhaps because it is the newest field of interest among students of white-collar crime, the research on the

organizational level is the most scattered and lacking in coherent focus.

Further, because the official statistics do not provide reliable enough data to base analysis on:

The best work done so far in this field is the case studies that carefully analyze the conditions in particular organizations or industries -- this approach offers the brightest hope of future progress in the years ahead.

4.5. Shedding Light On Organizational Wrongdoing

As the final remarks, I would like to express some fundamental means of controlling organizational wrongdoing. To reiterate, it is crucial how activities are socially defined. In order to fight misconduct, wrongful acts must be named correctly in the first place. Thus, organizational wrongs must be demystified: we must raise consciousness of the fact that legitimate organizations are capable of wrongdoing and that it is everybody's task not to be blinded by front activities or other smoke screens but to genuinely face what is going on.

Moral questions are largely turned into technical questions; these must be demystified and their moral implications must be brought out. In order to be able to perceive wrongs when they are present, people must acquire information on the effects of organizational activities -and try not to be overwhelmed by the technical language.

The general level of moral consciousness in society must be raised. Important arenas and actors in this programme are families, schools, social interest groups, professional communities, journalists. In fact, writing this thesis is a contribution to raising consciousness of organizational injustice. Academic debates play an important part in producing societal knowledge -and in stimulating progressive politics.

It must also be secured that one takes action as one perceives wrongful behavior. The feeling of powerlessness is a common facilitator of organizational wrongs. Therefore, potential whistleblowers must be supported, and one's belief in her own ethical judgement must be enhanced. Individual readiness to question authorities and group processes must be cultivated. Personal moral responsibility must be reiterated along the way in the socialization process. I believe that it would provide strong social support for potential whistleblowers if they associate organizational wrongs with such horrors as the Nazi regime or the Chernobyl disaster.

In sum, social debates and awareness must be enhanced in order to penetrate the internal organizational worlds. Wrongful schemas and defences can only be invaded by reiterative counter rhetorics. Demystification of organizational wrongdoing would make it more difficult to neutralize the wrongs away.

The References

- Alvesalo, Anne (ed.) (1998) Kirjoituksia talousrikollisuudesta 1. Poliisiammattikorkeakoulun tiedotteita 1/1998. Oy Edita Ab, Helsinki.
- Alvesalo, Anne and Laitinen, Ahti (1994) Perspectives on Economic Crime. University of Turku. Publications of the Faculty of Law. Criminal Law and Judicial Procedure, Series A:20. Turku.
- Ashforth, Blake E. and Lee, Raymond T. (1990) Defensive Behavior in Organizations: A Preliminary Model. *Human Relations*. Vol. 43, No. 7, 1990, pp. 621-648.
- Bar-Yosef, R. and Schild, E. O. (1966) Pressures and Defenses in Bureaucratic Roles. *American Journal of Sociology*, 71, 1965-66, pp. 665-73.
- Baucus, Melissa S. and Dworkin, Terry Morehead (1991) What Is Corporate Crime? It Is Not Illegal Corporate Behavior. *Law & Policy*. Vol. 13, No. 3, July 1991, pp. 231-244.
- Beck, Ulrich (1990) Riskiyyhteiskunnan vastamyryk. Organisoitu vastuuttomuus. (Gegengifte. Die Organisierte Unverantwortlichkeit. 1988) Vastapaino, Jyväskylä.
- Beck, Ulrich (1992) Risk Society. Towards a New Modernity. Sage Publications, Great Britain.
- Berger, Peter L. and Luckmann, Thomas (1994) Todellisuuden sosiaalinen rakentuminen. Tiedonsosiologinen tutkielma. (The Social Construction of Reality. 1966) Gaudeamus, Helsinki.
- Berndtson, Erkki (1993) Politiikka tieteenä. Johdatus valtio-opilliseen ajatteluun. 2nd Edition. Valtionhallinnon kehittämiskeskus. Painatuskeskus, Helsinki.
- Blankenship, Michael B. (ed.) (1993) Understanding Corporate Criminality. Current Issues in Criminal Justice, Vol. 3. Garland Publishing, New York.
- Braithwaite, John (1984/1986) Corporate Crime in the Pharmaceutical Industry. Routledge & Kegan Paul, Great Britain.

- Braithwaite, John (1988) White-Collar Crime, Competition, and Capitalism: Comment on Coleman. *American Journal of Sociology*. Vol. 94, No. 3, pp. 627-632.
- Braithwaite, John (1989a) Crime, Shame and Reintegration. Cambridge University Press.
- Braithwaite, John (1989b) Criminological Theory and Organizational Crime. *Justice Quarterly*. Vol. 6, No. 3, September 1989. Pp. 333-358.
- Braithwaite, John (1990) The State of Criminology: Theoretical Decay or Renaissance. In *Laufer, William S. and Adler, Freda (eds.) Advances in Criminological Theory*. Vol. 2, pp. 155-166. Transaction Publishers, New Jersey.
- Braithwaite, John (1992) Poverty, Power, and White-Collar Crime: Sutherland and the Paradoxes of Criminological Theory. In *Schlegel, Kip and Weisburd, David (eds.) White-Collar Crime Reconsidered*. Northeastern University Press, Boston. Pp. 78-107.
- Braithwaite, John (1995) Corporate Crime and Republican Criminological Praxis. In *Pearce, Frank and Snider, Lauren (eds.) Corporate Crime: Contemporary Debates*. University of Toronto Press, Toronto. Pp.48-71.
- Braithwaite, John and Fisse, Brent (1990) On the Plausibility of Corporate Crime Theory. In *Laufer, William S. and Adler, Freda (eds.) Advances in Criminological Theory*. Vol. 2, 1990, pp.15-38. Transaction Publishers, New Jersey.
- Brown, Stephen E. and Chiang, Chau-Pu (1993) Defining Corporate Crime: A Critique of Traditional Parameters. In *Blankenship, Michael B. (ed.) Understanding Corporate Criminality. Current Issues in Criminal Justice, Vol. 3*. Garland Publishing, New York. Pp. 29-55.
- Cass, Valerie J. (1996) Toxic Tragedy: Illegal Hazardous Waste Dumping in Mexico. In *Edwards, Sally M.; Edwards, Terry D. and Fields, Charles B. (eds.) Environmental Crime and Criminality: Theoretical and Practical Issues*. Pp. 99-120.
- Chell, Elizabeth (1987) The Psychology of Behaviour in Organizations. The Macmillan Press Ltd, Hong Kong.

- Christie, Nils (1995) Walls of Words. A paper presented at the Criminal Justice Research Conference, October 6-7, Stanford Law School, Stanford, California.
- Clinard, Marshall B. (1985) Corporate Ethics and Crime. The Role of Middle Management. 2nd Edition. Sage Publications, Beverly Hills.
- Clinard, Marshall B. and Yeager Peter C. (1980) Corporate Crime. The Free Press, New York.
- Coleman, James William (1987) Toward an Integrated Theory of White-Collar Crime. *American Journal of Sociology*. Vol. 93, No. 2, September 1987.
- Coleman, James William (1992) The Theory of White-Collar Crime. From Sutherland to the 1990s. In Schlegel, Kip and Weisburd, David (eds.) *White-Collar Crime Reconsidered*. Northeastern University Press, Boston. Pp. 53-77.
- Coleman, James William (1996a) The Asymmetric Society. Organizational Actors, Corporate Power, and the Irrelevance of Persons. In Ermann, M. David and Lundman, Richard J. (eds.) *Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society*. 5th Edition. Oxford University Press. Pp. 51-60.
- Coleman, James William (1996b) What is White Collar Crime? New Battles in the War of Definitions. In Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) *White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?"* Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia. Pp. 77-86.
- Collinson, David (1994) Strategies of Resistance. Power, Knowledge and Subjectivity in the Workplace. In Jermier, John M.; Knights, David and Nord, Walter R. (eds.) *Resistance and Power in Organizations*. Routledge, London and New York. Pp. 25-68.
- Conklin, John E. (1977) "Illegal But Not Criminal" Business Crime in America. Prentice-Hall, Englewood Cliffs, NJ.

- Croall, Hazell (1992) White Collar Crime. Open University Press, Buckingham.
- Douglas, Mary (1987) How Institutions Think. Routledge & Kegan Paul, Cornwall.
- Ermann, M. David and Lundman, Richard J. (eds.) (1996) Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society. 5th Edition. Oxford University Press.
- Ermann, M. David and Lundman, Richard J. (1996) Corporate and Governmental Deviance. Origins, Patterns, and Reactions. In *Ermann, M. David and Lundman, Richard J. (eds.) Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society. 5th Edition. Oxford University Press. Pp. 3-45.*
- Eskola, Antti (1977) Sosiaalipsykologia. Tammi, Helsinki.
- Eskola, Antti (1996) Vuorovaikutus, muutos, merkitys. Sosiaalipsykologian perusteiden kriittinen tarkastelu. 4th Edition. Tammi, Tampere.
- Evans, T. David; Cullen, Francis T. and Dubeck, Paula J. (1993) Public Perceptions of Corporate Crime. In *Blankenship, Michael B. (ed.) Understanding Corporate Criminality. Current Issues in Criminal Justice, Vol. 3. Garland Publishing, New York. Pp. 85-114.*
- Felstiner, William L.F., Abel, Richard L. and Sarat, Austin (1981) The Emergence and Transformation of Disputes: Naming, Blaming and Claiming... *Law & Society Review, Volume 15, 3-4, 1980-81.*
- Fisher, B. Aubrey (1981) Small Group Decision Making. Communication and the Group Process. 2nd Edition. McGraw-Hill Series In Speech. McGraw-Hill International Book Company, Tokyo.
- Fiske, Susan T. and Taylor, Shelley E. (1984) Social Cognition. Addison - Wesley Publishing Company, Reading, Massachusetts.
- Fisse, Brent and Braithwaite, John (1983) The Impact of Publicity on Corporate Offenders. State University of New York Press, Albany.
- Fisse, Brent and Braithwaite, John (1993) Corporations, Crime, and Accountability. Cambridge University Press.

- Franzoi, Stephen L. (1996) Social Psychology. Brown & Benchmark Publishers, Dubuque, IA.
- Freedman, Jonathan L.; Carlsmith, Merrill J.; and Sears, David O. (1970) Social Psychology. Prentice-Hall, New Jersey.
- Friedrichs, David O. (1996) Trusted Criminals. White Collar Crime in Contemporary Society. Wadsworth Publishing Company, Belmont.
- Gahagan, Judy (1977) Vuorovaikutus, ryhmä ja joukko (Interpersonal and Group Behavior 1975). Weilin+Göös, Espoo.
- Galbraith, John Kenneth (1984) Vallan anatomia (The Anatomy of Power 1983). WSOY, Juva. 1/3
- Geis, Gilbert (1992) White-Collar Crime: What Is It? In Schlegel, Kip and Weisburd, David (eds.). White-Collar Crime Reconsidered. Northeastern University Press, Boston.
- Geis, Gilbert (1993) The Evolution of the Study of Corporate Crime. In Blankenship, Michael B. (ed.) Understanding Corporate Criminality. Current Issues in Criminal Justice, Vol. 3. Garland Publishing, New York. Pp. 3-28.
- Gergen, Kenneth J. and Gergen, Mary M. (1981) Social Psychology. Harcourt Brace Jovanovich, San Diego, etc.
- Gioia, Dennis A. (1996) Why I Didn't Recognize Pinto Fire Hazards. How Organizational Scripts Channel Managers' Thoughts and Actions. In Ermann, M. David and Lundman, Richard J. (eds.) Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society. 5th Edition. Oxford University Press. Pp. 139-157.
- Glazer, Myron Peretz (1996) Ten Whistleblowers. What They Did and How They Fared. In Ermann, M. David and Lundman, Richard J. (eds.) Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society. 5th Edition. Oxford University Press. Pp. 257-277.

- Gordon, Gary R. (1996) The Impact of Technology-Based Crime on Definitions of White Collar/Economic Crime: Breaking Out of the White Collar Crime Paradigm. In Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) *White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia. Pp.153-171.*
- Hagan, Frank (1996) Varieties of White Collar Crime: Corporate, Organizational, Occupational, Organized, Political and Professional. In Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) *White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia. Pp.243-261.*
- Helén, Ilpo (1994) Michel Foucault'n valta-analytiikka. In Heiskala, Risto (ed.) *Sosiologisen teorian nykysuuntauksia. Pp. 270-315. Gaudeamus, Tampere.*
- Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.)(1996) White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia.
- Henry, Stuart and Milovanovic, Dragan (1994) The Constitution of Constitutive Criminology: a Postmodern Approach to Criminological Theory. In Nelken, David (ed.) *The Futures of Criminology. Sage Publications, Great Britain. Pp. 110-133.*
- Hilberg, Raul (1996) The Nazi Holocaust. Using Bureaucracies, Overcoming Psychological Barriers to Genocide. In Ermann, M. David and Lundman, Richard J. (eds.) *Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society. 5th Edition. Oxford University Press. Pp. 158- 179.*

- Jackall, Robert (1996) Moral Mazes. Managerial Work and Personal Ethics. In *Ermann, M. David and Lundman, Richard J. (eds.) Corporate and Governmental Deviance. Problems of Organizational Behavior in Contemporary Society. 5th Edition. Oxford University Press. Pp. 61-76.*
- Jamieson, Katherine M. (1994) The Organization of Corporate Crime: Dynamics of Antitrust Violation. Sage Publications, Thousand Oakes, CA.
- Jamieson, Kate (1996) The Role of the Collective in Defining White-Collar Crime. In *Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia. Pp.17-33.*
- Jermier, John M.; Knights, David and Nord, Walter R. (eds.) (1994) Resistance and Power in Organizations. Routledge, London and New York.
- Johnson, David W. and Johnson, Frank P. (1994) Joining Together. Group Theory and Group Skills. 5th Edition. Allyn and Bacon, Boston, etc.
- Juuti, Pauli (1992a) Organisaatiokäyttäytyminen. Johtamisen ja organisaation toiminnan perusteet. 2nd Edition. Aavaranta-sarja, No. 18. Otava, Keuruu.
- Juuti, Pauli (1992b) Yrityskulttuurin murros. Aavaranta-sarja, No. 31. Tampere.
- Katz, Daniel and Kahn, Robert L. (1966) The Social Psychology of Organizations. John Wiley & Sons, New York.
- Kelman, Herbert C. and Hamilton, V. Lee (1989) Crimes of Obedience. Toward A Social Psychology of Authority and Responsibility. Yale University Press, New Haven and London.
- Laine, Matti (1991) Johdatus kriminologiaan ja poikkeavuuden sosiologiaan. Tietosanoma, Juva.
- Laitinen, Ahti (1990) Organisaatioiden laiton ja epäeettinen toiminta. In *Kivinen, Osmo (ed.). Muutoksen pysyvyys. Sosiologisia näkökulmia yhteiskuntaan. Turun yliopiston julkaisusarja, C, 83. Turku.*

- Laitinen, Ahti and Virta, Erja (1998) Talousrikokset. Teoria ja käytäntö. Poliisiammattikorkeakoulun oppikirjat 2/1998. Oy Edita Ab, Helsinki.
- Mars, Gerald (1982) Cheats at Work -An Anthology of Workplace Crime. Unwin, London.
- Menzies, Isabel E. P. (1960) A Case-Study in the Functioning of Social Systems as a Defence against Anxiety. A Report on a Study of the Nursing Service of a General Hospital. *Human Relations, Vol. 13, No. 2, May 1960, pp. 95-121.*
- Miller, Alice (1985) Alussa oli kasvatus. (Am Anfang war Erziehung. 1980) WSOY, Juva.
- Needleman, Martin L. and Needleman Carolyn (1979) Organizational Crime: Two Models of Criminogenesis. *The Sociological Quarterly 20, autumn 1979, pp. 517-528.*
- Potter, Gary and Gaines, Larry (1996) Underworlds and Upperworlds: The Convergence of Organized and White-Collar Crime. In Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) *White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia. Pp. 35-56.*
- Poveda, Tony G. (1994) Rethinking White-Collar Crime. Praeger Publishers, Westport, CT.
- Rabe, Gary A. and Ermann, M. David. (1996) Moving Beyond Profit as an Explanation of Corporate Crime: Explaining Corporate Crime from an Organizational Perspective. In Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) *White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia. Pp. 295-316.*

- Rothschild, Joyce and Miethe, Terance D. (1994) Whistleblowing as Resistance in Modern Work Organizations. The Politics of Revealing Organizational Deception and Abuse. In *Jermier, John M.; Knights, David and Nord, Walter R. (eds.) Resistance and Power in Organizations.* Routledge, London and New York. Pp. 252-273.
- Saarinen, Esa (1983) Sartre. Pelon, inhon ja valinnan filosofia. Soundi-kirja 19. Fanzine Oy, Tampere.
- Schlegel, Kip and Weisburd, David (eds.) (1992) White-Collar Crime Reconsidered. Northeastern University Press, Boston.
- Schlegel, Kip (1996) Recalling Status, Power and Respectability in the Study of White-Collar Crime. In *Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia.* Pp. 105-114.
- Shover, Neal and Bryant, Kevin M. (1993) Theoretical Explanations of Corporate Crime. In *Blankenship, Michael B. (ed.) Understanding Corporate Criminality. Current Issues in Criminal Justice, Vol. 3.* Garland Publishing, New York. Pp. 141-176.
- Simon, David R. (1996a) Elite Deviance. 5th Edition. Allyn & Bacon, Boston.
- Simon, David R. (1996b) From White-Collar Crime to Elite Deviance: Reasons for a Paradigm Shift. In *Helmkamp, James; Ball, Richard and Townsend, Kitty (eds.) White Collar Crime. "Definitional Dilemma: Can and Should There Be a Universal Definition of White Collar Crime?" Proceedings of the Academic Workshop June 20-22 1996. National White Collar Crime Center, Morgantown, West Virginia.* Pp. 95-104.
- Sjöstrand, Sven-Erik (1981) Organisaatioteoriat. Weilin+Göös, Espoo.
- Statt, David A. (1994) Psychology and the World of Work. The Macmillan Press Ltd. Great Britain.

- Stitt, Grant B. and Giacomassi, David J. (1993) Assessing Victimization from Corporate Harms. In Blankenship, Michael B. (ed.) *Understanding Corporate Criminality. Current Issues in Criminal Justice, Vol. 3*. Garland Publishing, New York. Pp. 57-83.
- Stone, Christopher D. (1975) Where the Law Ends: The Social Control of Corporate Behavior. Harper & Row, New York.
- Sutherland, Edwin (1949) White Collar Crime. Holt, Rinehart & Winston, New York.
- Sutherland, Edwin (1983) White Collar Crime. The Uncut Version. Yale University Press, New Haven.
- Tikkanen, Jorma and Jokela, Kari (1998) Matkapuhelimien terveyshaitoista ei merkittävää tieteellistä näyttöä. Suomen Lääkärilehti 22-23, 10.8. 1998, pp. 2427-2432.
- Tiuraniemi, Juhani (1993) Yksilö, ryhmä, organisaatio. Sosiaalipsykologian perusteita. 2nd Edition. Turun yliopiston täydennyskoulutuskeskuksen julkaisuja A:15. Turku.
- Tonry, Michael and Reiss, Albert J. Jr. (eds.) (1993) Beyond the Law: Crime in Complex Organizations. University of Chicago Press.
- Tuohinen, Petteri (1999) Kuuba väittää USA:n yrittäneen Castron murhaa 637 kertaa. Helsingin Sanomat 22.7. 1999, p. C 2.
- Wells, Celia (1993) Corporations and Criminal Responsibility. Oxford University Press.

Henrik Elonheimo

understanding organizational wrongdoing

Organizations are increasingly becoming the crucial wielders of social power; they pervade our very lives. Although organizations are effective tools for implementing social welfare, they are also capable of doing wrong. The organizational capacity for wrong far outweighs that of an individual. As a byproduct of legitimate activities, organizations can severely risk and harm the employees, consumers, taxpayers, environment, as well as other organizations. In fact, everyone is a multiple victim of organizational wrongdoing.

The greatest crimes tend to go unpunished. Traditional criminology focuses on individual crimes rather than on organizational behavior. This book represents new criminology that gives organizational wrongdoing the attention it deserves. The core question is why otherwise morally conscious people may engage in wrongdoing in legitimate organizations. The focus is on ordinary people and their organizations that have traditionally avoided a deviant label.

Policing organizational wrongdoing is everybody's business. Therefore, this book is suggested reading for everybody interested in the most harmful crimes and social justice.

Henrik Elonheimo is LL.M. (University of Turku) and has an International Master's degree in the Sociology of Law (International Institute for the Sociology of Law, Oñati, Spain). This study is his Master's thesis.