

SOC 3290 Deviance
Overheads Lecture 28: Business Crime

* Business crime comprises *corporate & occupational* deviance

- related to employment, occupation or business
- carried out by relatively respectable, high status persons
- carried out with skill, sophistication, power & influence, making offenders less likely to be prosecuted
- may be carried out by corporations or individuals within them
- offenders often don't see themselves as such
- victims often unwittingly cooperate
- society itself is relatively indifferent

Corporate deviance:

* Edwin Sutherland (1949):

- Brought “white collar crime” into academic spotlight
- Survey averaged 14 legal decisions against 70 largest companies

* 1984 Survey: 2/3 of Fortune 500 companies involved in illegal behavior

* Goff & Reasons (1978): average 3 decisions under old Combines Act against 50 largest Canadian corporations.

* Clinard (1979-80): at least 60% of U.S. companies had federal action taken. Averaging 4.4 cases each, corporate offences were classified in 6 groups:

(1) Administrative violations

- (2) Environmental violations
- (3) Financial violations
- (4) Labour violations
- (5) Manufacturing violations
- (6) Unfair trade practices

* These all reveal that individuals in the middle and upper socio-economic classes quite frequently engage in illegal behavior.

*What causes such crime?

* *External* Factors:

- Capitalism/ maximizing profit
- Competition
- Strain between corporate goals and market structure
- Differential goals /social, economic, and political uncertainties
- Market structure (competitive vs. oligopolistic)
- Relative opportunities in specific industry/degree of regulation

* *Internal* factors (impacting management/ supervision/ responsibility):

- Size of firm
- Organization of firm
- Geographic spread of firm

* *Individual* level factors:

- Bonds to society vs. bonds to corporation/ subculture
- Opportunities to learn from deviant peers
- Techniques of neutralization (e.g. denial of responsibility, injury, & victim, condemning condemners and appeals to higher loyalty)

* Ultimate explanation requires theoretical integration

* Possible strategies:

- Criminalizing behavior (but not enforced as readily, with less severe punishments than other property offences, & against smaller companies with less influence. Corporations can also close/move)
- Negative publicity (runs up against corporate spin doctors)
- Nationalization (expensive/ uncompetitive)
- Public/union representation on boards (unlikely to have veto/control)
- Self-regulation (one's own codes of conduct easy to break)

* Ultimately globalization makes control of corporate crime difficult

Occupational Deviance:

* This involves offenses committed by employees:

(1) Thefts from the workplace: explanations:

- “impersonal” companies treating people like numbers
- “informal compensation” for exploitation
- a means of relieving boredom
- looking the other way rather than deal with hassle

(2) Embezzlement: taking money. Explanation:

- financial problems
- opportunity
- rationalization

(3) Financial frauds:

- tax evasion (encouraged by complexity of laws)
- securities violations (e.g. Martha Stewart, Enron)
- professional misconduct (e.g. doctors' "fee splitting," lawyers overcharging, accountants colluding in false profit statements)
- criminogenic market structures (e.g. the auto industry)

Other Causes of Business Crime:

- (1) Fear of loss & greed for gain;
- (2) Deviant opportunities presented by high status, powerful positions
- (3) Weak social control/ lax law enforcement

Conclusion:

* Today we have reviewed corporate & business crime

* Next class I will show you a film expanding on these themes