A case study of criminal leaders versus criminal followers: An empirical study of white-collar criminals' characteristics and imprisonment years

Petter Gottschalk and Lars Glasø

BI Norwegian Business School

***Journal of International Doctoral Research,* vol 2 (2013) iss 1: pp 55-77**

Journal of International

Doctoral research

CONTENTS

Volume 2, Number 1, December 2013

A CASE STUDY OF CRIMINAL LEADERS VERSUS CRIMINAL FOLLOWERS: AN EMPIRICAL STUDY OF WHITE-COLLAR CRIMINALS' CHARACTERISTICS AND IMPRISONMENT YEARS

Petter Gottschalk [1]

Lars Glasø [1 2]

[1] BI Norwegian Business School
Nydalsveien, 0484 Norway

[2] University of Bergen, Norway

ABSTRACT

The aim of this article is to provide a sample of white-collar criminal leaders and followers and examine any differences between the two groups of criminals. The sample consists of 179 white-collar criminals comprising 97 leaders and 82 followers. A comparison of average values as well as variations in white-collar characteristics of the leaders and followers shows significant differences between the two groups regarding the number of involved persons in the crime and imprisonment years. Leaders committing corporate crime (vs. occupational crime) receive a jail sentence that is three times as long as the followers' imprisonment. The present study clearly indicates that followers may plan and commit criminal acts on their own, contrary to statements claiming them to be passive and naive. Hence, to learn more about white-collar crime, there is a strong need to focus more on both criminal leadership and criminal followership, as well on potential criminal leader-follower exchange dynamics in future studies.

Key Words: **White-Collar Crime, Leaders, Followers, Corporate Crime, Occupational Crime**.

1. INTRODUCTION

Sensational white-collar crime cases are regularly revealed in the international business press and published in journals of ethics and crime. White-collar crime is financial crime committed by upper class members of society for personal or organizational gain. White-collar criminals are individuals who tend to be wealthy, highly educated, and socially connected, and they are typically employed by and in legitimate organizations. Ever since Edwin Sutherland introduced the concept of "white-collar" crime in 1939, researchers have discussed what might be included in and what might be excluded from this concept. The discussion is summarized by scholars such as Benson and Simpson (2009), Blickle et al. (2006), Bookman (2008), Brightman (2009), Bucy et al. (2008), Eicher (2009), Garoupa (2007), Hansen (2009), Heath (2008), Kempa (2010), McKay et al. (2010), Pickett and Pickett (2002), Podgor (2007), Robson (2010), and Schnatterly (2003).

Most of these scholars apply anecdotal evidence to suggest what might be included in and what might be excluded from the concepts of white-collar crime and white-collar criminals. Examples of anecdotal evidence in the United States are famous white-collar criminals such as Bernard Madoff (financial fraud), Raj Rajaratnam (insider trading), Bernhard Ebbers (CEO WorldCom) and Jeffrey K. Skilling (former Enron Corp. CEO). While being relevant and interesting case studies, the extent of generalization from such case studies is questionable as done by some of the scholars mentioned above. What seems to be needed is a larger sample of white-collar criminals that can be empirically studied in more detail in terms of average values as well as variation in white-collar characteristics.

Hence, the aim of this article is to provide a larger sample and conduct a thorough analysis of some characteristics of white-collar crime criminals. Our exploratory research is based on a sample of 179 convicted white-collar criminals in Norway. We address the following research question: What differences can be found between criminal leaders and criminal followers?

2. WHITE-COLLAR CRIME: A LITERATURE REVIEW

White-collar crime is a broad concept that covers all illegal behavior that takes advantage of positions of professional authority and power as well as opportunity structures available within business for personal and corporate gain (Kempa, 2010: 252): Crimes such as embezzlement, fraud and insider trading, one hand, and market manipulation, profit exaggeration, and product misrepresentation on the other, add up to a massive criminal domain. Collins and Schmidt (1993: 296) apply a definition provided by the US Department of Justice:

> Nonviolent crime for financial gain committed by means of deception by persons whose occupational status is entrepreneurial, professional or semi-professional and utilizing their special occupational skills and opportunities; also, nonviolent crime for financial gain utilizing deception and committed by anyone having special technical and professional knowledge of business and government, irrespective the person's occupation.

Likewise, Blickle et al. (2006: 221) apply the following definition that: White-collar crime is non-violent crime for financial gain committed by means of deception. The term white-collar refers to the characteristics of the occupational position, such as power in the executive position. Therefore, white-collar crime refers to upper-level occupational crime (Collins and Schmidt, 1993). In the present paper, we apply a definition of white-collar crime, where both characteristics of offense and offender identify the crime. Therefore, white-collar crime is only a subset of financial crime in our perspective: White-collar crime is violation of the law committed by one holding a position of respect and authority in the community who uses his or her legitimate occupation to commit financial crime (Eicher, 2009). White-collar crime contains several clear components (Pickett and Pickett, 2002: 2-3):

- *It is deceitful*. People involved in white-collar crime tend to cheat, lie, conceal, and manipulate the truth.
- *It is intentional*. Fraud does not result from simple error or neglect but involves purposeful attempts to illegally gain an advantage. As such, it induces a course of action that is predetermined in advance by the perpetrator.
- *It breaches trust*. Business is based primarily on trust. Individual relationships and commitments are geared toward the respective responsibilities of all parties involved. Mutual trust is the glue that binds these relationships together, and it is this trust that is breached when someone tries to defraud another person or business.
- *It involves losses*. Financial crime is based on attempting to secure an illegal gain or advantage and for this to happen there must be a victim. There must also be a degree of loss or disadvantage. These losses may be written off or insured against or simply accepted. White-collar crime nonetheless constitutes a drain on national resources.
- *It may be concealed*. One feature of financial crime is that it may remain hidden indefinitely. Reality and appearance may not necessarily coincide. Therefore, every business transaction, contract, payment, or agreement may be altered or suppressed to give the appearance of regularity. Spreadsheets, statements, and sets of accounts cannot always be accepted at face value; this is how some frauds continue undetected for years.

- *There may be an appearance of outward respectability*. Fraud may be perpetrated by persons who appear to be respectable and professional members of society, and may even be employed by the victim.

PricewaterhouseCoopers is a consulting firm conducting biennial global economic crime surveys. The 2007 economic crime study reveals that many things remain the same: globally, economic crime remains a persistent and intractable problem from which US companies are not immune as over 50% of US companies were affected by it in the past two years.

Percentage of companies reporting suffering actual incidents of fraud according to PwC (2007) were: 75% suffered asset misappropriation, 36% suffered accounting fraud, 23% suffered intellectual property infringement, 14% suffered corruption and bribery, and 12% suffered money laundering. Schnatterly (2003) has argued that white-collar crime can cost a company from 1 to 6 percent of annual sales, yet little is known about the organizational conditions that can reduce this cost. She found that operational governance, including clarity of policies and procedures, formal cross-company communication, and performance-based pay for the board and for more employees, significantly reduces the likelihood of a crime commission.

2.2 White-Collar Criminals' Characteristics and Personality Traits: a Literature Review

The most economically disadvantaged members of society are not the only ones committing crime. Members of the privileged socioeconomic class are also engaged in criminal behavior (Brightman, 2009). The types of crime may differ from those of the lower classes, such as business executives bribing public officials to achieve contracts, chief accountants manipulating balance sheets to avoid taxes, and procurement managers approving fake invoices for personal gain. Criminal behavior by members of the privileged socioeconomic class is labeled white-collar crime (Benson and Simpson, 2009). It is often argued that women commit less white-collar crime when compared to men (Haantz, 2002; Holtfreter et al., 2010; Huffman et al., 2010). Suggested reasons for possible gender differences in white-collar crime include lack of opportunity and risk aversion.

According to Brightman (2009), Sutherland's (1949) theory of white-collar crime from 1939 was controversial, particularly since many of the academicians in the audience perceived themselves to be members of the upper echelon of American society. Despite his critics, Sutherland's theory of white-collar criminality served as the catalyst for an area of research that continues today. In particular differential association theory proposes that a person associating with individuals who have deviant or unlawful mores, values, and norms learns criminal behavior. Certain characteristics play a key role in placing individuals in a position to behave unlawfully, including the proposition that criminal behavior is learned through interaction with other persons in the upper echelon, as well as interaction occurring in small intimate groups (Hansen, 2009).

Sutherland argued that criminal acts are illegalities that are contingently differentiated from other illegalities by virtue of the specific administrative procedures to which they are subject. Some individual white-collar offenders avoid criminal prosecution because of the class bias of the courts (Tombs and Whyte, 2007). White-collar crime is sometimes considered creative crime (Brisman, 2010).

In contrast to Sutherland, Brightman (2009) differs slightly regarding the definition of white-collar crime. While societal status may still determine access to wealth and property, he argues that the term white-collar crime should be broader in scope and include virtually any non-violent act committed for financial gain, regardless of one's social status. For example, access to technology, such as personal computers and the Internet, now allows individuals from all social classes to buy and sell stocks or engage in similar activities that were once the bastion of the financial elite. In Sutherland's definition of white-collar crime, a white-collar criminal is a person of respectability and high social status who commits crime in the course of his occupation. This excludes many crimes of the upper class, such as most of their cases of murder, adultery, and intoxication, since these are not customarily a part of their procedures (Benson and Simpson, 2009). It also excludes lower class criminals committing financial crime, as pointed out by Brightman (2009).

What Sutherland meant by respectable and high social status individuals are not quite clear, but in today's business world we can assume he meant to refer to business managers and executives. They are for the most part individuals with power and influence which are associated with respectability and high social status. Part of the standard view of white-collar offenders is that they are mainstream, law-abiding individuals. They are assumed to be irregular offenders, not people who engage in crime on a regular basis (Benson and Simpson, 2009: 39):

> Unlike the run-of-the-mill common street criminal who usually has had repeated contacts with the criminal justice system, white-collar offenders are thought not to have prior criminal records.

Maybe they have not been caught previously. As part of the white-collar criminal definition, the role of class has been highly contested, because the status of an offender may matter less than the harm done by someone in a trusted occupational position. Croall (2007) argues that the term crime is also contentious, since many of the harmful activities of businesses or occupational groups are not subject to criminal law and punishment but administrative or regulatory law and penalties and sanctions. Therefore, some have suggested a definition of white-collar crime as an abuse of a legitimate occupational role that is regulated by law, typically representing a violation of trust.

When white-collar criminals appear before their sentencing judges, they can correctly claim to be first-time offenders. They are wealthy, highly educated, and socially connected. They are elite individuals, according to the description and attitudes of white-collar criminals as suggested by Sutherland. Therefore, very few white-collar criminals are put on trial, and even fewer upper class criminals are sentenced to imprisonment. This is in contrast to most financial crime sentences, where financial criminals appear in the justice system without being wealthy, highly educated, or socially connected. White-collar criminals are not entrenched in criminal lifestyles as common street criminals. They belong to the elite in society, and they are typically individuals employed by and in legitimate organizations.

What Podgor (2007) found to be the most interesting aspect of Sutherland's work is that a scholar needed to proclaim that crimes of the "upper socioeconomic class" were in fact crimes that should be prosecuted. It is apparent that prior to the coining of the term "white collar crime," wealth and power allowed some persons to escape criminal liability.

Pickett and Pickett (2002) use the terms financial crime, white-collar crime, and fraud interchangeably. They define white-collar crime as the use of deception for illegal gain, normally involving breach of trust, and some concealment of the true nature of the activities. White-collar crime is often defined as crime against property, involving the unlawful conversion of property belonging to another to one’s own personal use and benefit. Financial crime is profit-driven crime to gain access to and control over property that belonged to someone else.

A study in the USA concluded that two main characteristics of white-collar criminals are irresponsibility and antisocial behavior as compared to other white-collar individuals. Collins and Schmidt (1993) examined a personality-based integrity test and homogenous bio data scales as reflected in their ability to discriminate white-collar criminals from other white-collar employees. A bio data scale is a systematic method of scaling life history experiences. The sample included 365 prison inmates incarcerated in 23 federal correctional institutions for white-collar offenses, and 344 individuals employed in upper-level positions of authority. The various measures were administered to prisoners at the prison sites and to employees at their workplaces. Results show that non-offenders scored significantly higher on performance than offenders. Individuals with high scores on the performance scale are described as dependable, reliable, responsible, and motivated to high performance on the job, and rule abiding and conscientious in their work behavior. Furthermore, results show that non-offenders scored significantly higher on socialization than offenders. Individuals who score high on this scale are predicted to be dependable, honest, conscientious, rule abiding, and are not inclined to be opportunistic or manipulative.

Third measure was responsibility that shares some common characteristics with socialization. The responsibility scale measures the degree to which the individual is conscientious, responsible, dependable, and has a commitment to social, civic, or moral values. Persons who score low on this scale often show antisocial behavior, and, in the workplace, higher scores predict responsibility and attention to duty. Results show that offenders scored significantly lower on the responsibility scale than non-offenders. Fourth and final measure was tolerance, where non-offenders had a significantly higher score. Persons scoring high on the tolerance scale are tolerant and trusting, whereas low scorers tend to be suspicious, judgmental toward others, and do not believe they can depend on others. The common theme running through these four scales applied by Collins and Schmidt (1994) is conscientiousness and positive attitudes toward responsible and pro-social behaviors and activities, suggesting that the discriminating factor between offenders and non-offenders might be conscientiousness.

A study by Blickle et al. (2006) in Germany concluded that two main characteristics of white-collar criminals are hedonism and narcissism as compared to other white-collar individuals. They found that 1) the greater the degree of hedonism is present in a business person, the greater is the tendency to commit economic offenses. 2) The more diagnostic features of a narcissistic personality disorder an individual in a high-ranking white-collar position exhibits, the higher is the probability that this person will commit a white-collar crime, and 3).The lower the behavioral self-control of a person in a high-ranking white-collar position is in business, the greater is the probability that this person will commit a white-collar crime.

McKay et al. (2010) examined the psychopathology of the white-collar criminal acting as a corporate leader. They looked at the impact of a leader's behavior on other employees and the organizational culture developed during his or her reign. They proposed a 12-step process to explain how an organization can move from a legally operating organization to one in which unethical behavior is ignored and wrongdoing promoted. There are a number of explanatory approaches to white-collar crime in business from scientific fields such as economics, sociology, psychiatry and psychology.

In economics, the rational choice approach implies that if the rationally expected utility of the action clearly outweighs the expected disadvantages resulting from the action thus leaving some net material advantage, then every person will commit the offence in question. One of the many suppositions of this theory is that people generally strive for enjoyment and the fulfillment of wishes for material goods (Blickle et al., 2006). The sociological theory of white-collar crime postulates that managers who commit economic offences live in a social setting, i.e. culture, in which a very high value is placed on material success and individual wealth. Both economic theory and sociological theory are of the opinion that strong striving for wealth and enjoyment in some way contributes to economic crimes committed by managers (Blickle et al., 2006).

Psychiatrists view the behavior of white-collar criminals in terms of narcissistic fantasies of omnipresence. White-collar criminals display little guilt and identify themselves with the ideal of achieving success at any price. The essential features of such individuals are a pervasive pattern of grandiosity, a need for admiration, and a lack of empathy (Blickle et al., 2006). In psychology, people for whom material things and enjoyment generally possess a high value are called hedonists. Living in a culture in which a very high value is placed on material success and individual wealth can serve as one cause of strong hedonism (Blickle et al., 2006).

2.3 Criminal Leaders and Followers

White-collar criminals can either take on the role of leader or take on the role of follower. Bucy et al. (2008), who make a clear distinction between leaders and followers in white-collar crime, found that motives for leaders are different from follower motives. Compared to the view that leaders engage in white-collar crime because of greed, followers are non-assertive, weak people who trail behind someone else, even into criminal schemes. Followers may be convinced of the rightness of their cause, and they believe that no harm can come to them because they are following a leader whom they trust or fear. Followers tend to be naive and unaware of what is really happening, or they are simply taken in by the personal charisma of the leader and are intensely loyal to that person. However, leadership in general, and the application of different styles of leadership in particular, are not primarily a one-way process, but often the result of dynamics in which the behavior of followers might influence the style as well as the intensity of the leaders' behavior (see e.g., Grahen and Uhl-Bien, 1995). Accordingly, followers may play a much more active part in such relationships contrary to what is suggested above.

3. RESEARCH METHODOLOGY

To identify a substantial sample of white-collar criminals and to collect relevant information about each criminal, there are several options available. However, in a small country like Norway with a population of only five million people, there are limits to available sample size. One available option would be to study court cases involving white-collar criminals. A challenge here would be to identify relevant laws and sentences that cover our definition not only of white-collar crime, but also required characteristics of white-collar criminals. Another available option is to study newspaper articles, where the journalists already have conducted some kind of selection of upper class, white-collar individuals convicted in court because of financial crime. Another advantage of this approach is that the cases are publicly known, which makes it more acceptable to identify cases by individual white-collar names. Therefore, the latter option was chosen in this research. Based on this decision, our sample has the following characteristics as applied by newspapers when presenting news: famous individuals, famous companies, surprising stories, important events, substantial consequences, matters of principles and significant public interest.

There are two main financial newspapers in Norway, “Dagens Næringsliv” and “Finansavisen”. In addition, the newspaper “Aftenposten” regularly brings news on white-collar criminals. These three newspapers were studied on a daily basis from late 2009 to late 2011 to identify white-collar criminals. A total of 179 white-collar criminals were identified during those two years. A person was defined as a white-collar criminal if the person seemed to satisfy general criteria mentioned above, and if the person was sentenced in court to imprisonment. For this study it was considered sufficient that the person was sentenced in one court, even if the person represented a recent case that still had appeals pending for higher courts. A sentence was defined as jail sentence. Therefore, cases of fine sentence were not included in the sample. As our research is based on newspaper articles written by journalists, the reliability and completeness of such a source might be questioned. However, most cases were presented in several newspapers over several days, weeks or even months, enabling this research to correct for initial errors by journalists. Furthermore, court documents were obtained whenever there was doubt about the reliability of newspaper reports. This happened in one-third of reported cases.

4. RESEARCH RESULTS

In our sample of 179 white-collar criminals, 97 persons could be identified as leaders, while 82 persons could be identified as followers. A typical leader-follower case in our sample is the CEO who told his CFO to make expenditures for corruption part of the regular accounting. Another example is the woman (follower) who plaid the role of a rich widow to withdraw money from the bank, after having been told how to do so by an insider in the bank (leader). Leaders and followers are compared in the following table (Table 1). Leaders and followers are about the same age. They receive significantly different jail sentences, as the average for leaders is 3.1 years and the average for followers I 1.3 years.

TABLE 1

Comparison of characteristics of criminal leaders versus criminal followers

Total 179 criminals	**97 criminal leaders**	**82 criminal followers**	**Significant difference?**
Age convicted	49 years	49 years	No
Age crime	43 years	44 years	No
Years prison	3.1 years	1.3 years	Yes
Crime amount	81 million	61 million	No
Personal income	524 000 kroner	262 000 kroner	No
Personal tax	206 000 kroner	128 000 kroner	No
Personal wealth	2 million	1 million	No
Involved persons	3.5 persons	6.2 persons	Yes
Business revenue	244 million	191 million	No
Business employees	120 persons	121 persons	No

While there are differences in crime amount, personal income, tax and wealth, these differences are statistically not significant. The number of involved persons is significant, as there are significantly more people involved in the crime when there is follower participation.

An interesting distinction can be made between occupational crime and corporate crime, as illustrated in figures 1 and 2. Occupational crime is crime committed by individuals for their own purposes and enrichment, rather than for the enrichment of the organization as a whole in the case of corporate crime (Hansen, 2009). An occupational criminal acts self-servingly to further private interests and satisfy greed, while a corporate criminal acts on behalf of the corporation with the intention of protecting or enhancing the interests of the corporation (Blickle et al., 2006). Perri and Brody (2011) argue that corporate crime is rationalized as a behavior acceptable to overcome financial difficulties or to make a profit for the business, while occupational crime is rationalized in other ways: I am borrowing the money and will pay it back, or the company owes me money that I never received, but deserve.

FIGURE 1

Categories of white-collar crime depending on role and actor

Role / Actor	Leader	Follower
Occupational	Occupational crime as leader	Occupational crime as follower
Corporate	Corporate crime as leader	Corporate crime as follower

FIGURE 2

Criminals in each category of white-collar crime depending on role and actor

Role / Actor	Leader	Follower
Occupational	61	55
Corporate	36	27

Figure 2 shows the distribution of white-collar criminals in the four categories. Most offenders are found within occupational crime where the white-collar criminal took on the leader role.

The next table (Table 2) shows that corporate criminals as leaders receive a jail sentence that is three times as long as followers' imprisonment. Based on Anova analysis, this is a statistically significant difference. Other differences for leaders versus followers are also interesting, although they are not statistically significant. For example, the follower has a lower income than the leader, and he has also less fortune. For occupational criminals, there is a significant difference in the number of persons involved in the crime. Thus, significant differences in the table are only found for imprisonment years, crime amount and involved persons.

TABLE 2

Comparison of characteristics of criminal leaders versus criminal followers

Total 179 criminals	**36 Corporate Leaders**	**27 Corporate Followers**	**61 Occupational Leaders**	**55 Occupational Followers**
Age convicted	49 years	50 years	48 years	48 years
Age crime	44 years	44 years	43 years	44 years
Years prison	3.0 years	1.0 years	3.3 years	1.4 years
Crime amount	120 million	167 million	57 million	9 million
Personal income*	690 000	367 000	426 000	211 000
Personal tax*	261 000	205 000	173 000	90 000
Personal wealth*	2 million	.5 million	2 million	2 million
Involved persons	3.5 person	3.7 persons	3.5 persons	7.4 persons
Business revenue*	152 million	257 millions	298 million	159 million
Business employees	47 persons	167 person	164 persons	98 persons

* NOK

For corporate criminals and occupational criminals in total, age when convicted was 48 years for occupational criminals and 49 years for corporate criminals, but this difference is statistically not significant. Similarly, differences for age when crime and years in prison are not statistically significant, even though it is worth noting that occupational criminals served 2.4 years in prison, while corporate criminals served only 2.1 years. This is particularly interesting, when the next item on the list is concerned with the amount of money that was involved in the crime. While occupational criminals on average abused 34 million Norwegian kroner, corporate criminals on average abused 140 million Norwegian kroner. So, even if the magnitude of the financial crime in terms of money was substantially and significantly larger for corporate crime, occupational crime nevertheless was judged more severe in terms of imprisonment.

Followers receive a shorter jail sentence as compared to leaders. These differences are significant, where the numbers are 3.0 versus 1.0 years for corporate crime, and 3.3 years versus 1.4 years for occupational crime. Next item in the table is personal income of offender, where there is no statistically significant difference, although in money terms the corporate criminal made substantially more than the occupational criminal. While making more money, the corporate criminal also pays much more money in tax to the government. Corporate criminals are slightly wealthier than occupational criminals.

5. DISCUSSION

The present study has shown that white-collar crime is a serious and prevalent problem in organizations and in society. Regarding the criminals, the distinction made between leaders and followers is, however, blurred as the present study clearly shows that followers may plan, initiate and perform criminal acts on their own, thus, indicating that followers may not be that passive, unaware or naive as suggested by Bucy et al (2008). On the contrary, it is quite thinkable that some followers may reinforce or even activate destructive and criminal behaviors from their leaders. According to Padilla, Hogan and Kaiser (2007) there are two types of destructive followers; namely «conformers» and «colluders». Conformers act along with destructive leaders out of fear whereas colluders vigorously take part in destructive behaviors. Both groups are motivated by self-interest, but their concerns are different (Higgins, 1997). Conformers try to minimize any consequences of not behaving as expected while colluders search for personal gratification through their relationship with a destructive leader. Conformers are motivated by unmet basic needs, negative self-evaluation and psychological immaturity. Colluders, on their side, are ambitious, selfish and share the values of the destructive leader (Padilla et al, 2007). They act together secretly to achieve a fraudulent, illegal, or deceitful purpose. As such, criminal leadership may, partly, be explained by follower behavior, thus limiting the influence of leaders' individual characteristics and responsibility.

When leadership behavior in general is studied, differences can be found between leaders and followers. For example, Glasø and Einarsen (2008) studied emotion regulation in leader-follower relationships. They found that negative emotions such as disappointment, uncertainty, and annoyance are typically suppressed, while positive emotions such as enthusiasm, interest, and calmness are typically expressed or faked. When leaders and followers referred to experienced or expressed emotions, the most highly scored emotions were “glad”, “enthusiastic”, “well”, and “interested”. The reported level of emotion regulation was higher for leaders than for followers.

According to Glasø et al. (2006), emotional control can be defined as a process in which individuals influence the emotions that they experience, when they have them, and how they perceive and express them. In this line of reasoning, people can modify their emotions and the emotional expressions connected with them. Emotional control in the workplace is called emotional labor or emotion work. Emotion work takes place in face-to-face or voice-to-voice interactions, and its purpose is to influence other people’s perceptions, emotions, attitudes and behavior.

Obedience theory has the potential of explaining follower behavior. Obedience theory is related to the fraud triangle that consists of pressure, opportunity and rationalization. Obedience theory can be useful in explaining pressures and rationalizations providing the motives for individuals to commit acts of occupational fraud (Baird and Zelin, 2009: 1):

> Perceived need or pressure often comes from personal financial problems or living beyond one's means, but it can also come from direct pressure from someone in authority in the workplace and the threat of losing one's job for failure to go along with the boss's scheme. Obedience theory posits that individuals may engage in behaviors that conflict with their personal values and beliefs if they are subjected to pressures to obey someone in authority. According to this theory, the individuals rationalize this behavior by essentially placing full responsibility on the authority

figure rather than taking any individual responsibility for the action themselves. Obedience pressure is considered a form of social influence pressure, and there are two other types of social influence pressure: compliance pressure and conformity pressure (Baird and Zelin, 2009: 2):

> Compliance pressure is similar to obedience pressure, except that compliance pressure can come from one's peers as well as from superiors, while obedience pressure must come from an authority figure. Conformity pressure refers to pressure to conform to perceived or societal norms.

Of the three forms of social influence pressure, Baird and Zelin (2009) argue that obedience pressure can be especially potent because of the power that persons in authority have over their underlings. People within an organization quietly follow the orders of top executives and rationalize their actions by denying responsibility for their behaviors. The pressures to commit crime are often overt requests of management, but can also be based on perceptions from reward and incentive structures.

An even stronger argument for follower behavior can be found when obedience theory is linked to self-control theory. Self-control theory proposes that individuals commit crime because of low self-control. Except in rare cases of mass fraud such as the Enron scandal, not all elites within a given organization or industry will commit crime. Hence, though elites at the top of their profession and corporation differentially associate with the people of equal status in their own and other corporations, not all corporate elites commit crimes and behave in an overtly deviant manner (Hansen, 2009).

Leaders tend to be more domineering and assertive, and less social avoidant, distrustful and exploitable than followers. Glasø et al.'s (2010) study shows that 30 percent of the leaders exhibit elevated profiles of personality characteristics regarding interpersonal problems, on a level comparable to that of a sample with psychiatric patients, thus, indicating that severe problems may arise in social interactions between leaders and followers.

Leaders can use different behaviors, actions and practices directed at followers to make them cooperate. Bullying and harassment by leaders are examples of a practice reported to happen on a regular basis in many work organizations. Bullying and harassment are carried out deliberately to cause humiliation, offence and distress (Hoel et al., 2010).

White-collar crime involves some form of social deviance and represents a breakdown in social order. According to Heath (2008), based on Sykes and Matza (1957), white-collar criminals tend to apply techniques of neutralization used by offenders to deny the criminality of their actions. Examples of neutralization techniques are (a) denial of responsibility; (b) denial of injury; (c) denial of the victim; (d) condemnation of the condemners; (e) appeal to higher loyalties; (f) everyone else is doing it; and (g) claim to entitlement. The offender may claim an entitlement to act as he did, either because he was subject to a moral obligation, or because of some misdeed perpetrated by the victim. These excuses are applied both for occupational crime and for corporate crime at both the rotten apple level and the rotten barrel level.

When offenders are asked to explain their crimes, they typically portray themselves as decent people despite their wrongdoings. They tend to apply neutralization techniques as defined by neutralization theory (Bock and Kenhove, 2011; Siponen and Vance, 2010; Sykes and Matza, 1957). To be effective at managing the stigma of crime, motivational accounts must be believable to the social audience. Thus, Klenowski et al. (2011) found that variations in patterns of accounts are likely due to the social position of the actors. They examined whether gender constrains the way individuals describe their crimes by analyzing the motivational accounts of male and female white collar offenders. Results show that while men and women both elicit justifications when discussing their crimes, they do differ in the frequency with which they call forth specific accounts and in the rhetorical nature of these accounts. When accounting for their crime, white-collar offenders draw on gendered themes to align their actions with cultural expectations of masculinity and femininity. These findings suggest that gender does constrain the accounts that are available to white-collar offenders.

6. CONCLUSION

Leaders in crime, both corporate leaders and occupational leaders, receive a significantly longer jail sentence when convicted in court, as compared to corporate and occupational followers in crime. So far, followers seem to have been studied less often than leaders; although their role in the criminal process is obviously essential. The result of the present paper may gain a new and interesting perspective on the notion of leader-follower exchange dynamics. The present study indicates that that there are also leader-follower exchange dynamics of a sinister kind, where criminal leaders may form alliances with colluders to achieve their goals of a more personal need satisfaction kind, and the colluders are rewarded for helping them along in these endeavors. Although we, due to the exploratory design of the present study, have not established a relationship between the criminal leaders and their followers in all cases, the present study clearly indicate there is a strong need to focus more on both criminal followership and criminal leadership, as well as on potential criminal leader-follower exchange dynamics in future studies.

REFERENCES

Baird, J.E. and Zelin, R.C. (2009). An Examination of the Impact of Obedience Pressure on Perceptions of Fraudulent Acts and the Likelihood of Committing Occupational Fraud, *Journal of Forensic Studies in Accounting and Business*, Winter, 1-14.

Benson, M.L. and Simpson, S.S. (2009). *White-Collar Crime: An Opportunity Perspective, Criminology and Justice Series*, Routledge, NY: New York.

Blickle, G., Schlegel, A., Fassbender, P. and Klein, U. (2006). Some Personality Correlates of Business White-Collar Crime, *Applied Psychology: An International Review*, 55 (2), 220-233.

Bock, T.D. and Kenhove, P.V. (2011). Double Standards: The Role of Techniques of Neutralization, *Journal of Business Ethics*, 99, 283-296.

Bookman, Z. (2008). Convergences and Omissions in Reporting Corporate and White Collar Crime, *DePaul Business & Commercial Law Journal*, 6, 347-392.

Brightman, H.J. (2009). *Today's White-Collar Crime: Legal, Investigative, and Theoretical Perspectives*, Routledge, Taylor & Francis Group, NY: New York.

Brisman, A. (2010). ‘Creative crime’ and the phytological analogy, *Crime Media Culture*, 6 (2), 205-225.

Bucy, P.H., Formby, E.P., Raspanti, M.S. and Rooney, K.E. (2008). Why do they do it?: The motives, mores, and character of white collar criminals, *St. John's Law Review*, 82, 401-571.

Collins, J.M. and Schmidt, F.L. (1993). Personality, Integrity, and White Collar Crime: A Construct Validity Study, *Personnel Psychology*, 46, 295-311.

Croall, H. (2007). *Victims, Crime and Society*, Sage, Los Angeles.

Eicher, S. (2009). Government for Hire, in: Eicher, S. (editor), *Corruption in International Business - The Challenge of Cultural and Legal Diversity*, Corporate Social Responsibility Series, Gower Applied Business Research, Ashgate Publishing Limited, Farnham, England.

Garoupa, N. (2007). Optimal law enforcement and criminal organization. *Journal of Economic Behavior & Organization*, 63, 461-474.

Glasø, L. and Einarsen, S. (2008). Emotion regulation in leader-follower relationships, *European Journal of Work and Organizational Psychology*, 17 (4), 482-500.

Glasø, L., Einarsen, S., Matthiesen, S.B. and Skogstad, A. (2010). The dark side of leaders: A representative study of interpersonal problems among leaders, *Scandinavian Journal of Organizational Psychology*, 2 (2), 3-14.

Glasø, L., Ekerholt, K., Barman, S. and Einarsen, S. (2006). The instrumentality of emotion in leader-subordinate relationships, *International Journal of Work Organisation and Emotion*, 1 (3), 255-276.

Graen, G. B. and Uhl-Bien, M. (1995) Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. *The Leadership Quarterly*, 6, 2, 219-247.

Haantz, S. (2002). *Women and White Collar Crime*, National White Collar Crime Center, www.nw3c.org.

Hansen, L.L. (2009). Corporate financial crime: social diagnosis and treatment, *Journal of Financial Crime*, 16 (1), 28-40.

Heath, J. (2008). Business Ethics and Moral Motivation: A Criminological Perspective, *Journal of Business Ethics*, 83, 595-614.

Hoel, H., Glasø, L., Hetland, J., Cooper, C.L. and Einarsen, S. (2010). Leadership Styles as Predictors of Self-reported and Observed Workplace Bullying, *British Journal of Management*, 21, 453-468.
Holtfreter, K., Beaver, K.M., Reisig, M.D. and Pratt, T.C. (2010). Low self-control and fraud offending, *Journal of Financial Crime*, 17 (3), 295-307.
Higgins, E. T. (1997). Beyond pleasure and pain. *American Psychologist, 52*, 1280-1300.
Huffman, M.L., Cohen, P.N. and Pearlman, J. (2010). Engendering Change: Organizational Dynamics and Workplace Gender Desegregation, *Administrative Science Quarterly*, 55, 255-277.
Kempa, M. (2010). Combating white-collar crime in Canada: serving victim needs and market integrity, *Journal of Financial Crime*, 17 (2), 251-264.
Klenowski, P.M., Copes, H. and Mullins, C.W. (2011). Gender, Identity and Accounts: How White Collar Offenders Do Gender When Making Sense of Their Crimes, *Justice Quarterly*, 28 (1), 49-69.
McKay, R., Stevens, C. and Fratzi, J. (2010). A 12-step process of white-collar crime, *International Journal of Business Governance and Ethics*, 5 (1), 14-25.
Padilla, A., Hogan, R., Kaiser, R. (2007). The toxic triangle: Destructive leaders, susceptible followers, and conducive enviroments. *The Leadership Quarterly, 18*, 176-194.
Perri, F.S and Brody, R.G. (2011). The Sallie Rohrbach story: lessons for auditors and fraud examiners, *Journal of Financial Crime*, 18 (1), 93-104.
Pickett, K.H.S. and Picket, J.M. (2002). *Financial Crime Investigation and Control*. New York: John Wiley & Sons.
Podgor, E.S. (2007). The challenge of white collar sentencing, *Journal of Criminal Law and Criminology*, Spring, 1-10.
PwC (2007). *Economic crime: people, culture and controls*, the 4th biennial global economic crime survey, United States of America, PricewaterhouseCoopers, www.pwc.com/crimesurvey.
Robson, R.A. (2010). Crime and Punishment: Rehabilitating Retribution as a Justification for Organizational Criminal Liability, *American Business Law Journal*, 47 (1), 109-144.
Schnatterly, K. (2003). Increasing firm value through detection and prevention of white-collar crime, *Strategic Management Journal*, 24, 587-614.
Siponen, M. and Vance, A. (2010). Neutralization: New Insights into the Problem of Employee Information Systems Security Policy Violations, *MIS Quarterly*, 34 (3), 487-502.
Sutherland, E.H. (1949). *White collar crime*, New York: Holt Rinehart and Winston.
Sykes, G. and Matza, D. (1957). Techniques of Neutralization: A Theory of Delinquency, *American Sociological Review*, 22 (6), 664.670.
Tombs, S. and Whyte, D. (2003). Scrutinizing the powerful: crime, contemporary political economy, and critical social research', in S. Tombs and D. Whyte (editors), *Unmasking the Crimes of the Powerful*. New York: Lang, pp. 3–48.