



Rotten Apples versus Rotten Barrels in White Collar Crime: A Qualitative Analysis of White Collar Offenders in Norway

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Abstract

White-collar crime is financial crime committed by white-collar criminals. Sensational white-collar crime cases regularly appear in the international business press and studies in journals of ethics and crime. It is certainly an interesting issue whether to view white-collar misconduct and crime as acts of individuals perceived as 'rotten apples' or as an indication of systems failure in the company, the industry or the society as a whole. The perspective of occupational crime is favoring the individualistic model of deviance, which is a human failure model of misconduct and crime. This rotten apple view of white-collar crime is a comfortable perspective to adopt for business organizations as it allows them to look no further than suspect individuals. In our sample of 255 convicted white-collar criminals, rotten apples received a jail sentence of 2.8 years on average, while rotten barrel members received only 1.9 years. The sample was drawn from newspaper accounts in Norway from 2009 to 2012.

Keywords: Financial crime; white-collar criminal; empirical study; prison, corporate crime.

Introduction

Ashforth et al. (2008) argue that it is comforting to assume that one bad apple or renegade faction within an organization is somewhat responsible for the crime we too often observe. However, organizations are important to our understanding of crime, because they influence the actions of their members. Therefore, both micro and macro views are important to understand crime.

It is certainly an interesting issue whether to view white-collar misconduct and crime as acts of individuals perceived as 'rotten apples' or as an indication of systems failure in the company, the industry or the society as a whole. The perspective of occupational crime is favoring the individualistic model of deviance, which is a human failure model of misconduct and crime. This rotten apple view of white-collar crime is a comfortable perspective to adopt for business organizations as it allows them to look no further than suspect individuals. It is only when other forms of group (O'Connor, 2005) and/or systemic (Punch, 2003) corruption and other kinds of crime erupt upon a business

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enterprise that a more critical look is taken of white-collar criminality. Furthermore, when serious misconduct occurs and is repeated, there seems to be a tendency to consider crime as a result of bad practice, lack of resources or mismanagement, rather than acts of criminals.

White-collar crime is financial crime committed by white-collar criminals. Sensational white-collar crime cases regularly appear in the international business press and studies 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 encompassed by this concept and what might be excluded. 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), Podgot (2007), Robson (2010), and Schnatterly (2003).

Most of these scholars apply anecdotal evidence to suggest what might be included 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, Raj Rajaratnam and Jeffrey K. Skilling. While being relevant and interesting case studies, the extent of generalization from such case studies applied by some of the scholars mentioned above is questionable. What seems to be needed is a larger sample of white-collar criminals that can be studied in terms of average values as well as variation in white-collar characteristics.

With a larger sample, we can study white-collar crime convictions using statistical techniques to identify and study groups of white-collar criminals. Therefore, this article is concerned with the following research question: *What differences can be found between rotten apples versus participants in rotten barrels among white-collar criminals?*

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; Huffinan et al., 2010). Suggested reasons for possible gender differences in white-collar crime include lack of opportunity and risk aversion.

Sutherland (1949) defined white-collar crime as crime committed by a person of respectability and high social status in the course of his occupation. According to Brightman (2009), Sutherland's theory of white-collar crime from 1939 was controversial, particularly since many of the academics 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 illegally; including the proposition that criminal behavior is learned through interaction with other persons in the upper echelon, as well as the interaction that occurs in small intimate groups (Hansen, 2009).

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 that is 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. "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" (Benson & Simpson, 2009, p. 39).

As part of the white-collar criminal definition, the role of class has been highly contested, as 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, as 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.

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 when typically not without being wealthy, highly educated, or socially connected. White-collar criminals are not entrenched in criminal lifestyles as common street criminals.

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. These individuals were characterized by high status, enjoying high levels of trust, and their criminal acts were made possible by their legitimate employment or corporate ownership.

The 'rotten apple' metaphor has been extended to include the group level view of cultural deviance in organizations with a 'rotten barrel' metaphor (O'Connor, 2005). Furthermore, Punch (2003) has pushed the notion of 'rotten orchards' to highlight deviance at the systemic level. Punch (2003:172) notes, "the metaphor of 'rotten orchards' indicate(s) that it is sometimes not the apple, or even the barrel, that is rotten but the *system* (or significant parts of the system)".

When the system is rotten, we can talk about systemic crime or systems crime (Punch, 2003, p. 172):

... in some way encouraged, and perhaps even protected, by certain elements in the system. "Systems" refers both to the formal system – the police organization, the criminal justice system and the broader socio-political context – and to the informal system of deals, inducements, collusion and understandings among deviant officers as to how the corruption is to be organized, conducted and rationalized.

A number of theories can shed light on white-collar crime in general and rotten apples versus rotten barrels in particular. In the following, social learning theory, integrated theory, social network theory, dysfunctional network theory, socialization theory, and neutralization theory are emphasized.

Social learning theory can explain criminal behavior of rotten barrel members. This theory proposes that individuals who are more likely to begin and continue in criminal behavior, the greater is the extent to which they have been in differential association with others who are involved in and hold attitudes supportive of such behavior. The more positive or neutralizing definitions or attitudes they hold with regard to such behavior, the greater the balance of rewarding over punishing consequences for such behavior they have experienced or perceived (differential reinforcement), the greater they are exposed to or influenced by observing such behavior by others (Meneses & Akers, 2011).

Another relevant explanatory approach is integrated theory. The integrated theory combining strain, social control, and social learning theories, has the potential of explaining a variety of crime types. According to integrated theory, social and demographic background variables influence perceived and objective opportunities to attain goals, and may also be associated with differences in socialization (Menard & Morris, 2012).

Bruinsma and Bernasco (2004) used social network theory to describe and tentatively explain differences in social organization between criminal groups that perform three types of transnational illegal activities: smuggling and large-scale heroin trading, trafficking in women, and trading in stolen cars. Groups that operate in the large-scale heroin market tend to be close-knit, cohesive, and ethnically homogeneous. Groups active in the trafficking of women have a chain structure, while three clusters of offenders in a chain characterize those that operate in the market for stolen cars. Both groups are less cohesive than criminal groups in the large-scale heroin market are. The differences in social organization between the three types of illegal activities appear to be related to the legal and financial risks associated with the crimes in question, and thereby to the required level of trust between collaborating criminals.

In white-collar crime, rotten barrels consist of organizational members who network their criminal activities or at least find no threat in their organization towards financial crime. Social network theory suggests that white-collar criminals join and participate in exchanges with others without any fear of being abandoned.

Dysfunctional network theory suggests that corporate crime emerges as a consequence of the dysfunction of value networks. A value network is the context within which a firm identifies and responds to customers' needs, solves problems, procures input, reacts to competitors, and strives for profit. Within this context, the firm may choose deviant behavior in line with their competitors in the industry. Dion (2009) argues that organizational culture makes possible to adopt organizational purposes or objectives, which are basically deviant in comparison with social norms but in line with the competition. Deviant purposes can be chosen when business corporations are trapped within doubtful, immoral or disloyal means that are used by competitors. They could also be trapped by the business milieu as a social institution. They could finally be trapped by their own sector-based morality, which is oriented towards profit maximization.

Dysfunctional network theory makes clear that the mission of the business corporation cannot be isolated from three basic components of any capitalistic system: making profits, responding to customers' needs, and reacting to competitors. Values in the value network have four basic meanings (Dion, 2009):

- Organizational values refer to what the company considers as an ethical behavior or decision.
- Organizational values reflect the criteria that employees use when they must prioritize various alternatives of action.
- Organizational values determine the basic strategic decisions taken by top managers.
- Organizational values are the criteria that give guidance throughout the resource-allocation process.

Within the corporate culture, the tendency to commit financial crime is influenced by a number of factors. If the business corporation is having a poor financial performance, if the organization is large and unstable, and if the level of concentration of the market is high, then corporate crime is more likely to occur. According to Dion (2009), business corporations having a greater power in the market tend to commit more illegalities. In this context, bad apples tend to be replaced by and expanded to bad barrels to save the future of the firm.

Value networks define what companies can and cannot do. Value networks are focusing on values and attitudes from an ethical viewpoint. Competitors that are involved in given value networks contribute to define how each enterprise in an industry can strive for profit. Dion (2009) argues that the capacity to convert corporate intangibles, such as corporate reputation, in a negotiable value could contribute to prevent corporate crime.

According to dysfunctional network theory, the way a given enterprise defines its strategies and justifies past choices of markets determines its perceptions of the economic value it gives to alternative legal and illegal actions. Value networks constitute the cultural mix that explains how different strategic elements play a decisive role in the way an organization look at ethical considerations. Organizations tend to mirror the basic elements of their environments. Therefore, an industry where financial crime is part of the

game will tend to have more rotten barrels than industries where financial crime is not part of the game.

Socialization theory argues that learning how to commit financial crime and getting to know persons in the criminal trade will increase the likelihood of white-collar crime Lyman and Potter (2007, p. 69) feels that:

Many lower-class male adolescents experience a sense of desperation surrounding the belief that their position in the economic structure is relatively fixed and immutable. As a result of failing to meet cultural expectations of achieving upward mobility, conditions become ideal for socialization functions such as recruitment, screening, and training for organized crime to occur at the community level.

Rotten apples may think they do nothing wrong. Their thinking can be based on neutralization techniques derived from neutralization theory. Criminals apply techniques in order to make them feel as though have done nothing wrong. These techniques are called neutralization techniques, whereby the feeling of guilt is neutralized. Neutralization theory encompasses all these techniques. In their original formulation of neutralization theory, Sykes and Matza (1957) proposed five techniques of neutralization: denial of responsibility, denial of injury, denial of the victim, condemnation of the condemners, and appeal to higher loyalties. Later, other researchers added the metaphor of the ledger and a technique named the defense of necessity (Siponen & Vance, 2010).

The following neutralization techniques are included in neutralization theory (Bock & Kenhove, 2011; Heath, 2008; Siponen & Vance, 2010):

1. *Denial of responsibility.* The offender here claims that one or more of the conditions of responsible agency were not met. The person committing a deviant act defines himself or herself as lacking responsibility for his or her actions. In this technique, the person rationalizes that the action in question is beyond his or her control. The offender views themselves as a billiard ball, helplessly propelled through different situations.
2. *Denial of injury.* The offender seeks to minimize or deny the harm done. Denial of injury involves justifying an action by minimizing the harm it causes. The misbehavior is not really serious because no party suffers directly as a result of it.
3. *Denial of victim.* The offender acknowledges the injury, but claims that the victim is unworthy of concern. Any blame for illegal actions are unjustified because the violated party deserves whatever injury they receive.
4. *Condemnation of the condemners.* The offender tries to accuse his or her critics of questionable motives for criticizing him. According to this technique, one neutralizes his or her actions by blaming those who are the target of the action. The offender deflects moral condemnation onto those ridiculing corporations by pointing out that they engage in similar disapproved behavior.
5. *Appeal to higher loyalties.* The offender denies the act was motivated by self-interest, claiming that it was instead done out of obedience to some moral obligation. This technique is employed by those who feel they are in a dilemma that must be resolved at the cost of violating a law or policy. In the context of an organization, an employee may appeal to organizational values or hierarchies. For example, an employee could argue that he or she has to violate a policy in order to get his or her work done.

6. *Normality of action.* The offender argues that everyone else is doing it, thus he or she has done nothing wrong.
7. *Claim to entitlement.* The offender claims he or she was in his right to do what they did, perhaps because of a very stressful situation or because of some misdeed perpetrated by the victim. This is defense of necessity, which is based on the justification that if the rule-breaking is viewed as necessary, one should feel no guilt when committing the action.
8. *Legal mistake.* The offender argues that the law is wrong, and what he or she did should indeed not be illegal. One may therefore break the law because the law is unreasonable.
9. *Acceptable mistake.* The offender argues that what he or she did is acceptable given the situation and given his or her position. The person feels he or she has been doing so much good for the organization, that they should be excused for more wrongdoings than other people otherwise would. He or she feels that he or she has done so much good, that their crime is a relatively minor matter that should be ignored. This is in line with the metaphor of the ledger, which uses the idea of compensating bad acts with good acts. That is, an individual believes that he or she has previously performed a number of good acts and has accrued a surplus of good will, and, as a result of this, can afford to commit some bad actions. Executives in corporate environments neutralize their actions through the metaphor of the ledger by rationalizing that their overall past good behavior justifies occasional rule-breaking.
10. *Dilemma tradeoff.* The offender argues a dilemma arose whereby he or she made a reasonable tradeoff before committing the act. Tradeoff between many interests therefore resulted in the offence. Dilemma represents a state of mind where it is not obvious what is right and what is wrong to do. For example, the offence might be carried out to prevent a more serious offence from happening.

Justifications are socially constructed accounts that individuals who engage in criminal acts adopt to legitimate their behavior. Justifications are beliefs that counteract negative interpretations by articulating why the acts are justifiable or excusable exceptions to the norms (Aguilera & Vadera, 2008).

Research Design

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. The selective and otherwise filtered information in newspapers might be a problem to other kinds of studies, but is considered an advantage in this study. 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. The sample consists of high profile and large yield offenses. This is in line with research by Schnatterly (2003) who searched the Wall Street Journal for several years in her study of white-collar crime published in the Strategic Management Journal.

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 2009 to 2012, i.e. three years, to identify white-collar criminals. A total of 255 white-collar criminals were identified during those 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.

It is important to keep in mind that our data is about newspaper accounts of white-collar crime, not the distribution of white-collar crime in society, because that is not what is being measured. Using a newspaper sample is different from the population of white-collar crime cases. We argue that newspaper account is one of the characteristics of white-collar crime as defined previously. Therefore, news reports are accurate reflections of knowledge about white-collar crime.

As suggested by Barak (2007), newsmaking criminology refers to the conscious efforts and activities of criminologists to interpret influence or shape the representation of newsworthy items about crime and justice. Newsmaking criminology as a perspective on the theory, practice and representations of crime and justice is an important approach for understanding white-collar crime.

We make no distinction between prison and jail in this study. A prison or jail in Norway is a place in which people are physically confined and deprived of a range of personal freedoms. Imprisonment is a legal penalty that is imposed by the state for commission of a crime judged in court. In the United States, the difference between jail and prison is primarily a function of imprisonment length, where the use of prison over jail implies a more serious punishment.

Our operational definition of white-collar crime restricts the sample to those who receive jail time as punishment. This restriction excludes cases of fines as penal response, which is quite common. This sample restriction enables us to only study serious white-collar crime cases. Our intention is not to identify white-collar crime in reference to the law, but mainly with respect to the reporting of these offenses resulting in imprisonment. If the sample would be selected as references by the law, then a number of offenses would be defined in non-criminal statutes. Non-criminal statutes cannot, by their definition, result in jail time, only in civil remedies. Thus, by taking this view, we have essentially omitted most white-collar crime cases from our study, since their severity is of a minor extent. Research articles edited by Gerber and Jensen (2006) suggest that only the most serious white-collar crime offenders end up in prison.

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.

It must be noted that there are, of course, disadvantages of applying newspapers as data source. According to Burns and Orrick (2002), research suggests that the media present a distorted image of crime by focusing on violent, sensational events that are atypical of crime in society. They argue that the media is neglecting coverage of corporate offenses, and that the media disproportionately focus on conventional crime while neglecting the impact of corporate misbehavior. This line of reasoning does not only acknowledge possible biases in our research. It can also be understood as an argument for our research design, where an important characteristic of our sample is that the white-collar crime cases stand out in the media.

Nevertheless, some types of corporate crime – probably those that are more typical – may be still more neglected than other types of corporate crime. For instance, the media may be biased against small corporate offenses preferring larger offenses.

Two methodological issues have to be kept in mind because of the newspaper decision:

- *Bias because of press coverage.* Financial crime committed by white-collar criminals is only exposed in the press to the extent that they are sensational and possibly revealed and discovered by the press itself. Therefore, no claim is made that the sample is a representative sample of white-collar criminals in general. Rather, there is a bias towards white-collar criminals that for some reason are of special interest to journalists and newspapers that cover their story. Therefore, the attribute of news coverage is explicitly added to the list of attributes for white-collar criminals including items such as position of trust, network and opportunity.
- *Data errors in press coverage.* Newspaper articles tend to have some errors in them. There may be factual errors, such as offender name, offender age, imprisonment sentence, crime type, and crime year. Furthermore, there may be disproportionate focus on sensational aspects of both criminal and crime. Everyone who has ever read about himself or herself in the newspaper will know that there are errors in the presentation. To reduce this source of error to a minimum, several newspaper stories of the same case were read and cited. Furthermore, court sentences were obtained in most of the cases to check both factual and story elements concerning both criminal and crime.

It must be noted that journalists in Norway enjoy respectability because of their integrity and seriousness. There are very few newspaper occupied with doubtful sensational stories. No such paper is found in our area of research into financial crime by white-collar criminals. Some journalists in the financial press have developed sophisticated skills in digging for criminal cases, where they apply robust and transparent methodologies. Every year in Norway, a prestigious prize is given to journalist(s) who have conducted an investigation and revealed news in a professional way. The prize is given to someone who both found a good story and did it in a respectable and professional way. The Norwegian journalism prize is called the SKUP award, and it is awarded by the Norwegian Foundation for a Free and Investigative Press. Investigative journalists Siri Gedde-Dahl, Anne Hafstad, and Alf Endre Magnussen were winners of the SKUP prize both in 2005 and 2010, and they published a book on corruption in Norway (Gedde-Dahl et al., 2008).

The media in Norway enjoying and deserving public trust might be a different situation from other countries. For example in the US, “it now appears clear that some prominent columnists and commentators placed that trust at risk by accepting substantial fees from Enron” (Rosoff, 2009, p. 515). The press, needless to say, depends on public trust.

A newspaper sample suffers from severe selection bias that has to be taken into account when studying research results:

- Longer jail sentences than many other crime cases, since newspaper articles will disproportionately discuss more serious crime cases with longer sentences.
- Selecting crime cases with sentences instead of fines will also produce longer sentences in the data.
- The average amount involved in each crime case will be higher as newspaper articles will focus on more serious crime cases.
- Most crime cases were committed by a group as, again, newspaper articles are more likely to discuss these crime cases because conspiracies are more newsworthy than other individual crime cases.
- A significant number of criminals in high management positions will be present in the sample, again, because newspapers are more likely to discuss crime committed by higher-level employees.
- The size in terms of turnover and employees will be at the higher end, and the company will tend to be profitable, as crime against more successful companies is more likely to be newsworthy.

The danger of media as an information source for research into white-collar crime was wisely emphasized by Pontell and Geis (2007, p. viii):

We tend to see the media as our colleagues, for in keeping with our critical stance toward the power elite, journalists tantalize us with exposes that attack the powerful. In our enthusiasm for the bounty of information that the sensational case produces, we must remind ourselves of what we know about the manufacture of news and the social construction of knowledge for public consumption.

Newspaper articles are suitable for content analysis, which is the research method applied in the following. This can tell us a lot about how media organizations frame and depict white-collar crime, but it cannot be used as a direct reflection of the real number and/or nature of white-collar crime in Norway. It has value in its ability to examine social construction of white-collar criminality in Norway’s financial media.

Results

Out of 255 identified white-collar criminals, 91 emerged as individual rotten apples, while 164 emerged as members of rotten apple barrels (as listed in the Table 1).

In the table, we see that age upon conviction was 49 years for rotten apples and 47 years for members of rotten barrels, although this difference is statistically not significant. Similarly, the difference in age when the crime was committed was not significant either. Rotten apples received a jail sentence of 2.8 years on average, while rotten barrel members received only 1.9 years. This difference is statistically significant, as indicated by $p=.000$.

The shorter jail sentence for barrel members is particularly interesting when comparing crime amount, because crime amount is substantially (although not significantly) larger for barrel members. So, even though the crime amount is larger, the jail sentence is shorter – as rotten apple criminals on average abused 36 million Norwegian kroner, while rotten barrel criminals on average abused 69 million Norwegian kroner.

Table 1. Comparison of characteristics of rotten apples versus rotten barrel persons

Total 255 criminals	91 Rotten Apples	164 Rotten Barrel Persons	T-statistic for difference	Significance of t-statistic
Age convicted	49 years	47 years	1.667	.097
Age crime	44 years	42 years	1.760	.080
Years prison	2.8 years	1.9 years	3.565	.000
Crime amount	36 million	69 million	-1.362	.174
Personal income	365 000 kroner	307 000 kroner	.801	.424
Personal tax	150 000 kroner	127 000 kroner	.811	.418
Personal wealth	1.8 million	1.2 million	.679	.498
Involved persons	3.0 persons	4.8 persons	-3.935	.000
Business revenue	236 million	179 million	1.140	.255
Business employees	150 persons	110 persons	1.051	.294

The next item in the table is personal income of offender, although there is no statistically significant difference, in monetary terms the barrel criminal made less money than the individual criminal. The two groups have approximately the same personal wealth, although individual criminals are slightly wealthier.

A greater number of persons are involved in barrel crime: 4.8 versus 3.0 persons. This difference is statistically significant. The size of the organization is approximately the same in terms of both revenue and number of employees.

In summary, we find that criminals in rotten barrels are involved in more serious crime in terms of crime amount. Criminals in rotten barrels involve more persons in the crime, but receive shorter jail sentences.

A contingent approach to crime response might be dependent on whether it is occupational or corporate crime and whether it constitutes leader or follower crime. A third situational factor is whether rotten apple or rotten barrel is suspected, as illustrated in the figure 1.

Figure 1. Categories of white-collar crime depending on role, actor and level

		Role	
		Leader	Follower
Occupational	Rotten apple	Occupational apple leader	Occupational apple follower
	Rotten barrel	Occupational barrel leader	Occupational barrel follower
	Rotten apple	Corporate apple leader	Corporate apple follower
	Rotten barrel	Corporate barrel leader	Corporate barrel follower

When a rotten apple commits occupational crime, it is interesting to study whether the rotten apple as a leader is more harshly judged than a follower is judged. As a follower, the rotten apple may have acted according to obedience pressure. Baird and Zellin (2009) conducted such a study, where they utilized written scenarios to examine whether persons committing fraud in situations involving obedience pressure are judged less harshly by others than persons committing fraud of their own volition. Participants in their study were also asked how likely they would be, in the same circumstances, to commit the same fraudulent acts — higher expectations were predicted for participants receiving the scenarios involving obedience pressure. In their study, they found empirical support for the hypothesis that followers from obedience pressure are less harshly judged.

The following matrix of leader versus follower, rotten apple versus rotten barrel, and occupational versus corporate crime provides a useful framework with which to study white-collar crime. The concepts of leader versus follower, and occupational versus corporate crime, are explained below. Based on a sample of 255 convicted white-collar criminals in Norway, where 91 individuals were rotten apple criminals and 164 rotten barrel criminals, we find some interesting differences in the size of the groups, as illustrated in the figure 2.

Figure 2. Occurrences of white-collar criminals depending on role, actor and level

		Role	
		Leader	Follower
Occupational	Rotten apple	54	21
	Rotten barrel	38	57
	Rotten apple	11	5
	Rotten barrel	41	28

The largest group we find in the category of occupational crime – follower – rotten barrel, with a total of 57 criminals. These criminals are involved in financial crime for

personal profit with other white-collar individuals. The second largest group can be found in the category of occupational crime – leader – rotten apple, with a total of 54 criminals. These criminals are doing it for personal profit involving none or few others.

In the corporate crime group, the largest category is found for leaders in rotten barrels.

In summary, out of 255 identified white-collar criminals, 91 emerged as individual rotten apples, while 164 emerged as members of rotten apple barrels. Age upon conviction was 49 years for rotten apples and 47 years for members of rotten barrels, although this difference is statistically not significant. Similarly, the difference in age when the crime was committed was not significant either. Rotten apples received a jail sentence of 2.8 years on average, while rotten barrel members received only 1.9 years. This difference is statistically significant, as indicated by $p=.000$. The shorter jail sentence for barrel members is particularly interesting when comparing crime amount, because crime amount is substantially (although not significantly) larger for barrel members. So, even though the crime amount is larger, the jail sentence is shorter – as rotten apple criminals on average abused 36 million Norwegian kroner, while rotten barrel criminals on average abused 69 million Norwegian kroner.

Discussion and Conclusion

As argued by Ashforth et al. (2008), it is comforting to assume that one bad apple is responsible for white-collar crime, thereby avoiding focus on corporate culture or systems failure. However, in the sample presented in this article, there were far more persons identified as rotten barrel members (164 persons) than rotten apples (91 persons), thereby indicating the perception of a criminal organization and not only a criminal person. This finding strengthens the importance of social learning theory, which proposes that individuals will be more likely to commit crime if they are in a criminal learning environment. In terms of neutralization theory, it might indeed be easier to live with personal crime if it was part of a greater endeavor.

It is surprising that rotten barrel persons receive a significantly shorter jail sentence when compared to rotten apples. This is even more surprising given the fact that the average amount involved in the crime of rotten barrels is substantially higher. The low sentence might be explained by neutralization theory when applied in court, where issues such as higher loyalty or lack of responsibility reduce the individual guilt for crime.

When comparing white-collar crime sentencing in Norway with other countries, such as USA, sentences in general are much shorter. Spectacular cases such as Bernard Madoff who received 150 years in prison, or Allen Stanford, who was sentenced to 110 years in jail, can not be found in Norway. The maximum in Norway is 10 years.

This article has documented empirical differences between white-collar criminals convicted as rotten apples versus criminals convicted as rotten barrel participants. Despite more substantial amounts involved in rotten barrel cases, criminals as rotten apples received significantly longer jail sentences. At the same time, imprisonment length is very modest with an average of only two years. These findings may have important implications for Norwegian legislation in the future.

Limitations

There are several limitations to this study. First, as extensively discussed in the article, media reports are problematic, both in terms of generalizability and in terms of reliability. Therefore, triangulation with several newspapers and court documents were applied to

increase the extent of reliability. Another important limitation relates to content analysis, where both facts, such as jail sentence, and classification, such as rotten type, were derived from secondary sources.

Based on this study, there are several avenues for future research. For example, similar studies in other jurisdictions might be helpful for comparison. Next, classification of white-collar criminals needs more explicit criteria. Furthermore, organizational culture in terms of values might be introduced to explain the context in which criminals carried out these unlawful acts.

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