Criminogenic Antecedents - Dynamics of Employee Criminal Behaviour in Business Organisations

Alexander Glebovskiy

Department of Criminology and Sociology, Middlesex University London, The Burroughs, London NW4 4BT, UK

Abstract: *Purpose:* The purpose of this paper is to review the literature in terms of selected individual and organisational factors facilitating employee criminal behaviour in business organisations.

Approach: The paper draws on numerous theoretical perspectives on criminal behaviour in the business context, specifically crimes of obedience, moral disengagement, collective reasoning, groupthink, cost-benefit thinking, rationalisation, organisational culture, leadership, and ethical behaviour to explain arrange of criminogenic processes and factors that shape employee criminal behaviour in organisational settings.

Findings: Employee criminal behaviour in businesses is influenced by both organisational factors (organisational structure and culture, leadership, followership, ethical climate) and individual factors (self-regulatory capabilities, moral values, beliefs about leader-follower exchanges, narcissism, Machiavellianism, hubris). These elements interact to shape employee criminal behaviour and are subject to the influence of criminogenic processes such as displacement of responsibility, moral disengagement, rationalisation, groupthink and management by obedience. As a result of the criminalisation process, criminal behaviour is eventually normalised and institutionalized throughout a business organisation.

Practical implications: The paper helps business organisations understand the broad range of criminogenic factors and processes that influence criminal behaviour. This knowledge has important implications for the formulation and implementation of measures aimed at deterring this behaviour in business organisations.

Limitations: The scope of the organisational and individual-related factors under discussion which promote employee criminal behaviour in business organisations is not exhaustive. There are further criminogenic factors influencing employee criminal conduct, which are not covered by this review.

Originality/value: The paper discusses some criminogenic antecedents of employee criminal behaviour and analyses the source of this behaviour.

Keywords: Employee criminal behaviour, Ethical behaviour, Groupthink, Collective crime, Crimes of obedience, Moral disengagement, Rationalisation, Cost-benefit thinking, Organisational culture, Organisational structure, Individual morality, Self-regulatory capabilities.

1. INTRODUCTION

Employee criminal behaviour remains a widespread problem in business organisations. As a result, there has been increased scholarly interest in this area, with scholars attempting to understand the cause of criminal behaviour in this context. Research in various disciplines, including criminology, ethics, sociology, psychology, and organisational behaviour, has associated criminal behaviour with individual tendencies (Beu and Buckley, 2004; Hinrichs, 2007; Carsten and Uhl-Bien, 2013; Free and Murphy, 2015). However, as argued by Zyglidopoulos and Fleming (2008), individual patterns are not the only factors that cause individuals to commit crimes – social and institutional forces also play an instrumental role. These forces cause otherwise ethical and law-abiding individuals to become participants in criminal behaviour (MacGregor and Stuebs, 2014).

Understanding why individuals commit crimes is crucial for deterring criminal behaviour in business organisations. Employee criminal behaviour can yield severe consequences for businesses (Heath, 2008). Organisations such as Enron, WorldCom, and Tyco serve as stark examples of the far-reaching, negative impacts of employee criminal behaviour on businesses (Beu and Buckley, 2004). Statistics reveal that business organisations lose approximately 5% of annual revenue to fraudulent activities (Murphy and Dacin, 2011). This figure could actually be higher, given that not all corporate crimes come to light (Free and Murphy, 2015). The criminal behaviour of employees affects not only organisations, but also society at large, as it impacts shareholders, consumers, and communities (Free and Murphy, 2015).

This paper discusses a limited number of organisational and individual-related aspects by focusing on the interplay among criminogenic factors that influence and facilitate employee criminal behaviour in organisational settings. An inclusive discussion on all potential criminogenic elements

 © 2020 Savvy Science Publisher

emerging in business context would go beyond the scope of this review. This literature review synthesises various theories and studies of criminal behaviour within business organisations.

This paper is structured in individual sections that deal with a series of interrelated topics, starting with Crimes of Obedience, followed by Hierarchy and Moral Disengagement, Cost–Benefit Thinking and the Rationalisation of Criminal Behaviour, Collective Crime and Group-think Effect, Organisational Culture and Environment, Bad Leaders and Bad Followers, and finishing with Self-Control Capabilities and Individual Morality.

2. SOURCES AND METHODOLOGY

For the purpose of this literature review, major article databases were searched for relevant publications. In order to identify relevant literature the following search phrases were used: criminogenesis in businesses, corporate crime, corporate fraud, occupational fraud, employee fraud, organisational fraud, criminal businesses, criminogenic corporate culture and structure. The initial results contained numerous articles. The search was then narrowed down to peer-reviewed articles published in English between 2000 and 2020. The choice of this timeline was informed by the goal of obtaining up-to-date literature on the topic. Locating peer-reviewed sources was vital for enhancing the credibility of the findings. Consequently, newspaper articles, unpublished dissertations, articles reporting conference proceedings, and other forms of non-peer-reviewed articles were excluded from the review. Though peer-reviewed books provide credible information, they were also excluded from this review. Compared to books, journal articles offer more specific knowledge on a given topic.

The second stage of the search process involved analysing article titles and abstracts to obtain more pertinent articles. As article titles and abstracts were perused, relevant themes relating to employee criminal behaviour emerged. These include organisational structure, crimes of obedience, moral disengagement, displacement of moral responsibility, rationalisation, cost-benefit thinking, groupthink, collective crime, organisational culture, leadership, individual morality and self-regulatory capabilities. A further search was conducted using these themes so as to obtain further articles discussing the determinants of employee criminal behaviour and the underlying individual and organisational processes. In the final stage of the search process, the evaluation went beyond article titles and abstracts to include content and reference lists. The focus here was locating articles explaining key antecedents of employee criminal behaviour in business organisations at both individual and organisational levels.

3. CRIMES OF OBEDIENCE

One of the many reasons as to why employees engage in criminal activity in the workplace is unquestioning obedience to authority (Hinrichs, 2007). Research on this topic was pioneered by Stanley Milgram in the 1960s (Klikauer, 2014). Milgram's seminal experiments demonstrated how obedience to authority destabilises an individual's moral standpoint, consequently resulting in involvement in criminal or unethical behaviour (Milgram, 1965). Crimes of obedience are activities that arise from follower compliance with leaders' unethical or illegal demands (Carsten and Uhl-Bien, 2013). It is important to note that crimes of obedience do not include crimes committed by leaders in collaboration with followers: rather, they are crimes that followers would not commit in the absence of their leader's direction (Hinrichs, 2007). Corporate scandals involving firms like Enron, WorldCom, Tyco, and Arthur Andersen are examples of such crimes, as investigations conducted revealed that some ethical breaches were directed by top management (Beu and Buckley, 2004; Hinrichs, 2007; Murphy and Dacin, 2011).

Crimes of obedience largely occur because of the perceived power difference between leaders and followers (Carsten and Uhl-Bien, 2013). By virtue of their authority, leaders may sometimes instruct followers to engage in unethical behaviour (Hinrichs, 2007). Magee and Galinsky (2008) explained that individuals in positions of authority have power – defined as the ability to control valued resources – over their subordinates. Power influences the psychology of these individuals, making them try to acquire more power over their subordinates (Magee and Galinsky, 2008). By reminding subordinates of the potential cost of disobedience, power-holders make use of their influence to convince their followers that they do not have any options if they wish to keep their jobs or to avoid being labelled as disloyal and rebellious. Facing the risk of being penalised, harassed or demoted, followers are required to focus on doing their jobs and not the consequences of their actions, even if illegal or unethical (Beu and Buckley, 2004). In Zyglidopoulos

and Fleming's (2008) continuum of destructiveness, subordinates are described as innocent bystanders: individuals who commit crime unknowingly. The corporate scandals at Enron, WorldCom, and Tyco attest to this: most of the individuals identified as perpetrators were not evidently unethical either prior to joining the firm or in their non-work lives (Zyglidopoulos and Fleming, 2008). These individuals perhaps would not have committed crimes in the absence of social and institutional forces. Reed (2012) explained crimes of obedience using the concept of "administrative evil", a phenomenon in which otherwise ethically sensitive employees are influenced by organisational environments that cause them to participate in criminal behaviour, often without knowing that the behaviour is criminal.

As demonstrated in the literature, it is difficult for individuals to uphold their morality when they become members of an obedience-enforcing, hierarchical system (Klikauer, 2014). The existence of structures that enforce obedience to authority exist in virtually every social setting, including business organisations. As long as authoritarian structures are prevalent, unethical behaviour is inevitable (Klikauer, 2014). Milgram used the Nazi regime to demonstrate this inevitability by pointing out that Nazi soldiers committed atrocities against Jews and other civilians with the direction of Adolf Hitler and other authority figures (Murphy and Dacin, 2011). Halebsky (2014) also comprehensively described how the murder of Jews resulted from Nazi authoritarianism. In an organisational setting, subordinates face the effect of hierarchy and organisational structure: superiors constantly emphasise obedience to authority, making it hard for followers or subordinates to follow their conscience when faced with unethical instructions (Klikauer, 2014). For many subordinates, unethical directives from superiors often present a dilemma: whether to follow the instructions of their superiors, while on the other hand, the directives issued to them by their superiors may contradict their beliefs and social norms (Beu and Buckley, 2004). Given that organisational structure often demands obedience to superiors, it can be difficult for subordinates not to comply with unethical requests.

Milgram (1974; cited in Hinrichs, 2007, p. 70) illustrated that the predisposition to comply with orders from authority figures is not always instinctive. He proposed that, through reward and punishment systems, individuals are socialised or compelled to obey orders from superiors. The inference that can be made from Milgram's work is that situational or contextual factors in the organisational environment could lead to crimes of obedience. These factors, especially hierarchy and organisational structure, may influence the extent to which individuals obey or disobey unethical requests from their superiors (Carsten and Uhl-Bien, 2013). When individuals become members of a legitimate hierarchical system, they feel obliged to follow the directives of those in authority. However, Milgram's (1965, 1974; cited in Hinrichs, 2007) experiments also showed that not all individuals comply with unethical requests from their superiors: 35% of the participants in Milgram's studies were not obedient to authority. Some individuals may demonstrate constructive resistance (Carsten and Uhl-Bien, 2013), *i.e*. effective opposition to unethical directives from leaders. Such individuals have personal characteristics (*e.g*. conscientiousness, moral identity, locus of control, perceived responsibility for wrongdoing, as well demographic attributes such as level of education, age, and religion) that predispose them to object to unethical demands from their superiors (Hinrichs, 2007; Carsten and Uhl-Bien, 2013). Rather than blindly obeying unethical demands, these individuals initiate a dialogue and suggest alternative ways of accomplishing a task, straightforwardly presenting reasons for their defiance.

Differences in how individuals may act in the face of ethical situations may be explained further by the fact that individuals differ with respect to their self-regulatory capabilities and self-regulation orientations (Beu and Buckley, 2004). This means that individuals with strong self-regulatory capabilities emphasise personal standards and are less likely to act in ways that violate these standards. Conversely, individuals with weak self-regulatory capabilities emphasise societal standards and are more likely to behave according to the demands of the situation at hand, including hierarchical and organisational norms (Hinrichs, 2007).

The fact that some individuals may resist authority indicates that individual-level factors, not just organisational factors, play an influential role in shaping crimes of obedience in the business context. For example, an individual's beliefs and worldviews may also influence their tendency to commit crimes of obedience. Carsten and Uhl-Bien (2013) showed that the propensity to obey unethical requests is likely to be greater if an individual has authoritarian beliefs, *i.e*. the belief that subordinates should not question the directions of their superiors. Literature has

demonstrated that some followers view their roles as obedient and passive, while others view their role as active and collaborative (Hinrichs, 2007). Using a sample of 161 workers, Carsten and Uhl-Bien (2013) established that individuals with weaker beliefs regarding their followership role were more likely to engage in crime compared to individuals with stronger beliefs. If followers believe that their followership role is passive, they are more likely to obey unethical requests from their leaders as they feel powerless to object to their leaders' requests (Solas, 2016). Also, followers who obey unethical requests do so because they perceive their superiors to be more knowledgeable regarding what is best for the organisation (Solas, 2016). Conversely, as shown in Carsten and Uhl-Bien's (2013) study, followers who view their followership role as active co-producers of leadership are more likely to object to unethical requests. Active followers practice constructive resistance to authority. Rather than complying with unethical requests, active followers offer alternative approaches, give constructive feedback, influence leaders, and work alongside leaders to achieve positive organisational and leadership outcomes.

Perceptions of the role of followers in leadership could be explained by the theory of reasoned action, which holds that attitudes and behavioural intentions are shaped by individual beliefs (Carsten and Uhl-Bien, 2013). As explained by Hinrichs (2007), these beliefs develop throughout an individual's life as they receive direct and indirect feedback from others regarding their leadership potential. This significantly influences how one gradually defines the notion of leadership, or the leader–follower relationship (Hinrichs, 2007). Individuals who receive negative feedback regarding their leadership capacity may come to believe that their leadership is not valued or not wanted as a result, an individual might eventually become passive with respect to leadership and ethical behaviour, consequently increasing their likelihood of committing crimes of obedience (Gueguen *et al.,* 2015; Solas, 2016).

Nonetheless, beliefs about leader-follower relationships do not occur in a vacuum – they are shaped by broader social and cultural factors. Some literature shows that cultural characteristics substantially affect how members of a given society or group view power and authority (Hinrichs, 2007). Based on Hofstede's (1980) culture theory, power distance is one of the major differences between cultures. It denotes the degree to which less authoritative members in a society comply with authority without question (power inequality). In high power-distance cultures (cultures where power inequality between members of a society is acceptable to less authoritative members), subordinates are less likely to question orders from superiors or report superiors' unethical behaviour (Hinrichs, 2007). Thus, cultural factors may predict crimes of obedience by influencing how followers perceive authority (Chen, 2010). Indeed, it may be argued that cultural differences shape susceptibility to committing crimes of obedience. Treisman (2007) reports on further cross-national variations in criminal behaviour. Accordingly, such cultural variability might be exemplified in how democratic and open a country is, freedom of press, economic stability, and the representation of women in government. Besides beliefs regarding followership roles, followers' romanticisation of leadership - the perceived importance of leaders to organisational failure or success - may influence the extent to which followers obey or disobey unethical requests from leaders (Carsten and Uhl-Bien, 2013). When followers romanticise a leader, they tend to attribute organisational success to the leader, often downplaying contextual factors such as the contribution of subordinates (Carsten and Uhl-Bien, 2013). While scholarly work has not directly connected the romanticisation of leadership to crimes of obedience, Hinrichs (2007) proposed that followers who overestimate the leaders' importance, knowledge and skills, and ability to solve ethical dilemmas are highly vulnerable to crimes of obedience.

Individuals in an organisation can find themselves in situations in which they are directed by authority figures to perform actions that may be illegal or unethical. Through the obedience effect, and driven by loyalty to superiors as well as beliefs about leadership and followership, individuals may comply with directives without considering whether they are legal or ethical.

4. HIERARCHY AND MORAL DISENGAGEMENT

Another criminogenic antecedent affecting criminal conduct in business is hierarchy which effectively increases the distance between individuals who authorise criminal behaviour and those who commit the crime (Halebsky, 2014). While authority figures do not necessarily have to be involved in committing a crime, they may often make decisions that violate norms and then direct their subordinates to execute them. In this way authority figures distance themselves from any undesirable consequences of the unethical or illegal

act. For their part, subordinates may sometimes be unaware of the implications of their actions, particularly because they may not have been involved in decision making (Halebsky, 2014). The pressure to obey authority can make subordinates unaware of the illegality or immorality of their actions (Murphy and Dacin, 2011). Thus, management by obedience results in criminal behaviour by blinding those who commit crime to the negative consequences associated with their actions. Situational factors effectively disengage an individual's moral identity, consequently increasing the likelihood of committing crimes. During the trial, WorldCom's former chief financial officer (CFO), Scott Sullivan, revealed that his boss, the firm's chief executive officer (CEO), had ordered him "to hit the numbers" (Murphy and Dacin, 2011).

As individuals who actually commit a crime may not have been involved in planning it, they are likely to have little or no sense of moral responsibility for the negative outcomes associated with the crime (Halebsky, 2014). This phenomenon is referred to as the displacement of moral responsibility and directly supported by organisational structure and hierarchy (Carsten and Uhl-Bien, 2013). Followers comply with unethical requests from their leaders by displacing responsibility onto these leaders (Carsten and Uhl-Bien, 2013). The followers in this case believe they are not at fault, given their inferior position, seeing themselves as naive accomplices (Klikauer, 2014). Originally developed by Albert Bandura, the concept of moral disengagement is premised on the idea of cognitive dissonance, a phenomenon whereby an individual's behaviour contradicts their understanding of the world (Moore, 2008; Lowell, 2012; Johnson and Buckley, 2015). However, individuals have self-regulatory mechanisms that shape their moral agency, thoughts, and behaviour (Beu and Buckley, 2004). Exercising these internal mechanisms prevents individuals from engaging in criminal or unethical behaviour in the face of ethically complex situations. Individuals, though, have a tendency to disengage their self-regulatory mechanisms in a selective manner (Hinrichs, 2007), *i.e*. they fail to exercise self-regulation in certain cases. According to Zyglidopoulos and Fleming (2008), moral disengagement entails creating distance between an act and its potential unethical outcomes, and the consequences of an act become secondary or are completely ignored.

Sauer (2012) posited that the process of making moral judgments depends on innate processes, which can lead to irrational behaviour, even though some individuals rationally consider issues before making moral judgments. Behaviourism demonstrates that this irrationality significantly influences human decision making (Cohan, 2002). Irrationality, according to Cohan (2002), is defined as unconscious motivations and feelings, such as loyalty and friendship. Bargh *et al*. (2010) explained that pursuit of goals among many individuals result from the situational factors that operate without the action of conscious awareness and guidance. Individuals, therefore, tend to make decisions governed by unconscious emotions without rationally considering their impact. These unconscious emotions govern individuals' lives to the extent that they will act illogically. In the organisational setting, individuals will often undertake actions that violate ethical norms, even if the negative consequences are known. Automaticity, and the irrationality that might result from its influence, makes individuals disregard information or developments that challenge their preconceived attitudes and beliefs, misconstrue events, or rationalise deviance from norms (Cohan, 2002; Tourish and Vatcha, 2016).

Leaders play a particularly vital role in creating moral disengagement in their followers: they cognitively frame their conduct in a manner that leads to followers believing their actions do not have negative outcomes (Beu and Buckley, 2004). In the cases of WorldCom and Enron, leaders framed their actions in a positive light, in effect blinding their followers to the immorality or criminality of their actions. (Moore, 2007; Lowell, 2012). This effect is more readily achieved in an organisational structure where followers are simply required to do their jobs without questioning orders from their superiors, including those inspired by selfish motives.

Followers displace responsibility for unethical behaviour onto leaders because they perceive leaders as possessing greater moral responsibility than themselves (Carsten and Uhl-Bien, 2013). Such perceptions, according to Hinrichs (2007), stem from power differences between leaders and followers. From this view, followers generally believe they are subject to a lower moral standard than leaders. Ideally, however, organisations desire both leaders and followers to have an equal sense of moral responsibility (Hinrichs, 2007), in order to maintain a climate of ethical behaviour throughout an organisation.

The displacement of responsibility has been evident in the well-known corporate scandals such as Enron, WorldCom, Tyco, and Arthur Andersen, in which followers justified their involvement in unethical behaviour as mere compliance with directives from

their superiors (Beu and Buckley, 2004; Hinrichs, 2007). For instance, in the previously mentioned example of WorldCom, the CFO testified in court that he was acting under the direction of his superior – WorldCom's CEO (Murphy and Dacin, 2011).

While the ability to displace moral responsibility is mostly shaped by organisational structure and hierarchy, the influence of individual factors cannot be understated (Carsten and Uhl-Bien, 2013). Similar to crimes of obedience, the inclination to displace moral responsibility can be an individual trait governed by self-regulatory capabilities (Hinrichs, 2007; Beu and Buckley, 2004).

5. COST–BENEFIT THINKING AND THE RATIONALISATION OF CRIMINAL BEHAVIOUR

Further insight into the psychosocial processes involved in the production of employee criminal behaviour is supported by the rational choice theory (cost-benefit thinking) (Murphy and Dacin, 2011). This perspective holds that individuals make discrete decisions to engage in wrongdoing (Palmer and Maher, 2006). They consciously or unconsciously calculate the costs (potential negative impacts) and benefits (rewards) associated with wrongdoing and engage in wrongdoing if the benefits outweigh the costs. Committing crime, therefore, helps individuals achieve selfish interests (*e.g*., financial gain) (Murphy and Dacin, 2011). Also, individuals engage in wrongdoing if it coincides with their internally-held values, beliefs, and norms (Palmer and Maher, 2006). Based on this perspective, criminal behaviour fundamentally involves opportunity, incentive, rationalisation, and choice (Murphy and Dacin, 2011; Free and Murphy, 2015) and when presented with an opportunity or incentive to commit criminal behaviour (*e.g*. weak or non-existent internal or external controls), individuals rationalise the behaviour and actively choose to engage in it.

Rationalisation is a particularly useful cognitive and psychological mechanism for understanding employee criminal behaviour in business organisations (Murphy and Dacin, 2011). It denotes mental processes through which both retrospective and prospective deviant behaviour is justified (Zyglidopoulos and Fleming, 2008; MacGregor and Stuebs, 2014). An individual adjusts his/her perception of the behaviour in question, and the behaviour consequently becomes less problematic for the perpetrator. Criminal conduct is justified to make it normal and acceptable to those involved in perpetrating it (Zyglidopoulos and Fleming, 2008; Ruggiero, 2015c). As emphasised by cognitive dissonance theory, individuals have a tendency to reduce dissonance when they experience it (Lowell, 2012). When individuals commit an immoral act, their innate sense of morality causes them to justify the act to reduce their responsibility for it. Additionally, individuals rationalise unethical behaviour to avoid or minimise the negative affect associated with such behaviour (Murphy and Dacin, 2011). From a psychological perspective, individuals generally feel guilt after committing a criminal or unlawful act, especially if it contradicts their ethical values (Murphy and Dacin, 2011). In this regard, rationalising wrongdoing is often a helpful way of overcoming this negative psychological outcome – it helps in avoiding or minimising the guilt associated with wrongdoing (MacGregor and Stuebs, 2014). As a result, perpetrators of the problematic behaviour start to perceive it as allowable or understandable (Murphy and Dacin, 2011). Eventually, the illegal behaviour becomes a routine (Ruggiero, 2015a). Even so, rationalising criminal behaviour does not necessarily mean that the perpetrator abandons their overall moral identity; rather, the individual justifies the behaviour whilst maintaining their general attitude towards the behaviour (Murphy and Dacin, 2011).

Individuals may use different ways to rationalise criminal behaviour (Beu and Buckley, 2004). For instance, individuals engaging in fraudulent behaviour may justify their actions by arguing that they committed fraud to help the organisation, as a sign of loyalty to the organisation, or due to lack of other choices (Murphy and Dacin, 2011). Individuals may also justify a crime by arguing that it occurs everywhere and is, therefore, excusable (Free and Murphy, 2015). In 2002, an accounting scandal was uncovered at Health South Corporation, a US-based healthcare provider (Murphy and Dacin, 2011). The firm's former CEO, Richard Scrushy, reportedly declared that the firm falsified financial statements simply because all firms did so. The tendency to excuse a crime merely because it is deemed to occur elsewhere leads to an intriguing conclusion: perpetrators of criminal behaviour displace responsibility not only onto their superiors, but also onto societal or external forces. Other ways of rationalising crime include advantageous comparison (seeing one's criminal behaviour as less bad than others'), use of euphemistic language (describing wrongdoing in a positive manner), denying harm or victimhood, blaming or dehumanising the victim, appealing to higher loyalties, and misconstruing the

negative outcomes associated with crime (Ashforth and Anand, 2003; Beu and Buckley, 2004; Hinrichs, 2007; Zyglidopoulos and Fleming, 2008).

Rationalising criminal behaviour also includes neutralisation (Pershing, 2003; Palmer and Maher, 2006; Heath, 2008; Ruggiero, 2015a). Neutralisation involves, among other processes, denial of responsibility, ignoring victims, postponing the guilt associated with wrongdoing, and self-cleansing (Beu and Buckley, 2004; Murphy and Dacin, 2011). Pershing's (2003) case study of the U.S. Naval Academy, involving both surveys and semi-structured interviews, found that midshipmen used neutralisation techniques to justify the violation of work norms. Neutralisation is especially prevalent in the corporate context (Chen, 2010; Lowell, 2012; Whyte, 2016). Whyte (2016) used Toyota, Fiat Chrysler, and Volkswagen as case studies to illustrate the prevalence of neutralisation techniques in the automobile industry. In 2009, acceleration problems in Toyota's vehicles led to the recall of more than 20 million vehicles globally. In 2011, Fiat Chrysler gained media attention following a series of fatal explosions in some vehicles. Despite evident safety problems in some of their vehicles, Fiat Chrysler and Toyota issued deceptive statements regarding the safety issues. Volkswagen became the subject of media coverage in 2015 after the discovery of its involvement in emissions fraud. In these three cases, there was knowledge of wrongdoing, but the firms attempted to neutralise their wrongdoing by denying responsibility (Whyte, 2016).

Self-cleansing may be seen as self-affirmation or self-justification, *i.e*. perceiving oneself as a good person following the commission of a wrongful act (Lowell, 2012). This may be achieved, for example, by contributing money gained from criminal activities to charity (Murphy and Dacin, 2011). This is a common practice among high-level individuals in the business world, especially CEOs and directors. WorldCom's former CEO Bernard Ebbers, for example, reportedly contributed approximately US$100 million to charitable causes over a decade (Chen, 2010). Equally, Enron's former CEO, Kenneth Lay, contributed US$10 million to charity between 2001 and 2005 (Chen, 2010). Such acts help perpetrators avoid or reduce negative affect. Once neutralisation occurs, individuals continue engaging in criminal behaviour, perceiving the behaviour as normal and acceptable, and experiencing little or no guilt (Zyglidopoulos and Fleming, 2008). During his trial, Tyco's CEO, Dennis Koslowski, maintained that he had not considered his behaviour while committing fraud (Murphy and Dacin, 2011). This is a typical example of how individuals may neutralise criminal behaviour to avoid or reduce negative affect.

Cost–benefit thinking and the rational choice perspective suggests that individuals who commit crime may be aware that they are committing unlawful behaviour. Following from Zyglidopoulos and Fleming's (2008) continuum of destructiveness, individuals may be active rationalisers of crime to avoid negative affect (Beu and Buckley, 2004; Ruggiero, 2015a). In the case of WorldCom, described above, there is a possibility that Scott Sullivan and other accounting officers subordinate to the firm's CEO were aware that their boss's directives were illegal, but they rationalised their actions to avoid guilt, and perhaps as a way of demonstrating their loyalty (Murphy and Dacin, 2011). However, as mentioned already, crimes committed in and by businesses are rarely the work of individuals; they are most frequently perpetrated by a network of employees and leaders.

6. COLLECTIVE CRIME AND GROUPTHINK EFFECT

Criminal behaviour in business organisations can be displayed by both leaders and their followers supporting the existence of collective reasoning in organisations. Indeed, this type of crime encompasses what Palmer and Maher (2006, p. 365) described as collective crime: criminal behaviour that involves "sustained coordination among multiple organisational participants". Free and Murphy (2015) used the term "co-offending" to describe the phenomenon of collective crime, defining it as the perpetration of criminal behaviour by more than one individual. Individuals willingly cooperate to pursue collective, but unlawful objectives. Though solo offending occurs, the complex nature of most criminal activities in business organisations makes it quite difficult for a single individual to work alone (Free and Murphy, 2015). This view coincides with that of Honore de Balzac, a nineteenth-century French novelist: powerful individuals mobilise cooperation from those around them to perpetrate crime (Ruggiero, 2015b). When a network of perpetrators is created by a leader seeking to direct unethical or unlawful behaviour, the blame and guilt for the crime can be diffused across all involved.

Collective crime involves four stages: initiation; proliferation; institutionalisation; and socialisation (Palmer and Maher, 2006, p. 365). In the initiation stage, executives authorise criminal behaviour following a cost–benefit analysis. The proliferation stage entails executives reaching out to their subordinates to commit the crime. As they are

expected to obey authority, subordinates readily conform to directives issued by their superiors, even if the directives violate norms. With time, subordinates come to accept unlawful behaviour, leading to the institutionalisation stage. At the institutionalisation stage, criminal behaviour becomes part of organisational norms (Zyglidopoulos and Fleming, 2008). The final stage, the socialisation stage, involves introducing new members of the organisation to the criminal behaviour. Palmer and Maher's (2006) four stages of collective crime largely resonate with Milgram's perspective of crimes of obedience. The four stages demonstrate how ethically-deficient individuals at the apex of the organisation systematically and rationally lead otherwise law-abiding and ethically upright subordinates into criminal behaviour. One thing that is clear from the collective-crime model is that it is less likely for individuals in lower levels of the organisational hierarchy to commit crime without the direction of those at higher levels. However, this does not necessarily mean that lower-level individuals do not, or cannot, initiate crime.

For collective crime to occur successfully, certain interpersonal antecedents are vital: familiarity; friendship; and trust (Free and Murphy, 2015). These antecedents facilitate the development of affective bonds between co-conspirators, consequently promoting collective reasoning and collective offending, often to achieve individualistic objectives. The tendency to co-offend is especially driven by a sense of mutual dependency and reciprocity (Free and Murphy, 2015). In other words, once individuals develop affective bonds, loyalty to one another increases, making it less likely that an individual will act in a way that undermines collective aspirations. The co-offender group then rationalises crime and diffuses responsibility (Free and Murphy, 2015). Given the value individuals attach to group cohesion, a course of action is less likely to be abandoned once it is embarked upon, even if the action contradicts logic (Cohan, 2002). Individuals who challenge the course of action risk punishment or ejection from the group, and, thus, the blocking of resistance to the group's activities helps in maintaining group cohesion.

The literature has demonstrated that collective reasoning works in such a manner that people who would otherwise not commit crime unwittingly find themselves involved in criminal activity, with rationalisation techniques playing an instrumental role (Scharff, 2005; Free and Murphy, 2015). The initiator of the crime uses persuasion, manipulation, and rewards to recruit co-offenders, sometimes without co-offenders knowing they are being lured into criminal activity. This phenomenon was demonstrated in Free and Murphy's (2015) study: some participants stated that they became involved in fraud unwittingly. What they perceived to be regular duties assigned by their superiors turned out to be mechanisms for committing fraud, and this has been reported elsewhere (Cohan, 2002; Palmer and Maher, 2006; Hinrichs, 2007; Murphy and Dacin, 2011; Klikauer, 2014). The Social Identity Theory (Tajfel & Turner 1979) posits that individuals incorporate, as part of their identities, aspects related to their belonging to social groups. These attachments have far-reaching impacts on their behaviour in group settings, which could facilitate collective thinking and rationalisation in workplace crime.

The fact that individuals in an organisation can be persuaded to engage in criminal behaviour highlights the existence of groupthink in organisations. Groupthink theory was pioneered by Janis (1982; cited in Rose, 2011, p. 38), who defined groupthink as "a mode of thinking people engage in when they are deeply involved in a cohesive in-group, when the members striving for unanimity override their motivation to realistically appraise alternative courses of action". Groupthink means that, in a social setting, individuals are likely to act or think in accordance with group norms (Meisel and Fearon, 2006; Lowell, 2012; Stallen *et al*., 2012). The phenomenon is characterised by excessive or blind loyalty, group dislike for dissent, unanimity, the tendency to rationalise unethical behaviours, and a sense of invulnerability (Scharff, 2005). Driven by the need to maintain group harmony, individuals avoid highlighting controversial acts or presenting alternative solutions (Rose, 2011). Gueguen *et al*. (2015) conducted a controlled experiment to demonstrate how an individual's behaviour tends to be different when acting alone and when acting in the presence of others. It emerged that, when alone, individuals had a higher sense of moral responsibility, but their sense of responsibility was reduced in the presence of others as diffusion of responsibility arises (Gueguen *et al*., 2015). MacGregor and Stuebs' (2014) study also illustrated how group influences force individuals to refrain from taking any corrective actions regarding unethical behaviour they observe in organisational settings. These two studies (MacGregor and Stuebs, 2014; Gueguen *et al*., 2015) are classic examples of how groupthink works. Though the studies did not involve perpetrators of corporate crimes as subjects, they offer useful insights into how groupthink

may contribute to criminal behaviour in firms (Glebovskiy, 2019a).

Owing to commitment to the group, individuals become silent accomplices in criminal behaviour (Lowell, 2012). In a similar fashion, social exchange theory posits that, when individuals perceive belonging to the organisation as beneficial, they tend to show reciprocity via prosocial behaviours (Shin, 2012). Groupthink literature explains that such tendencies make individuals act in agreement with group norms, even if the norms deviate from ethical expectations (Bartlett and Preston, 2000; Pershing, 2003; Spicer, 2009). This agreement can be understood from the fact that individuals turn to social norms when making decisions or responding to social situations, especially under uncertainty (Cialdini and Goldstein, 2004). In a sense, individuals sacrifice their previously-held values and beliefs in favour of group values (Tourish and Vatcha, 2016). For instance, Abbink *et al.* (2018) pointed out that individuals who otherwise would have refrained from engaging in bribery find themselves engaging in corrupt practices when they are in groups where the majority of members are dishonest. Bartlett and Preston (2000, p. 203) termed such group behaviour as pluralistic ignorance: "the condition in which members of a group will ignore the need to take notice of certain conditions provided all members of the group do the same". Groupthink, according to Scharff (2005), helps explain why it was possible for accounting irregularities to persist at WorldCom without someone blowing the whistle.

Similar to crimes of obedience, the relationship between groupthink and employees' criminal behaviour may be mediated by cultural differences. Hofstede's (1980) cultural dimensions model identifies individualism (or its opposite, collectivism) as one of the ways in which cultures across the globe differ. Individualism/collectivism refers to the degree to which individual happiness is valued over group harmony (Hofstede, 1980). In collectivist cultures (cultures where group harmony is valued over individual happiness), the tendency to accept unethical behaviour is likely to be greater than in individualistic cultures (Carsten and Uhl-Bien, 2013). Owing to the importance attached to group harmony, individuals in collectivist cultures are likely to feel greater pressure to conform to group norms (Hinrichs, 2007). This is not the case for those in individualistic cultures: these individuals value independence and, hence, tend to express their own views, regardless of social relationships (Hofstede, 1980).

Groupthink and collective crime literature provides knowledge of the group processes that can lead to the emergence of employee criminal behaviour. Organisations might create atmospheres that support criminogenic culture in businesses. Those cultures emphasise strong loyalty and conformity to the collective, often making it difficult for individuals to exercise their moral consciousness. Further insight into how organisational culture shapes employee criminal behaviour is discussed in the following section.

7. ORGANISATIONAL CULTURE AND ENVIRONMENT

The four stages of collective crime described by Palmer and Maher (2006) reveal organisational culture and leadership as important antecedents of criminal behaviour in business organisations. In any organisation, the management plays an instrumental role in determining the ethical climate and adherence to regulatory and professional norms (MacGregor and Stuebs, 2014). An ethical climate denotes shared meanings of ethical practices, policies, and procedures in an organisation and stipulates how employees should conduct themselves in fulfilling their roles and responsibilities (Free and Murphy, 2015). If organisational leaders are visibly committed to ethical behaviour, their followers are likely to demonstrate similar behaviour - a principle of stewardship theory (Chen, 2010; Shin, 2012).

A number of studies have illustrated the crucial role of leaders in enforcing behaviour throughout the organisation. Following an experiment involving 96 undergraduate students, Cramwinckel *et al*. (2013) concluded that leaders are responsible for maintaining subordinates' ethical behaviour through reward and punishment mechanisms. The study underscored the importance of the culture and ethical climate that leaders create to shape employees' ethical conduct. Shin's (2012) cross-sectional study of 223 CEOs and 6,021 employees in the South Korean context found a strong, positive relationship between CEO's ethical behaviour and collective organisational citizenship behaviour (desirable ethical conduct across an organisation). Other studies have also reported similar findings on the role of leadership and management (Chen, 2010; Graham, Fallon and Cooper, 2015; Ziegert and Capitano, 2015). It can, therefore, be said that criminal behaviour is less likely to occur without the sanction of leaders. This was evident in the Enron, WorldCom, and Tyco scandals (Beu and Buckley, 2004; Hinrichs, 2007; Murphy and Dacin, 2011).

Ideally, organisational leaders instil ethical behaviour into followers by creating a corporate culture that discourages criminal or unethical behaviour. In reality, however, many corporate leaders tend to do the opposite. Halebsky (2014) contends that high-ranking individuals in the organisational hierarchy explicitly or implicitly create and sustain a culture that encourages and supports criminal behaviour. Through their legitimate authority, leaders have legitimate influence over followers (Beu and Buckley, 2004). The employees, in turn, obey the supervisors due to contractual obligations (Beu and Buckley, 2004; Cohan, 2002). In this context, followers feel obliged to obey this authority, irrespective of their individual preferences. Individuals with more loyalty to the leader or the organisation are more likely to obey the leader's perceived legitimate authority (Beu and Buckley, 2004). Such individuals tend to be loyal to the extent that they accept orders from the legitimate authority without question. Thus, given their perceived legitimate influence, leaders can easily shape subordinate behaviour and create a culture that mirrors their individual values and preferences. The trust leaders command from their followers also plays a crucial role in influencing follower behaviour (Cohan, 2002). Followers generally trust that the leader serves the organisation's best interests, making it easy for leaders to persuade followers into embracing their decisions. This helps create a situation in which a network of co-offenders can flourish.

A case study of corporate crime at the former Australian Wheat Board (AWB), a public organisation involved in marketing wheat, found that senior managers at the organisation cultivated a culture in which sales and profitability were more important than ethical norms (Fallon and Cooper, 2015). AWB eventually became the centre of a $300 million scandal in which it was accused of bribing Iraqi government officials in exchange for wheat business in the Iraqi market between 1999 and 2002 when the UN had instituted sanctions against the country.

Studies have shown that in an organisation where criminal behaviour is embraced, members of the organisation are gradually socialised into criminal behaviour through rationalisation of the behaviour, ultimately resulting in the normalisation of the behaviour (Ashforth and Anand, 2003; Fallon and Cooper, 2015; Tourish and Vatcha, 2016). Authority figures in the organisation socialise followers into criminal behaviour by creating a culture that promotes allegiance to authority as well as loyalty to organisational interests (Halebsky, 2014). Through socialisation and institutionalisation, innocent bystanders become active rationalisers who are prone to committing crimes (Zyglidopoulos and Fleming, 2008). Criminal behaviour is especially likely to be prevalent in a firm if followers are rewarded for engaging in behaviour that advances the interests of leaders (Beu and Buckley, 2004; Cramwinckel *et al.,* 2013). The pressure to impress superiors may often create an excessively competitive organisational culture, in which subordinates constantly compete to accomplish tasks assigned to them in a quick and efficient manner, irrespective of any possible detrimental outcomes (Halebsky, 2014), *i.e*. efficiency takes precedence over ethical considerations.

An especially important characteristic that enables corporate leaders to normalise criminal behaviour is political astuteness (Beu and Buckley, 2004). Leaders can create a vision, build momentum, and forge order in an organisation (Solas, 2016). This is particularly true for charismatic leaders (Tourish and Vatcha, 2016). Using their political skills, individuals in leadership positions are able to convey a transcendent vision to their followers: a vision that portrays unethical behaviours as beneficial to individuals, the organisation, or society (Beu and Buckley, 2004). At Enron, former executives Ken Lay and Jeffrey Skilling crafted and relayed a vision that promised "heaven on earth" – an overoptimistic future, effectively endorsing criminal behaviour (Tourish and Vatcha, 2016, p. 463). Appealing to moral justification, leaders arouse follower interest and loyalty (Beu and Buckley, 2004). For followers who robustly embrace the leader's vision, the advancement of organisational interests supersedes individual will. In the process, followers may fail to pay attention to possible unethical outcomes, making it easier for leaders to override moral considerations and followers to comply (Beu and Buckley, 2004). The leader's behaviour ultimately becomes the model for the organisation's ethical climate, resulting in the normalisation of criminal behaviour.

The role of organisational culture and leadership, coupled with organisational structure, paints the organisational environment as criminogenic, *i.e*. it has aspects that contribute to criminal behaviour (Free and Murphy, 2015; Fallon and Cooper, 2015). The pressure to obey authority, collective rationality, and normalisation increase the likelihood of individuals who would otherwise not do so engaging in criminal behaviour (Palmer and Maher, 2006; Murphy and Dacin, 2011). Lowell (2012, p. 19) argued that

"organisations are corrupting institutions" that cause previously morally upright individuals to engage in criminal behaviour. Cohan (2002) used Enron as a case study to demonstrate how an organisation's internal dynamics predict crime: the downfall of the giant firm revealed glaring shortcomings in the firm's organisational culture, which enabled executives to commit fraud.

In corporate cultures in which criminal behaviour is normalised, subordinates who might want to report deviant behaviour may not do so due to fear and intimidation (Free and Murphy, 2015). At Enron, individuals who attempted to challenge the accounting practices of the firm's former CFO, Andrew S. Fastow, faced possible reassignment or loss of bonuses (Cohan, 2002). Testifying before a congressional committee, one of Enron's former executives, Sherron Watkins, straightforwardly stated that confronting the board with her concerns about the firm's accounting practices would have effectively terminated her job (Cohan, 2002). In such a corporate culture, subordinates remain tight-lipped despite knowledge of pervasive criminal activities within the organisation (Chen, 2010). As demonstrated in MacGregor and Stuebs' (2014) study of graduate accounting students, individuals become passive fraudsters, remaining fallaciously silent. This silence means that individuals avoid raising the alarm for any wrongdoing they witness, or are requested to participate in, at the workplace.

The literature on organisational culture sheds light on the antecedents of employee criminal behaviour and reinforces the preceding arguments in terms of crimes of obedience and groupthink effect. In this context, the organisational environment is an important predictor of employee criminal behaviour.

8. BAD LEADERS AND BAD FOLLOWERS

The widespread nature of criminogenic cultures in business organisations suggests that many organisations have 'bad' leaders who promote unethical corporate cultures. As it emerged in the aftermath of major accounting scandals involving Enron, WorldCom, Parmalat and Satyam, unethical leadership was largely to blame (Chen, 2010). Indeed, many leaders in the business context have a dark side (Meisel and Fearon, 2006), *i.e.* they lack integrity and tend to be driven by selfish goals. The collapse of Enron, and other once-powerful corporations, points to the existence of narcissistic, Machiavellian, psychopathic, and misanthropic leaders in the business world (Free and Murphy, 2015; Solas, 2016). Obsessed with superiority, and driven by greed, these individuals are cunning perpetrators of wrongdoing and evil. Narcissism (obsession with self), promotes a culture of greed, causing leaders to lose moral consciousness (Hornett and Fredricks, 2005). Narcissistic individuals tend to be overconfident, self-preoccupied, self-aggrandised, and have a strong desire for reaffirming their superiority (Chen, 2010). This can, in turn, impair judgmental capacities of individuals, increasing the likelihood of engaging in unethical activities and rationalising the behaviour. Based on computer simulations, Chen (2010) illustrated that CEO narcissism, coupled with financial rewards and silence on the part of subordinates, could lead to unethical or criminal behaviour. Machiavellian individuals are individuals who are willing to use any technique or behaviour to achieve their goals, including deception and manipulation (Belschak *et al*., 2016). Found in most organisations, these individuals tend to be antisocial, persuasive liars, amoral actors, less conscious about ethics, as well as untrusting and cynical (Belschak *et al*., 2016). They are strongly goal-driven and usually exert pressure on their followers to achieve goals, even if it means resorting to unethical means. Since narcissistic and Machiavellian tendencies are significant predictors of ethical conduct, they are vital determinants of employee criminal behaviour in the business context.

Machiavellian and narcissistic behaviours are often displayed by charismatic leaders (Hornett and Fredricks, 2005). Unlike transformational leaders, charismatic leaders are totalitarian, power-driven, individualistic, coercive, controlling, manipulative, less empathetic, and less tolerant of criticism (Tourish and Vatcha, 2016). With Enron as an example, charismatic leadership fosters cultism and high levels of confidence, arouses excessive confidence in the leader, punishes dissent, and cultivates a culture of deviance (Tourish and Vatcha, 2016). Deviating from norms is often seen as a way of achieving the leader's compelling vision.

Closely related to narcissism is hubris. Hubris essentially refers to overconfidence in one's skills, abilities, talents, contributions, and importance to others (Tourish and Vatcha, 2016). This is a common trait among charismatic leaders, who tend to feel they are in control of situations, even when they may not be (Tourish and Vatcha, 2016). They create an illusion of control by exaggerating self-descriptions and visions, managing impressions, limiting negative information,

and blaming external events for negative outcomes (Tourish and Vatcha, 2016). This illusion of control may predict criminal behaviour in business organisations. Over-optimism leads to individuals ignoring reality, feeling omnipotent, underestimating ambiguities, perceived aversion to vulnerability and failure, and overrating their judgments (Cohan, 2002). Excessively confident and optimistic individuals tend to maintain their convictions even when potential dangers become apparent. This can be a recipe for ethical failure.

Regrettably, individuals with narcissistic, Machiavellian, and hubristic characteristics are often elevated to positions of power based on their behaviour, or misbehaviour (Solas, 2016). Solas (2016) offered two explanations for this. First, narcissistic, psychopathic, and Machiavellian traits are assumed to coincide with exceptional leadership characteristics. In particular, Machiavellian individuals are often seen as more pragmatic, winners, and more persuasive (Belschak *et al*., 2016). Also, optimistic and confident individuals are deemed to be more effective leaders in terms of influencing and persuading others, aggressiveness, and decisiveness (Cohan, 2002). The other reason is that these tendencies permeate organisations. Whereas it is broadly acknowledged that narcissistic, psychopathic, and Machiavellian leaders promote harmful behaviour, it is often difficult to resist their authority or eliminate them from power (Solas, 2016). Indeed, business organisations do not replace CEOs as often as the prevalence of unethical or illegal behaviour may dictate. Power and influence places leaders in hard-to-reach positions and protects them from typical redress methods (Solas, 2016). This enables leaders to justify their behaviour, often citing the need to undertake whatever means necessary to ensure the success of the organisation in a fiercely competitive business environment.

In this context, Magee and Galinsky (2008) provide an insight into the effects of hierarchy and power. It causes situational pressure to act in a particular way on both powerful and powerless individuals. Power-holders who have control over resources are entitled to define norm and rules of behaviour in a given context. This effectively shapes the conduct, thoughts and opinions of individuals lower in the hierarchy. Power is a double-edged sword, with the potential to do good or cause harm, so it reveals people's true personalities, human qualities and intentions once they possess it.

Although criminal behaviour can be the result of bad leaders, the role of "bad" followers cannot be ignored (Solas, 2016). As mentioned earlier, it is common for followers to be passive when it comes to the leadership process (Carsten and Uhl-Bien, 2013). The literature has demonstrated that passivity makes many followers support bad leaders in doing wrong (Gueguen *et al*., 2015; Solas, 2016). It must, however, be noted that followers usually do not have a choice regarding obeying the authority of their leaders (Beu and Buckley, 2004). While many followers engage in criminal behaviour simply as a result of obeying leadership authority, others commit crime for the same corrupt reasons leaders do (Solas, 2016). It is, therefore, plausible that some followers are as unethical as leaders. One would expect that ethical followers would become whistleblowers, or leave the organisation; however, since they remain in the system, these followers can be seen as equally unethical (Zyglidpoulos and Fleming, 2008).

Machiavellian behaviours are prevalent not only in leaders, but also in employees. The presence of Machiavellian followers in an organisation may predict unethical behaviour. Using a sample of 350 managers and employees drawn from diverse sectors and industries in the Netherlands, Belschak *et al*. (2016) showed that when Machiavellian employees are led by a Machiavellian leader, their trust in the leader decreases significantly, which may lead to stress and unethical behaviour on the part of employees. Generalising Belschak *et al.*'s (2016) findings suggests that it is important for organisations to handle Machiavellian employees with discretion. This is crucial for avoiding or minimising potentially detrimental outcomes for the organisation. However, given the unethical behaviour of leaders and followers, Bartlett and Preston (2000) suggested that it may be difficult for truly ethical behaviour to exist in business organisations as they are inherently designed to be profit-seeking. Individuals will often choose between success and failure, not between bad and good (Bartlett and Preston, 2000). If success is all that matters, the end may justify the means, whether illegal or unethical.

The literature on crimes of obedience, groupthink, and organisational culture reveals that the organisational environment is a significant predictor of employee criminal behaviour, however it is apparent that the influence of individual tendencies such as Machiavellianism, narcissism and hubris cannot be understated. These individual tendencies are likely to enforce criminal behaviour in the presence of criminogenic organisational factors. Thus, it can be said that individual and organisational factors interact to influence employee criminal behaviour.

9. SELF-CONTROL CAPABILITIES AND INDIVIDUAL MORALITY

Self-control can be defined as "a persistent individual behavioural tendency" (Vazsonyi & Huang, 2010, p. 245). It is the ability to regulate one's impulses and to abstain from undesirable behavioural inclinations (Hofmann *et al*., 2018). According to Gottfredson and Hirschi's (1990) general theory of crime (GTC), self-control is the sole predictor of criminal behaviour. This theory posits that weak self-control causes an individual to be "impulsive, physical (as opposed to mental), risk-taking, short-sighted, and non-verbal, and they will tend therefore to engage in criminal and analogous acts" (Gottfredson & Hirschi, 1990, p. 90).

A closely related concept to self-control is the notion of morality, which is defined as the value or belief system that governs individuals and society (Antonaccio & Tittle, 2008). It is regarded as a set of rules and norms that fundamentally foster harmonious coexistence between members of a society (Hofmann *et al*., 2018). An individual's sense of morality defines their perception of what is right and wrong and hence serves as the basis of how individuals act. According to the Situational Action Theory (SAT) introduced by Wikström (2004, 2010), frail morality is the major cause of criminality (Wikström & Svensson, 2010). At the core of SAT is the argument that the cause of criminality cannot be reduced to just self-control (Wikström & Treiber, 2007). Instead, the theory proposes that whether individuals engage in criminal behaviour or not is a matter of their moral beliefs. While this theory is a valuable contribution to the understanding of criminal behaviour, its major shortcoming is that it ignores the notion of moral relativism – the view that morality is subjective. That is, what is considered as wrong or right by one individual or in one society may be perceived differently by another individual or in another society.

In the organisational setting, employees with a strong morality tend to be more empathetic, honest, prone to guiltiness, and mindful of the consequences of their actions, and are thus less likely to engage in destructive or negative behaviours (Cohen *et al*., 2012; Cohen *et al*., 2014). Therefore, efforts to prevent crime in organisations cannot afford to ignore the role of self-control and morality in crime reduction.

An important aspect in this discourse is how self-control and morality develop. GTC suggests that self-control develops during childhood and remains largely constant throughout life (Gottfredson & Hirschi, 1990). The development of self-control at this stage is primarily shaped by parenting practices - how parents monitor their child's behaviour and punish deviant behaviour - determines their ability to exercise self-control during childhood and later in life. The implication is that poor development of self-control during childhood inclines an individual to deviance during adolescence and adulthood. This was confirmed by Vazsonyi and Huang's (2010) study that monitored self-control and deviance in 1,155 children over a period of 6 years. The study found that self-control and deviance remained stable during the period of the study, with parenting shaping the trajectory. Whereas the importance of parenting practices in moulding self-control cannot be overemphasised, Buker's (2011) review of crime literature demonstrates that the development of self-control is a much more complex process than conceptualised by Gottfredson and Hirschi (1990). The review found that in addition to parenting practices, the development of self-control is also shaped by biological factors, familial factors, the social context, education, and religion (Buker, 2011).

Considering Gottfredson and Hirschi's theory and Buker's (2011) review, it can be argued that the development of self-control is significantly dependent on how individuals are socialised in various social settings. This argument can be extended to the organisational context to explain crime and deviance. Depending on how employees are socialised throughout their time in the organisation, this can significantly determine their ability to exercise self-control when presented with an opportunity for criminal behaviour (Wikström & Svensson, 2010). In businesses with high ethical standards, where employees are successfully socialised into such behaviour norms, they are less likely to engage in illegal and unethical conduct.

Similar to self-control, morality is largely shaped by an individual's social environment. Every society has rules and norms that govern collective behaviour. These rules and norms are passed on from one generation to another through socialisation processes at home, school, or in places of worship, among others (Hofmann *et al*., 2018). In these social settings, individuals are taught honesty, respect, integrity, compassion, and other moral values. It is expected that these values will subsequently influence how they behave throughout the course of their life (Hofmann *et al*., 2018). While individuals may not always subscribe to society's moral teachings, the influence of moral development on engaging in illegal and unethical conduct is profound.

According to Wikström and Svensson (2010), criminal behaviour is an outcome of both an individual's morality and self-control capability. This argument suggests that individuals who commit criminal behaviour are deficient in both self-control and morality. Hofmann *et al*. (2018) observe that self-control and morality interlock to form what they refer to as 'moral self-control'. This proposition implies that the concepts of self-control and morality are closely related and predict criminal behaviour in a similar manner. For instance, when presented with an opportunity to commit a crime, individuals with a strong sense of morality exercise their self-control to refrain from acting on the opportunity. In the context of organisational crime, self-control and morality can be seen as intertwined because they both achieve the same end. When members of an organisation regulate undesirable impulses, they promote collective good by desisting from selfish, deviant behaviour (Hofmann *et al*., 2018). Similarly, staying away from illegal and unethical behaviour on account of moral standards exemplifies an individual's prioritisation of group interests over individual interests.

While both self-control and morality are predictors of criminal behaviour, the strongest predictor between the two remains a matter of contention. According to Cohen *et al*. (2014), individuals with a strong sense of morality have stronger self-control and lower inclination to deviance, meaning that morality influences self-control and behaviour. Empirical evidence has supported the superiority of morality over self-control regarding to crime causation. Antonaccio and Tittle's (2008) study found that morality is regarded as a stronger predictor of criminal behaviour than self-control. In another study that involved 1,957 British teenagers aged 14-15, it was found that participants with stronger morality were less likely to commit crime, irrespective of their self-control capability (Wikström & Svensson, 2010). Svensson, Pauwels and Weerman's (2010) study found that self-control had a stronger effect on crime causation in adolescents with weak morality compared to their counterparts with strong morality. The four studies (Antonaccio & Tittle, 2008; Svensson, Pauwels & Weerman, 2010; Tittle *et al*., 2010; Wikström & Svensson, 2010) acknowledge that while both self-control and morality play a role in crime causation, the latter has a larger influence.

One of the plausible explanations for the greater influence of morality could be that broader social factors, such as norms, influence moral development, which in turn shapes the development of individual traits such as self-control (Wikström & Svensson, 2010). Tittle *et al*. (2010) agree with this view, contending that whether an individual is able or willing to exercise self-control in relation to abstinence from criminal behaviour is largely dependent on the moral context.

On the whole, there is an interaction between self-control and morality in predicting crime even though the latter is a stronger predictor of criminal behaviour. The resulting deduction is that organisations ought to pay greater attention to both variables influencing the decision-making process and ultimately the behaviour of employees and fraud prevention efforts. In this sense, the notion of moral self-control appears to perfectly capture the interplay of both influences. Morally upright employees with strong self-control capabilities are very unlikely to have an inclination to illegal and unethical behaviour. Accordingly, organisations could prevent illegal and unethical behaviour by considering the morality and self-control capabilities of individuals during the recruitment and promotion processes. Indeed, many organisations already conduct integrity tests when hiring employees in an effort to gauge both variables. Such measures are one of the most helpful ways of mitigating the risk of criminal behaviour in an organisational context.

CONCLUSION

The aim of this paper was to review the literature in regards to the organisational and individual-related factors that influence and facilitate employee criminal behaviour, and to evaluate the origin of criminal conduct in organisational settings. Employee criminal behaviour in business organisations is predicted by both organisational and individual antecedents. In virtually every organisation, there are individuals with a predisposition to criminal behaviour who demonstrate weak self-regulation and lack moral conscience. They are vulnerable to the obedience effect, moral disengagement, and the groupthink pressure, which increase their propensity for criminal practices. Whereas individual antecedents may explain some of the criminal practices that occur in business organisations, it does not clarify why otherwise morally sound and law-abiding individuals commit crime. Organisational antecedents largely explain why many individuals engage in criminal activities once they enter a criminogenic environment. The organisational environment has some characteristics that increase individuals' tendency to participate in unlawful

practices: organisational structure, culture, leadership, and working climate. Through the obedience effect, the groupthink pressure, moral disengagement, rationalisation techniques, and socialisation processes, organisational antecedents lead to acts that violate individual and collective norms which are then normalised and institutionalised into an organisation's routines.

After integrating the previously discussed criminogenic antecedents, a picture emerges that reveals a complex interplay among factors and processes (Figure **1**). It shows that the interrelation between organisational and individual factors which facilitate and promote employee criminal behaviour in business organisations is multifaceted.

Organisational factors embodied in structure, culture, leadership, followership and ethical climate interact with individual elements such as moral values, beliefs about leader-follower relations, personal traits (narcissism, Machiavellianism, hubris) and poor self-regulatory capabilities. These elements contribute to and even mutually reinforce each other under effect of a number of processes and forces like management by obedience, moral disengagement, displacement of responsibility, rationalisation, and groupthink, which are common in organisational settings. The management make a use of the standard tools such as reward and punishment to create accepted norms and to foster the socialisation process of new employees in a created environment. In this vein, organisational and individual factors influence employee behaviour simultaneously, reinforcing their effect and creating ideal conditions for criminal and unethical activities. As the criminogenic processes and forces interact and evolve without disturbance of any preventive or deterrent actions, criminal behaviour is eventually normalised and institutionalized throughout a business organisation.

The paper does not attempt however to comprehensively cover all criminogenic antecedents encountered in the literature, but rather to discuss some of the most common dynamics driving employee conduct toward illegal behaviour. A discussion of an

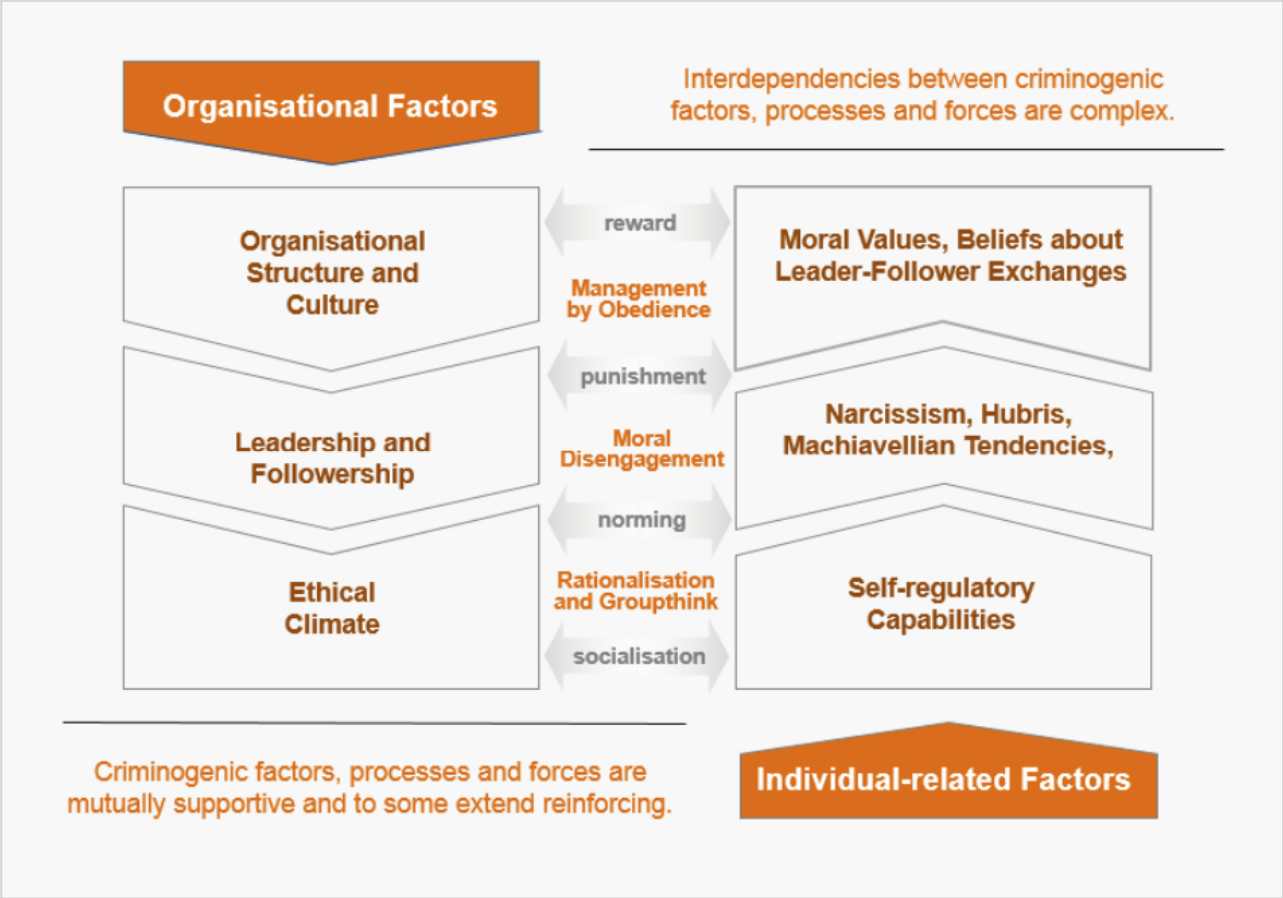

Figure 1: Simplified overview of interrelation between organisational and individual factors.

inclusive range of criminogenic elements, forces and processes happened in organisational settings would be beyond the scope of this review.

Even though eliminating crime completely may not be achievable, knowledge of the criminogenic antecedents of employee criminal behaviour has important implications for the deterrence of criminal behaviour in business organisations (Glebovskiy, 2019b). Employee criminal behaviour imposes a huge social and economic burden on businesses and society in general: losses for investors, closure of businesses, diminished public confidence, public safety concerns, etc. These outcomes may be avoided or minimised by understanding how organisational dynamics influence employees. Though individual-related factors may predict crime, addressing the organisational environment aspects may significantly help in understanding and preventing employee criminal behaviour.

PAPER TYPE

Literature review

DISCLOSURE

This literature review was part of author's dissertation completed at the Department of Criminology and Sociology, Middlesex University London.

REFERENCES

[1] Abbink K, Freidin E, Gangadharan L & Moro R. "The effect of social norms on bribe offers". Journal of Law, Economics, and Organization 2018; 34(3): 457-474. https://doi.org/10.1093/jleo/ewy015

[2] Antonaccio O & Tittle C. "Morality, self-control, and crime". Criminology 2008; 46(2): 479-510. https://doi.org/10.1111/j.1745-9125.2008.00116.x

[3] Ashforth B and Anand V. "The normalisation of corruption in organisations". Research in Organisational Behaviour 2003; 25: 1-52. https://doi.org/10.1016/S0191-3085(03)25001-2

[4] Bargh John A, Kay L. Schwader, Sarah E. Hailey, Rebecca L. Dyer and Erica J. Boothby. "Automaticity in social-cognitive processes". Trends in Cognitive Sciences 2012; 16(12): 593-605. https://doi.org/10.1016/j.tics.2012.10.002

[5] Bartlett A and Preston D. "Can ethical behaviour really exist in business?" Journal of Business Ethics 2000; 23: 199-209. https://doi.org/10.1023/A:1006037107565

[6] Belschak F, Muhammad R and Den Hartog D. "Birds of a feather can butt heads: when Machiavellian employees work with Machiavellian leaders". Journal of Business Ethics 2016. https://doi.org/10.1007/s10551-016-3251-2

[7] Beu D and Buckley M. "This is war: how the politically astute achieve crimes of obedience through the use of moral disengagement". The Leadership Quarterly 2004; 15(4): 551-568. https://doi.org/10.1016/j.leaqua.2004.05.007

[8] Buker H. "Formation of self-control: Gottfredson and Hirschi's general theory of crime and beyond". Aggression and Violent Behaviour, 2011; 6: 265-276. https://doi.org/10.1016/j.avb.2011.03.005

[9] Carsten M and Uhl-Bien M. "Ethical followership: an examination of followership beliefs and crimes of obedience". Journal of Leadership & Organisational Studies 2013; 20(1): 49-61. https://doi.org/10.1177/1548051812465890

[10] Chen S. "The role of ethical leadership versus institutional constraints: a simulation study of financial misreporting by CEOs". Journal of Business Ethics 2010; 93: 33-52. https://doi.org/10.1007/s10551-010-0625-8

[11] Cialdini RB and Goldstein NJ. "Social influence: Compliance and conformity". Annual Reviews in Psychology 2004; 55: 591-621. https://doi.org/10.1146/annurev.psych.55.090902.142015

[12] Cohan J. ""I didn't know" and "I was only doing my job": has corporate governance careened out of control? A case study of Enron's information myopia". Journal of Business Ethics 2002; 40: 275-299. https://doi.org/10.1023/A:1020506501398

[13] Cohen TR, Panter AT & Turan N. "Guilt proneness and moral character". Current Directions in Psychological Science 2012; 21: 355-359. https://doi.org/10.1177/0963721412454874

[14] Cohen TR, Panter AT, Turan N, Morse L and Kim Y. "Moral character in the workplace". Journal of Personality and Social Psychology, 2014; 107(5): 943-963. https://doi.org/10.1037/a0037245

[15] Cramwinckel F, Cremer D and van Dijke M. "Dirty hands make dirty leaders?! The effects of touching dirty objects on rewarding unethical subordinates as a function of a leader's self-interest". Journal of Business Ethics 2013; 115: 93-100. https://doi.org/10.1007/s10551-012-1385-4

[16] Fallon F and Cooper B. "Corporate culture and greed - the case of the Australian Wheat Board". Australian Accounting Review 2015; 25 (1): 71-83. https://doi.org/10.1111/auar.12031

[17] Free C and Murphy P. "The ties that bind: the decision to co-offend in fraud". Contemporary Accounting Research 2015; 32(1): 18-54. https://doi.org/10.1111/1911-3846.12063

[18] Gottfredson M and Hirschi T. "A general theory of crime". Palo Alto, CA: Stanford University Press 1990.

[19] Glebovskiy A. "Criminogenic isomorphism and groupthink in the business context". International Journal of Organization Theory & Behavior 2019a; 22(1): 22-42. https://doi.org/10.1108/IJOTB-03-2018-0024

[20] Glebovskiy A. "Inherent criminogenesis in business organisations." Journal of Financial Crime 2019b; 26(2): 432-446. https://doi.org/10.1108/JFC-01-2018-0010

[21] Graham K, Ziegert J and Capitano J. "The effect of leadership style, framing, and promotion regulatory focus on unethical pro-organisational behaviour". Journal of Business Ethics 2015; 126: 423-436. https://doi.org/10.1007/s10551-013-1952-3

[22] Gueguen N, Dupre M, Georget P and Senemeaud C. "Commitment, crime, and the responsive bystander: effect of the commitment form and conformism". Psychology, Crime & Law 2015; 21(1): pp. 1-8. https://doi.org/10.1080/1068316X.2014.902457

[23] Halebsky S. "Corporate practices and harmful consequences: learning from the Holocaust". Humanity & Society 2014; 38(3): 237-267. https://doi.org/10.1177/0160597614537797

[24] Hassink H, de Vries M and Bollen L. "A content analysis of whistle blowing policies of leading European companies". Journal of Business Ethics 2007; 75: 25-44. https://doi.org/10.1007/s10551-006-9236-9

[25] Heath J. "Business ethics and moral motivation: a criminological perspective". Journal of Business Ethics 2008; 83: 595-614. https://doi.org/10.1007/s10551-007-9641-8

[26] Hinrichs K. "Follower propensity to commit crimes of obedience. The role of leadership beliefs". Journal of Leadership & Organizational Studies 2007; 14(1): 69-76. https://doi.org/10.1177/1071791907304225

[27] Hofmann W, Meindl P, Mooijman M and Graham J. "Morality and self-control: How they are intertwined and whether they differ." Crime Directions in Psychological Science 2018; 27(4): 286-291. https://doi.org/10.1177/0963721418759317

[28] Hofstede G. Culture's consequences: international differences in work-related values. Sage, Beverly Hills, CA 1980.

[29] Hornett A and Fredricks S. "An empirical and theoretical exploration of disconnections between leadership and ethics". Journal of Business Ethics 2005; 59: 233-246. https://doi.org/10.1007/s10551-004-8205-4

[30] Johnson J and Buckley M. "Multi-level organisational moral disengagement: directions for future investigation". Journal of Business Ethics 2015; 130: 291-300. https://doi.org/10.1007/s10551-014-2220-x

[31] Klikauer T. "Milgram and obedience to organisational authority". Organisation 2014; 21(6): 947-953. https://doi.org/10.1177/1350508413503966

[32] Lee G and Fargher N. "Companies' use of whistle-blowing to detect fraud: an examination of corporate whistle-blowing policies". Journal of Business Ethics 2013; 114: 283-295. https://doi.org/10.1007/s10551-012-1348-9

[33] Lowell J. "Managers and moral dissonance: self-justification as a big threat to ethical management?" Journal of Business Ethics 2012; 105: 17-25. https://doi.org/10.1007/s10551-011-0931-9

[34] MacGregor J and Stuebs M. "The silent Samaritan syndrome: why the whistle remains unblown". Journal of Business Ethics 2014; 120: 149-164. https://doi.org/10.1007/s10551-013-1639-9

[35] Magee JC and Galinsky AD. "Social hierarchy: The self-reinforcing nature of power and status". The Academy of Management Annals, 2008; 2(1): 351-398. https://doi.org/10.5465/19416520802211628

[36] Meisel S and Fearon D. "Choose the future wisely: supporting better ethics through critical thinking". Journal of Management Education 2006; 30(1): 149-176. https://doi.org/10.1177/1052562905280833

[37] Milgram S. Some conditions of obedience and disobedience to authority. Human Relations 1965; 18: 57-76. https://doi.org/10.1177/001872676501800105

[38] Moore C. "Moral disengagement in processes of organisational corruption". Journal of Business Ethics 2008; 80: 129-139. https://doi.org/10.1007/s10551-007-9447-8

[39] Murphy P and Dacin T. "Psychological pathways to fraud: understanding and preventing fraud in organisations". Journal of Business Ethics 2011; 101: 601-618. https://doi.org/10.1007/s10551-011-0741-0

[40] Palmer D and Maher M. "Developing the process model of collective corruption". Journal of Management Inquiry 2006; 15(4): 363-370. https://doi.org/10.1177/1056492606295090

[41] Pershing J. "To snitch or not to snitch? Applying the concept of neutralisation techniques to the enforcement of occupational misconduct". Sociological Perspectives 2003; 46(2): 149-178. https://doi.org/10.1525/sop.2003.46.2.149

[42] Reed G. "Leading questions: leadership, ethics, and administrative evil". Leadership 2012; 8(2): 187-198. https://doi.org/10.1177/1742715011429589

[43] Rose J. "Diverse perspectives on the groupthink theory - a literature review". Emergent Leadership Journeys 2011; 4(1): 37-57.

[44] Ruggiero V. "Justifying crimes of the powerful". In G. Barak (ed.), The Routledge International Handbook of the Crimes of the Powerful Routledge, London 2015a; pp. 62-72.

[45] Ruggiero V. "Balzac and the crimes of the powerful". Societies 2015b ; 5: 325-338. https://doi.org/10.3390/soc5020325

[46] Ruggiero V. "Ethics and the crimes of the powerful". Howard Journal of Criminal Justice 2015c; 54(1): 42-56. https://doi.org/10.1111/hojo.12113

[47] Sauer H. "Educated intuitions. Automaticity and rationality in moral judgement." Philosophical Explorations 2012; 15(3): 255-275. https://doi.org/10.1080/13869795.2012.706822

[48] Scharff M. "Understanding WorldCom's accounting fraud: did groupthink play role?" Journal of Leadership and Organisational Studies 2005; 1(3): 109-118. https://doi.org/10.1177/107179190501100309

[49] Shin Y. "CEO ethical leadership, ethical climate, climate strength, and collective organisational citizenship behaviour". Journal of Business Ethics 2012; 108: 299-312. https://doi.org/10.1007/s10551-011-1091-7

[50] Solas J. "The banality of bad leadership and followership". Society and Business Review 2016; 11(1): 12-23. https://doi.org/10.1108/SBR-09-2015-0049

[51] Spicer A. "The normalisation of corrupt business practices: implications for integrative social contracts theory (SCT)". Journal of Business Ethics 2009; 88: 833-840. https://doi.org/10.1007/s10551-009-0319-2

[52] Stallen M, Dreu C, Shalvi S, Smidts A and Sanfey A. "The herding hormone: oxytocin stimulates in-group conformity". Psychological Science 2012; 23(11): 1288-2192. https://doi.org/10.1177/0956797612446026

[53] Svensson R, Pauwels L and Weerman F. "Does the effect of self-control on adolescent offending vary by level of morality? A test in three countries". Criminal Justice and Behaviour 2010; 37(6): 732-743. https://doi.org/10.1177/0093854810366542

[54] Tajfel H and Turner J. "An integrative theory of intergroup conflict." In The Psychology of Integroup Relations, edited by W. G. Austin and Stephen Worchel 1979; pp. 33-47. Monterey, CA: Brooks/Cole.

[55] Tittle C, Antonaccio O, Botchkovar E and Kranidioti M. "Expected utility, self-control, morality, and criminal probability". Social Science Research 2010; 39: 1029-1046. https://doi.org/10.1016/j.ssresearch.2010.08.007

[56] Tourish D and Vatcha N. "Charismatic leadership and corporate cultism at Enron: the elimination of dissent, the promotion of conformity, and organisational collapse". Leadership 2016; 1(4): 455-480. https://doi.org/10.1177/1742715005057671

[57] Treisman D. "What havewe learned about the causes of corruption from ten years of cross-national empirical research?" Annual Review of Political Science 2007; 10: 211-44. https://doi.org/10.1146/annurev.polisci.10.081205.095418

[58] Vazsonyi A and Huang L. "Where self-control comes from: On the development of self-control and its relationship to deviance over time." Developmental Psychology 2010; 46(11): 245-257. https://doi.org/10.1037/a0016538

[59] Whyte D. "It's common sense, stupid! Corporate crime and techniques of neutralisation in the automobile industry". Crime, Law & Social Change 2016; 66: 165-181. https://doi.org/10.1007/s10611-016-9616-8

[60] Wikström P & Svensson R. "When does self-control matter? The interaction between morality and self-control in crime causation". European Journal of Criminology 2010; 7(5): 395-410. https://doi.org/10.1177/1477370810372132

[61] Zyglidopoulos S and Fleming P. "Ethical distance in corrupt firms: how do innocent bystanders become perpetrators?" Journal of Business Ethics 2008; 78: 265-274. https://doi.org/10.1007/s10551-007-9378-4

Received on 3-5-2020 Accepted on 25-5-2020 Published on 13-6-2020

DOI: https://doi.org/10.12974/2313-1047.2020.07.5

© 2020 Alexander Glebovskiy; Licensee Savvy Science Publisher.
This is an open access article licensed under the terms of the Creative Commons Attribution Non-Commercial License (http://creativecommons.org/licenses/by-nc/3.0/) which permits unrestricted, non-commercial use, distribution and reproduction in any medium, provided the work is properly cited.