

International Handbook of White-Collar and Corporate Crime

International Handbook of White-Collar and Corporate Crime

Edited by

Henry N. Pontell

University of California, Irvine
Irvine, CA, USA

and

Gilbert Geis

University of California, Irvine
Irvine, CA, USA

Henry N. Pontell
Department of Criminology, Law and Society
School of Social Ecology
University of California, Irvine
Irvine, CA 92697-7080
USA
hnpontel@uci.edu

Gilbert Geis
Department of Criminology, Law and Society
School of Social Ecology
University of California, Irvine
Irvine, CA 92697-7080
USA
ggeis@uci.edu

Library of Congress Control Number: 2006925856

ISBN-10: 0-387-34110-2 e-ISBN-10: 0-387-34111-0
ISBN-13: 978-0-387-34110-1 e-ISBN-13: 978-0-387-34111-8

Printed on acid-free paper.

© 2007 Springer Science+Business Media, LLC

All rights reserved. This work may not be translated or copied in whole or in part without the written permission of the publisher (Springer Science+Business Media, LLC, 233 Spring Street, New York, NY 10013, USA), except for brief excerpts in connection with reviews or scholarly analysis. Use in connection with any form of information storage and retrieval, electronic adaptation, computer software, or by similar or dissimilar methodology now known or hereafter developed is forbidden.

The use in this publication of trade names, trademarks, service marks, and similar terms, even if they are not identified as such, is not to be taken as an expression of opinion as to whether or not they are subject to proprietary rights.

9 8 7 6 5 4 3 2 1

springer.com

For Miho and Dolores

*And in memory of
Michelle Smith Pontell and
Robley Elizabeth Geis*

Contents

Preface	xi
Acknowledgments	xvii
I. Introduction: Theoretical Issues in Organizational and Corporate Lawbreaking	
1. Beyond Macro- and Micro-Levels of Analysis, Organizations, and the Cultural Fix <i>Diane Vaughan</i>	3
2. Understanding Corporate Lawbreaking: From Profit Seeking to Law Finding <i>Peter Cleary Yeager</i>	25
3. Attributing Responsibility for Organizational Wrongdoing <i>Matthew T. Lee and Jeannine A. Gailey</i>	50
II. White-Collar Criminogenesis: Structure, Motivation, and Rationalization	
1. Generative Worlds of White-Collar Crime <i>Neal Shover</i>	81
2. Because They Can: Motivations and Intent of White-Collar Criminals <i>James Gobert and Maurice Punch</i>	98
III. Critical and Postmodern Approaches to Research	
1. Researching White-Collar and Corporate Crime in an Era of Neo-Liberalism <i>Steve Tombs and Dave Whyte</i>	125
2. An Age of Miracles? <i>Frank Pearce</i>	148
3. White-Collar Crime in a Postmodern, Globalized World <i>David O. Friedrichs</i>	163

IV. Corporate Crime and State-Corporate Crime	
1. Corporate Crime	187
<i>Amitai Etzioni with Derek Mitchell</i>	
2. State-Corporate Crime and Criminological Inquiry	200
<i>Raymond J. Michalowski and Ronald C. Kramer</i>	
V. Legal Perspectives: Theory, Irresponsibility, and Liability	
1. A Normative Approach to White-Collar Crime	223
<i>Stuart P. Green</i>	
2. The Corporation as a Legally Created Site of Irresponsibility	248
<i>Harry Glasbeek</i>	
3. Preventive Fault and Corporate Criminal Liability: Transforming Corporate Organizations into Private Policing Entities	279
<i>Richard S. Gruner</i>	
VI. Forms of White-Collar Crime	
1. Gold-Collar Crime: The Peculiar Complexities and Ambiguities of War Crimes, Crimes Against Humanity, and Genocide	309
<i>Chrisje Brants</i>	
2. Environmental Pollution by Corporations in Japan	327
<i>Minoru Yokoyama</i>	
3. Crime in the World of Art	347
<i>Christine Alder and Kenneth Polk</i>	
4. Computer Crime and White-Collar Crime	358
<i>Peter Grabosky and Sascha Walkley</i>	
VII. Professional and Occupational White-Collar Crime	
1. From Pink to White with Various Shades of Embezzlement: Women Who Commit White-Collar Crimes	379
<i>Mary Dodge</i>	
2. The Itching Palm: The Crimes of Bribery and Extortion	405
<i>David Shichor and Gilbert Geis</i>	
3. Crimes by Lawyers in Japan and the Responsibilities of Professionals	424
<i>Shin Matsuzawa and Tokikazu Konishi</i>	
VIII. Corruption: Narratives, Definitions, and Applications	
1. Corruption Kills	439
<i>William K. Black</i>	

2. On the Comparative Study of Corruption <i>Franklin E. Zimring and David T. Johnson</i>	456
3. Corporate Corruption in the New Economy <i>Robert Tillman and Michael Indergaard</i>	474
4. Cesare Beccaria and White-Collar Crimes' Public Harm: A Study in Italian Systemic Corruption <i>Gabrio Forti and Arianna Visconti</i>	490
 IX. Case Studies	
1. The Role of the Mass Media in the Enron Fraud: Cause or Cure? <i>Stephen M. Rosoff</i>	513
2. Crime? What Crime? Tales of the Collapse of HIH <i>Fiona Haines</i>	523
3. Enron, Lemont & Hauspie, and Parmalat: Comparative Case Studies <i>Georges Kellens, Michäel Dantinne, and Bertrand Demonceau</i>	540
4. White-Collar Crime and Reactions of the Criminal Justice System in the United States and Japan <i>Tomomi Kawasaki</i>	552
 X. Policing White-Collar Crime	
1. Policing Healthcare at the Dawn of the New Millennium <i>Paul Jesilow</i>	571
2. Policing Financial Crimes <i>Michael Levi</i>	588
 XI. Regulation, Prevention, and Control	
1. Situational Crime Prevention and White-Collar Crime <i>Michael L. Benson and Tamara D. Madensen</i>	609
2. "This Time We Really Mean It!": Cracking Down on Stock Market Fraud <i>Laureen Snider</i>	627
3. White-Collar Crime and Prosecution for "Industrial Manslaughter" as a Means To Reduce Workplace Deaths <i>Rick Sarre</i>	648
4. The Punishment of Corporate Crime in China <i>Ling Zhang and Lin Zhao</i>	663
About the Authors	680
Index	690

Preface

By chance, we began writing the preface to this collection of 34 articles that consider various aspects of white-collar crime in different parts of the world on the day that the criminal trial of the two leading Enron executives opened in the federal courthouse in Houston, Texas. The Enron excesses both epitomized and adumbrated a deluge of exposed corporate wrongdoing, both in the United States and in other industrialized nations throughout the world. As this volume now goes to press some months later, the trial is now over, with both defendants—former Enron President, Kenneth L. Lay, and the onetime chief operating officer, Jeffrey K. Skilling having been found guilty. Lay reportedly died of a heart attack while vacationing in Colorado shortly after the verdicts.

As the trial began, there was considerable uncertainty regarding how the Enron case would turn out: i.e., what the jury would decide about either or both of the defendants. The news agency Reuter's quoted the lead editor of this volume as speculating that the defendants would claim that they were unaware of what was going on in Enron, and he pointed out that this was "the only thing the defense has to stand on." As it turned out the claim was insufficient in persuading the eight woman, four man jury, especially since several of the middle and high-level Enron managers already had entered guilty pleas and, in exchange for sentencing leniency, agreed to testify against their former bosses. But there were still indications at the time that the case was far from what Americans, adopting basketball terminology, call "a slam dunk," a sure thing for the prosecution. Skilling reportedly allocated \$37 million to the legal team handling his defense. Daniel Petrocelli, one of the country's leading lawyers, headed that group although until then his practice had been confined to civil matters. Petrocelli was the attorney who picked up the pieces after the Los Angeles district attorney's office fared so poorly in its effort to convict O.J. Simpson of the (obvious) murder of his wife and a bystander who proved to be in the wrong place at the wrong time. He won sizeable civil judgments against Simpson for the victims' survivors, although they have never collected anything because Simpson's considerable income is arranged so that it is judgment proof. It was also notable that the lead federal prosecutor in the Enron case was appointed by President Bush to a judgeship only a few weeks before the trial began, and had to withdraw from the case. The president's move seemed odd, especially when viewed in light of the fact that he is known to have

enjoyed close contacts with Enron executives—especially Kenneth Lay, who he reportedly referred to as “Kenny Boy.”—when Bush was in the oil business and later as governor of Texas.

The Enron case and other white-collar crimes around the world for a time garnered great amounts of media attention until the invasion of Iraq by the United States, arguably another form of white-collar crime. That war preempted the major share of news reports that occupied the eyes and ears of readers and viewers. Nonetheless, the prominent fraud cases demonstrate the importance and the necessity, as the new Millennium moves along, of criminological attention to the crimes of persons in the upper echelons of society and the corporate entities that pay them so handsomely. There is a need for much greater transparency in business operations and for a regimen of corporate governance that stops members of boards of directors from bestowing what some persons regard as obscene amounts of money on the executives who appointed them to the boards. Absent adequate oversight both within the financial community and from scholarly sources, the estimated four trillion dollars in market losses suffered in 2002 around the world because of massive corporate and accounting meltdowns will continue apace.

Despite the enormity of the price paid for inadequate attention to white-collar and corporate crime, by and large criminologists and, more generally, social science scholars tend to bypass the subject and focus their research on traditional street crimes—murder, manslaughter, and assault, drug transactions, and since the feminist surge, rape, domestic violence, and child abuse. The chapters in this book stress the need for better information and understanding of white-collar and corporate crime. The facts and ideas that are presented by leading scholars from throughout the world provide a background for complementary and supplementary probes and theories.

Even including the corps of investigative journalists, the ranks of investigators and scholars who write about white-collar and corporate crime are relatively thin, undoubtedly in part because the pursuit of information about the subject is beset by a number of special complexities and structural barriers. For one, understanding of white-collar crime requires the command of knowledge located in a variety of disciplinary domains: business and finance, economics, law, criminology, sociology, psychology, and political science, among the more prominent sources. For another, governmental and private funding agencies are not hospitable to work that may question the legitimacy of their supporters, who donate large amounts to their campaigns and the corporate entities that supplied the moneys to establish the private foundations. For a third matter, access to relevant information can be a very difficult and wearing endeavor. It is a far more comfortable enterprise to do secondary analyses of data gathered in survey format and please journal editors and peer reviewers with elaborate tables and elegant statistical analyses, even if the results shed little to no light on matters of public understanding or policy.

Attempts to gain access to real or presumed white-collar offenders before the legal system has (or does not have) its way with them can be a dauntingly demanding task. If they are high enough on the business, political, or professional totem pole, they have receptionists, aides, secretaries, and other factotums who screen those to whom they will grant an audience. Crossing that barrier requires persuasive powers far beyond the reach of most of us. If you persist, typically

you will be referred you to their attorney, who, if he or she is so gracious as to answer your telephone call or e-mail (or your fourth or fortieth such approach), will interdict any access to their client and offer, at best, platitudinous observations regarding the absurdity of the authorities' allegations and the blameless position of the suspect, not to mention his or her extraordinary contributions to the well-being of all of us.

On the other hand, if there is a public trial of a white-collar crime case, a researcher can find the court setting a particularly fruitful venue for gathering information. This is a resource that to date has been greatly underutilized; in the area of white-collar crime, we are aware only of Hazel Croall's courtroom observations of the trials of trading offenders in the United Kingdom. Court trials offer an opportunity to observe the emotions and hear the words of the leading players in a case, both during formal proceedings and in informal moments during court recesses and lunch breaks. There usually will be an opportunity to interview witnesses, kin of the accused, and sometimes the accused and the accusers. Court transcripts offer what can be extremely useful information and direct quotations.

In addition to the difficulty of doing fieldwork on white-collar crime, there is the dearth of governmental information. Since the 1930s in the United States, when the federal Department of Justice and the Federal Bureau of Investigation began tabulating data in the Uniform Crime Reports, information that tends to be similar to that available in other jurisdictions around the world, criminologists have had access to crime statistics as a basis for further analysis and theory building. The worldwide surge in surveys that tabulate reports by victims of their experiences with crime have added an important dimension to this statistical base. But neither criminal justice reports nor victim surveys attend to white-collar and corporate crime, so that it requires a sensational single case or a discovered panoply of illegal behavior in the upper echelons of the business, political, and professional world to at least momentarily place such behavior in the limelight. There are no systematic counts of white-collar crimes that occur in a given year, or the number of individuals who are arrested for such offenses. It is difficult enough to carry out satisfactory cross-national comparisons of criminal behavior, given the variations in definitions of crime, reporting distinctions (some countries count crimes known to the police, others only those offenses which eventuate in a court appearance, and still others only persons entering prison). It becomes significantly more complicated in regard to white-collar and corporate crime. Readers, for instance, will note the important differences that our contributors recite in regard to what their countries define as behavior that can be prosecuted as corporate crime, presuming their statutes have such a category at all.

Absent systematic information from public sources, scholars, as the ensuing chapters clearly demonstrate, often come to rely heavily on media sources, particularly newspapers. These can provide invaluable information and insights, yet it is worthwhile to keep in mind the caution from Diane Vaughan, a leading white-collar crime scholar who is represented by a contribution in the *Handbook*, about uncritical acceptance of media reports:

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.

John Kenneth Galbraith once remarked that he feared that economics was becoming an offshoot of applied mathematics. The same might be said of criminology, most particularly in regard to the forms that it is taking in the United States, which has been at the forefront of the criminological enterprise. It is informative to compare the contents of *Criminology*, the leading American disciplinary journal, with that of the *British Journal of Criminology* and the leading journals in Asia, Latin America, and on the European continent. One might suspect that they are dealing with two very disparate realms of knowledge, one heavily methodological, the other much more humanistic. The most prestigious criminological work in the United States appears to be a quest for “scientific respectability” and an enhanced status vis-a-vis more established areas of study. As a result, the tail of statistics and methods has been allowed to wag the dog of social and empirical relevance. Unfortunately, whatever the form of criminological work—heavily statistical or more qualitative—it typically fails to attend very diligently to white-collar and corporate crime. The intellectual imbalance reflected in the neglect of white-collar and corporate crime leads to the allegation that criminology essentially serves the state’s interest in the social control of traditional kinds of law-breakers.

Indeed, part of the failure of academics to pay greater attention to white-collar crime lies in the original formulation of the concept itself. Edwin H. Sutherland, at the time a 56-year-old professor at Indiana University, introduced the term “white-collar crime” in his 1939 presidential address to the American Sociological Society. Ever since, its parameters have been a matter of considerable contention. Sutherland’s was a muckraking enterprise, and he focused on the offenses of “respectable” persons in the upper reaches of society that were committed in the course of their work. This status emphasis contrasts with the contending and later position that white-collar crime can best be examined in regard to persons who violate specific laws, such as those against bribery and insider trading. The second definition allows for the study of a specified sample of violators, but it also comes to embrace a considerable array of persons who by no stretch of the imagination could be regarded as occupying positions of power that they abused. Many are unemployed, have been charged with fraud for writing insufficient fund checks, or have engaged in similar kinds of petty offenses. Some twenty years ago, the Australian scholar John Braithwaite concluded that using Sutherland’s definition remained the best way to proceed with white-collar crime research, noting: “This at least excludes welfare cheats and credit card fraud from the domain.” As a reader will discover, an overwhelming number of contributors to this volume who deal with specific white-collar offenses adhere to Sutherland’s definition or else focus on corporate violations.

Nonetheless, it has been argued that while Sutherland’s conception of white-collar crime was born from an effort to liberate traditional criminology from the “cognitive misbehavior” reflected in the spurious correlation between poverty and law-breaking, it has itself become an imprisoning framework that confuses the offender with the offense and inadequately attends to the structural aspects of white-collar crimes. Studies of the savings and loan debacle in the United States, for example, showed that high-status offenders were able to engage in acts resembling what is seen as “organized crime,” acts that involved the same

type of premeditated looting for personal gain that characterized the behavior of their underworld counterparts.

It has further been argued that both resource constraints and class bias affect the recognition and treatment of white-collar crime, laying a cloak over such acts by defining them as “non-issues.” The result, we believe, represents a major shortcoming in law and society scholarship that traditionally has focused on the “law in action.” A more critical approach views the “law in inaction” as equally if not more important, especially in regard to white-collar and corporate crime.

The chapters in this volume add greatly to our knowledge and interpretations of white-collar and corporate crime and, especially important, they involve scholars from around the world who approach the subject matter from different perspectives. Global understanding of white-collar and corporate crime is long overdue, considering that many large-scale organizations have for some time now expanded their domains beyond national borders and conduct business in multiple countries. Contributions from nine countries appear in the *Handbook*: Australia, Belgium, Canada, China, Italy, Japan, the Netherlands, the United Kingdom, and the United States. The great diversity of thought and approaches to the area of white-collar and corporate crime is well represented by case studies, historical analyses, theoretical treatments, development issues in the field, and legal interpretations. The topics addressed cover an even broader terrain, including corruption, fraud, financial crime, pollution, organizational decision-making and wrongdoing, criminal intent and motivation, computer crime, healthcare fraud, state-corporate crime, as well as prevention tactics, criminal justice responses, and punishment. There are a number of comparative studies and socio-political analyses as well as discussion of postmodern global issues, industrial manslaughter, corporate crime and criminal liability, stock market fraud, gender issues, the role of the media, white-collar crime in the professions, and theoretical issues regarding interpretative concerns.

The essays demonstrate the continuing need for an increased research focus on white-collar and corporate crime. Such work can have important scholarly and policy implications in regard to understanding organizational behavior, prevention strategies, crime theory, regulatory regimens, and legal change. Raising consciousness about the depth, dynamics, and disaster of white-collar crime hopefully will reshape notions regarding the social and economic significance of offenses such as insider trading and financial fraud, the tragedy of environmental pollution, the damaging consequences of corruption, and other major assaults on the quality of life in the global community.

Irvine, California, USA

Henry N. Pontell
Gilbert Geis

Acknowledgments

Our work in assembling this volume was greatly assisted by many persons on many levels, and we welcome the opportunity to thank them for the contributions they made on our behalf. First, we greatly appreciated the assistance we received from Welmoed Spahr of Kluwer Academic Publishers. She showed great excitement about getting the project underway and has been totally supportive from its birth to its delivery. She was responsive and invariably helpful in regard to every question that we posed about details of our work. She is an ideal editor, and we greatly appreciate her confidence and wisdom.

The volume also has benefited by having two outstanding editorial assistants—both at the time undergraduates at the University of California, Irvine. They kept in touch with contributors and assisted in numerous other essential chores. Crystal Tatco created the extensive initial files and took responsibility for seeing that some of the authors were located and enrolled in the endeavor. When Crystal graduated, she left the immaculately organized materials to another outstanding undergraduate student, Anny Lee. Not only did Anny redesign reference and endnote materials for a number of papers with meticulous care and intelligence—an arduous and demanding task—she also took charge of contacting authors about final details concerning their chapters. Without Anny’s skillful involvement we would have been unable to meet our submission deadline. We were particularly fortunate to have been assisted by such talented young people.

We also want to thank Tokikazu Konishi, a doctoral student in law at Waseda University in Tokyo, for assisting in recruiting white-collar crime scholars both in Japan and China. We greatly appreciate his generous and skillful efforts toward broadening the geographical coverage that is one of the hallmarks of this volume.

We also owe a debt of gratitude to staff personnel at the University of California, Irvine, for their assistance during the different stages of the project. Dianne Christianson and Patty Edwards of the Department of Criminology, Law, and Society both kept track of manuscripts and reproduced numerous updated chapter versions, all with consummate amiability. Not least, we thank Judy Omiya, the department manager for the past 17 years, whose retirement at the beginning of 2006 marked the end of an era. Her loyalty to the department, and to us personally, was only surpassed by her trademark ability to get

xviii Acknowledgments

everything done that needed doing, quickly and in the right way. We wish her the best in the new phase of her life, and only regret that she will not be available to rescue us so competently when things seem to get a bit overwhelming.

Finally, we want to thank all the contributors to this volume for the energy and intelligence that went into their chapters. For those whose first language is not English, we owe a special debt for the effort and the skill that went into addressing the complex subject of white-collar crime in a vernacular other than their own. We believe that the cross-cultural insights afford a special quality to this volume that often is absent in more parochial scholarly endeavors.

Irvine, California, USA
February 2006

Henry N. Pontell
Gilbert Geis

Part I

Introduction: Theoretical Issues in Organizational and Corporate Lawbreaking

Beyond Macro- and Micro-Levels of Analysis, Organizations, and the Cultural Fix

Diane Vaughan

Since the mid 1980s, scholars theorizing about the causes of individual deviance and crime—street crime—have begun to consider the possibility of theoretical integration. Verifying the extensiveness of this activity and simultaneously reifying it, Travis Hirschi called it the “integrationist movement,” identifying proponents as “integrationists.”¹ Theoretical integration is an activity that involves the formulation of linkages among different theoretical arguments.² The fact that theoretical integration has been raised as a strategy worthy of consideration suggests an optimistic view about the status of causal theories of deviance and crime, particularly if we define theory consistent with the hypothetical-deductive model of the scientific process: a set of testable, interrelated propositions that explain some activity, event, or circumstance. From this perspective, the call for theoretical integration suggests that individual theories have attained sufficient rigor and explanatory power that refinement by integrating propositions from one with propositions from another is a logical next step. This is not the case.

While discussions of both the pros and cons and the possible methods of achieving integration have been extensive,³ they have, for the most part, been at an abstract, theoretical level. Empirical practice indicates that the war-horses—traditional causal theories that have stood the test of time—are not ready for such a sophisticated step.⁴ Indeed, the quantitative deductive positivistic approach that merges propositions for testing purposes is a road infrequently taken. Instead, most scholars seek to more adequately explain the causes of street crime by theory elaboration: inductive strategies for more fully developing existing theories that explain particular research findings by merging different theoretical perspectives in a more general way.⁵ More specifically, the means to theory elaboration are theoretical tools in general (theory, models, and concepts) rather than a more restricted formal meaning (a set of interrelated propositions that are testable and explain some phenomenon). The data define which theory(theories) or concepts would apply. For example, Mertonian theory or Marxist theory could be joined with the Cloward and Ohlin version of opportunity theory and learning theory to explain drug use, sales, and drug-related crime.

Two theory elaborative strategies have appeared. One strives for theory elaboration by drawing together theories at the *same* level of analysis.⁶ The other combines *different* levels of analysis to elaborate theory, so that a macro-level theory is supplemented by micro-level component or vice-versa.⁷ These macro–micro-theory elaborative efforts have arisen independently, but they reflect a shift in general sociological theory that emphasizes the importance of the macro–micro-connection as an accurate representation of how social life operates. The validity of synthesis between macro- and micro-levels of analysis has been so thoroughly discussed by social theorists⁸ that it is safe to declare a consensus that social life is a consequence of both macro- and micro-level forces, working together in different ways. Ironically, this theoretical consensus stands without substantial empirical progress in this direction by researchers: making the macro–micro-connection is an unresolved empirical problem.

In this essay, I take the position that scholars of white-collar offending can take the lead in theory elaboration across macro- and micro-levels of analysis, which has, to date, remained a fledgling enterprise making slow but dubious progress, not only in explanations of individual crime and deviance,⁹ but also in sociology as a whole. The crucial step in such a merger is the inclusion of the meso-level: formal and complex organizations. Historically, organizations and occupations have played important roles in white-collar offending. Moreover, organizational settings make visible the ways that macro-institutional forces outside of organizations and occupations are joined with micro-processes, thus affecting individual decisions and actions. Organizations provide a window into culture, showing how culture mediates between institutional forces, organizational goals and processes, and individual illegality so that deviance becomes normalized in organizational settings. At the same time scholars of white-collar offending are filling this research gap in sociological theory, important progress can be made in understanding how people in organizations make decisions to violate laws and rules.

I begin with an overview of the historic trajectory of competing theories of individual crime and deviance, showing that under the substantive differences is an unresolved and unarticulated debate about what level of analysis is appropriate for causal explanations. Then I show that the same pattern holds true in theorizing white-collar crime. Next, in order to establish the legitimacy of integrating macro-, meso-, and micro-levels of analysis in white-collar crime research and theory, I describe human behavior as *situated action* by drawing upon sociological theory about the relation between structure and agency. However, I draw from organization theory and economic sociology to add organizations and culture to the mix in order to develop the link between the meso-level component of situated action and the structure-agency relationship. Third, I argue that white-collar crime research can take the lead in studying the relationship between the three levels of analysis because scholars have already done the foundational theoretical and empirical work at the macro-, meso-, and micro-levels of analysis. White-collar crime research and theory can thus be an exemplar for general theory in sociology, but perhaps more important is what this strategy yields for our own project. A theory elaborative strategy that merges macro-, meso-, and micro-levels of analysis reveals how culture affects decisions to violate, with challenging implications for social control and future research and theorizing about white-collar offending.

Causes of Individual Crime and Deviance: The Covert Debate

Elaborating theories of individual crime and deviance by combining levels of analysis is a logical resolution to what has, to date, been an unacknowledged pattern in the historic chronology of theories of street crime. This historic chronology has been typified by shifts in dominant paradigms.¹⁰ Hirschi observes that these shifts indicate an oppositional tradition of denying an established perspective and substituting a new one, therefore giving the impression of progress.¹¹ However, the impression of progress is a false one: these shifting paradigms are more accurately read as an ongoing and unresolved debate about the appropriate level of explanation. A quick and cursory overview, a vast oversimplification due to space limitations, nonetheless shows a contest between individualistic, social psychological, and structural theories of crime causation.

In 18th- and 19th-century Europe, the causes of crime and deviance were located in the individual by theorists as diverse as Beccaria, Lombroso, and Freud. “European Individualism” took a back seat when American sociologists shifted the causal debate to emphasize the importance of the social context in determining individual deviance. Structural explanations—the work of Merton, Cloward and Ohlin, Shaw and McKay—became the dominant paradigm from the 1930s to the 1950s. These structural theories persisted, but from the 60s through the early 1970s social psychological theories—learning theory, control theory, labeling theory—became the dominant paradigm. Interestingly, theory through the mid-80s was marked not by a single dominant paradigm, but two competing ones that located the explanation of individual crime and deviance at different levels of analysis: the structural, deterministic Marxist theory and in a return to the free-will, the rational choice model of Beccaria, reincarnated as deterrence theory. Since the mid-1980s, the theoretical terrain has not been dominated by any outstanding paradigm, but by multiple theories that, by virtue of the different positions they represent on the levels of analysis issue, draw attention to the lack of resolution to the historic covert debate about the appropriate level of analysis. Viewed against this history and the unarticulated levels of analysis question, current attempts to integrate and/or to elaborate theory by merging macro- and micro-levels of analysis take on significance as recognition that current modes of theoretical explanation aren’t working.

The search for the causes of white-collar offending has followed this same evolutionary pattern, but in a more limited way. A chronological history shows fewer competing theories to explain this type of offending—Sutherland’s learning theory, Marxist theory, Mertonian theory, and more recently, rational choice/deterrence theory—and, with the possible exception of learning theory, none of them can legitimately be called a dominant paradigm that has held sway over even a decade of white-collar crime research. This difference may be explained, at least in part, because as a specialized interest within the sociology of crime and deviance, white-collar crime has had less concentrated attention by fewer scholars over the years. Further, difficulty getting access to data on organizational offenders—corporations, government, small businesses—has been a problem unless the case was well-publicized, making data available. In addition, many of the extant theories that so readily applied to a variety of types of street crime (and thus could be applied successfully to a number of different kinds of offenses) did not apply to high-status offending: labeling theory,

ecological theory, subcultural theory. These theories were neither directly importable nor could they be reconfigured to fit the problem. Whatever the relative importance of these reasons and others, the chronological trajectory of theories of white-collar offending shows the same lack of resolution about the appropriate level of analysis as do theories of street crime. Researchers locate cause in the individual, the social psychological, and/or the structural sources. Notably absent is consensus—or even debates—about elaborating theory that takes into account the macro–micro-connection. To ground my point that white-collar crime research should include efforts to elaborate theory that not only connects macro- and micro- but investigates organizations as meso-level structures, in the next section I draw upon social theory to show human behavior as situated action. I add the meso-level by drawing from organization theory and economic sociology to emphasize the central role that organizations and culture play in mediating between macro-level influences and micro-processes.

Situated Action: Institutions, Agency, and the Macro–Meso–Micro-Connection

Causal theories should correspond with empirical realities. It is a well-acknowledged sociological understanding that interaction takes place in socially organized settings. Rather than isolating action from its circumstances, the task of scholars is to uncover the relationship between the two. This argument appears in the history of sociological thought as a common thread running through the work of such otherwise diverse theorists as Herbert Blumer, Max Weber, George Herbert Mead, Harold Garfinkle, George Homans, and Talcott Parsons. More recent developments allow us to build upon these understandings about the situated character of social action, showing a more complex and complete picture.

Three theoretical developments are important. The first is the extensive theoretical literature that not only establishes that social life can best be understood as a consequence of macro–micro links, but also has raised extensive debates about how the relationship between structure and agency works.¹² At the same time that these debates ferret out the complexity of the structure/agency relationship, they lay the groundwork for research examining that relationship. The second development is that culture has entered the picture as a mediating link in the structure/agency relationship. Theorists are defining the link between an individual's position in a structure and interpretative practices, meaning, and action at the local level.¹³ Although dramatically different perspectives, each draws attention to the tacit understandings, habits, assumptions, routines, and practices that constitute a repository of unarticulated source material from which more self-conscious thought emerges. Equally significant in this line of thought is the role of history: both the historic chronology of events at the macro-level and individual history and experience are critical to interpretation and meaning.

Two further developments, one in organization theory, one in economic sociology, reinforce the important role of both organizations and culture in situated action. One is the new institutionalism, which explains that organizational forms and behaviors take the form that they do because of prevailing values and beliefs that have become institutionalized to varying degrees.¹⁴ New

Institutionalists argue that cultural rules constitute actors (state, organizations, professions, and individuals), thus defining legitimate goals for them to pursue, and therefore affecting action and meaning at the local level. The other is Mark Granovetter's work on the socially embedded character of economic action.¹⁵ Granovetter points to the relative autonomy and/or relative dependence between the forms of economic action and social organization and the national frameworks of culture and institutional value within which they are constituted. In contrast to the new institutionalism, agency is at the heart of this analysis. Agents can be individual or organizational forms, but the embeddedness perspective prohibits reduction to a rational actor mode. Because agency is central, economic action can take a variety of forms, and thus in a common cultural frame there will be significant variations that cannot be explained only in cultural terms. Together, these perspectives draw attention to the need for research that examines larger institutional forces that influence individual cognition and action.

Both the new institutional theory and the embeddedness perspective make organizations central, thus laying the groundwork for going beyond macro- and micro-levels by bringing organizations in. Both acknowledge organizations as a force: the former showing the interplay of a number of organizations in an organization field as affecting the forms organizations take, the latter shows how relationships between an organization or organizations must be seen from the vantage point of their social context and relation to others. Further developments in organization theory show how organizations are recipients and carriers of as well as generators of culture and history.¹⁶ Within the well-established theoretical importance of exploring the macro-micro-connection, these three theoretical developments demonstrate that organizations are meso-level actors that mediate between institutional forces and individual action and choice.¹⁷ Culture is the mediating mechanism.

This complex conceptual and theoretical package goes beyond the sociological truism that all social life is organized. Based upon the above established theoretical principles, my argument is that a full theoretical explanation of any particular behavior needs to take into account, to the greatest extent possible, its situated character: individual activity, choices, and action that occur within a layered social context that affects cultural understandings, and thus interpretation and meaning at the local level. We can simplify and make a general theoretical argument as follows: a social actor's position in a structure affects that actor's understandings, choices, actions, and outcomes. The social actor could be an individual, organization (group, formal, or complex), or network; the structure refers to the actor's social location, which could be a family, neighborhood, community, organization, network, organization field, occupation, institutional environment, nation state, or global society. Reconceptualizing social life as situated action makes possible generating theory and research that explores macro-, meso-, and micro-connections in any and all of the possible combinations and permutations of these varieties of social life. What is true of all social life is true of white-collar offending. Because it tends to be enacted in organizations and occupations, it presents the perfect opportunity to pursue the links between these three levels of analysis. Historically, research confirms that institutional environments and organizational forms are significant causal factors and the question remaining is how they, in combination, affect individual offending.

Situated Action: The Empirical and Conceptual Foundation in White-Collar Crime

Specialists in white-collar crime can play a leading role in research that merges macro-, meso-, and micro-level factors because the foundational work has already been done. Sutherland's introduction of the concept of white-collar crime in his 1939 presidential address to the American Sociological Society was remarkable for its expansion of the concept of crime beyond street crime, but by emphasizing the high status of individual offenders, Sutherland's definition turned attention away from the organization as violator. However, in Sutherland's own research, the individual and the social psychological, and the structural levels of analysis were all acknowledged. The "white collar" concept focused attention on individuals; learning theory and differential social organization showed the role of groups and interaction at the social psychological level; large organizations and industries were the primary units of analysis. His data did not articulate the link between individuals, organizations, and industries, but the seeds for a theory elaborative strategy that merges levels of analysis were there. Ironically, the ambiguities about appropriate levels of analysis in his work and ambiguities about his definition spawned the foundational work for current theory and research that merges macro-, meso-, and micro-levels of analysis. The good news is that the lack of resolution to these controversies has had researchers working at all levels of analysis to explain white-collar offending since Sutherland's 1939 presidential address. Because white-collar offenses occurred in formal and complex organizations—corporations, small businesses, government, occupations, and industries—a substantial body of research exists that has explored institutions, organizations, and individual actions.

In the classic period of white-collar crime theory and research (1940–1960), scholars debated Sutherland's conceptual definition.¹⁸ A main sticking point in the definitional disagreement was identifying the appropriate social location among the multi-layered and overlapping structures identifiable in his work: was it the social class of the individual offender, small groups and differential social organization, the organization, occupation, or the industry that was most important in theories of cause? While some scholars dedicated themselves to resolving the definitional issue, others didn't wait for it to be settled, instead initiating research that explored the separate pieces of the puzzle. Much of this work investigated the macro-level causes of corporate offending. For example, Wilhelm Aubert, examining the macro-institutional context of business,¹⁹ argued that businessmen are confronted with contradictory structural pressures emanating from the legal and the competitive environments of firms: the normative obligation to obey the law and the equally compelling normative obligation to resist the law in certain situations, instead following business norms that justified violations. Although he did not write about institutionalized cultures, in retrospect his work set a precedent for research on industry norms. Richard Quinney's unit of analysis was the occupation. His pharmacy study examined the professional orientations of pharmacists, determining the relationship between that orientation (either business or professional) and violative behavior.²⁰ Because these were small pharmacies with pharmacist owners, this qualifies as one of the first studies of occupational and organization culture. Quinney's data did not allow him to trace the connection between the professional norms with the meanings

and actions of individual violators. Subsequently, however, in the heavy electrical equipment conspiracy case, Gilbert Geis's data gave an unprecedented look at the macro-micro-connection: the relationship between industry norms and the meanings that individual violators gave their own actions.²¹ The results were revealing: Geis found violators were conforming to industry norms, so in their view, their actions were not deviant, but conforming.

The mid-1960s marked a conceptual turning point: Albert Reiss called for a recognition of the role of social organization in explaining deviance, thus initiating the concept of "organizational deviance."²² Focusing on organizations added the meso-level to the foundational work already done that examined normative environments outside corporations and government offenders, and the social psychology of learning theory. Not until the 1970s and 1980s, however, did organizations begin to receive substantial attention. New conceptual definitions of white-collar offending made organizations central to explanations.²³ A work of major impact was Christopher Stone's *Where the Law Ends: The Social Control of Corporate Behavior*.²⁴ A lawyer, Stone was first to take into account every facet of organization structure, including Boards of Directors. Edward Gross, an organization theorist who "crossed over" into the deviance specialization, added theoretical insight about the intersection of organization structure and organizational crime.²⁵ Also widely influential was David Ermann and Richard Lundman's theoretical framework by which acts of both government and corporations could be analyzed as organizational deviance.²⁶ Their framework allowed both the study of the crimes and deviant acts that were not specifically prohibited by the law. Further, this framework opened the possibility of studying organizational processes as well as structure, and in another advance, it emphasized contradictions between internal organization norms and norms in the institutional environment.

The competitive structure of industries and institutionalized norms, first explored by Aubert in 1952, was expanded by extensive research in the 1970s and 1980s. The shared reference point was "criminogenic" processes external to organizations: competitive pressures on industries and firms that were institutionalized at the societal level, a reflection of the American capitalism and the cultural emphasis on individual achievement. These competitive pressures affected both firms and industries by providing a structural inducement for illegality via a normative environment that supported it. The effects, research showed, materialized differently within and between industries, affecting some to a greater extent than others.²⁷ Pursuing these differences in the most extensive quantitative inquiries since Sutherland were two definitive works at the macro-level: Marshall Clinard and Peter Yeager's study of violations and industries and the longitudinal research of Sally Simpson, who explored antitrust offenses within industry context.²⁸ The recognition of capitalism as causal was made most explicit by Quinney, whose Marxist analysis showed the power of the state in constructing laws that protected the powerful, enabling crimes of domination by government, crimes of control by law enforcement, and corporate crime.

Definitional controversies about whether it was white-collar, organizational, occupational, or economic crime flourished into the 1990s, as did debates about what kinds of violative behavior should be included.²⁹ In June 1996, at a conference designed to investigate the definitional question, the same issues debated in the classic period of white-collar crime research still were being debated.³⁰

The reason that the debate remains provocative, lively, and unresolved is because *all levels of analysis apply*. From the plethora of possible theoretical framings came four that began to explore the relation between macro-, meso-, and micro-levels of analysis. Ronald Kramer and Henry Finney and Lesieur imported ideas directly from organization theory to explain how organizational environments, goals, and structure were related to crimes and other illegalities of organizations.³¹ Diane Vaughan and James W. Coleman worked out integrated models in the theory elaborative mode that recognized the interconnections between competitive environment, external norms, organization structures, goals, and processes, regulatory failure, and individual decisions to violate.³² All four made organizations the central unit of analysis and drew heavily from organization theory, integrating it with theories of deviance and crime. A new direction in explanations of white-collar offending had begun: theory elaboration, built upon the foundational work of earlier periods, joined macro-, meso-, and micro-levels of analysis.

The Cultural Fix and The Normalization of Deviance

All the building blocks—theoretical and empirical—are there to continue these developments. The reason to elaborate theories of white-collar offending to include macro-, meso-, and micro-levels of analysis is that we know very little about decision-making and why people who are well educated, have opportunities, and are generally law abiding decide to engage in illegality in their occupational and organizational roles. Consensus about the importance of competitive pressures as a causal force has resulted in the assumption among scholars that this, of all crimes, is driven by utilitarianism and rational choice. However, testing this hypothesis is still in progress. Stanton Wheeler lamented our lack of knowledge about decisions to violate, calling it “the problem of white collar crime motivation.”³³ Drawing upon principles of microeconomics and data from interviews with white-collar offenders, Wheeler concluded that it was not greed or striving for success that motivated offenders, but “fear of falling,” a finding consistent with structural analysis showing that all organizations experience pressure to compete for scarce resources in order either to rise, remain the same, or keep from falling in rank in the organizational stratification system.³⁴ However, Wheeler’s resolution also assumes a rational choice model of decision-making. Lack of access to good data has been a problem. Attempts to clarify the influences on decision-making by experimental designs rather than *in situ* have methodological limits and therefore have not produced clear results about how people would behave within the workplace. However, the work that has been done throws doubt upon the rational choice model, showing decision-making to be influenced by a variety of factors.³⁵

Scholarship on organizations verifies that individual decisions are always rational, but that institutional and organizational forces narrow choice by shaping understandings about what is rational at a given moment. Alternative choices are limited: the range of choices is determined prior to and outside of the venues of decision-making themselves. Walter Powell and Paul DiMaggio point out that institutionalized cultural beliefs in environments external to organizations narrow choice.³⁶ By emphasizing the importance of normative environments and norms toward and/or against violations, many white-collar crime scholars have acknowledged culture as a causal factor without naming it as culture. This body

of research, taken collectively, suggests that when white-collar offenders make decisions to violate, they are, in fact, conforming to cultural mandates. In their view, then, they may define their illegalities as conforming, rather than deviant. Thus, in some social settings deviance becomes normal and acceptable: it is not a calculated decision where the costs and benefits of doing wrong are weighed because the definitions of what is deviant and what is normative have been redefined within that setting. Building upon previous work indicating conformity to industry, occupation, organizational, and group norms, recent work affirms the role of culture and the normalization of deviance as an alternative perspective explaining why white-collar offenders violate.³⁷

My analysis of the *Challenger* launch decision was a case study covering NASA decision-making over a number of years, culminating in the controversial decision to launch *Challenger* against the advice of NASA engineers.³⁸ The research project was based on data that allowed me to focus on the intersection of macro-, meso-, and micro-level factors. A main question was why NASA continued to launch for years with technical flaws recurring on the solid rocket boosters, flaws that ultimately were responsible for the demise of *Challenger*. Archival data, engineering documents, and interviews showed how a work group culture was created that normalized technical deviation in official risk assessments. In retrospect, each anomalous incident stood out as a clear indicator to outsiders that something was wrong; the public viewed NASA decisions to proceed as deviant. But as decisions were made, an engineering decision logic was created that determined flying again was normal and acceptable, not deviant. An important part of the decision context was influential: the space shuttle was an experimental technology, had problems on every launch, and having technical problems was normal at the agency. Change in what was acceptable behavior occurred gradually. The first incident of accepting risk of an anomaly and launching again became the basis for future decisions to do the same. At the micro-level, the understanding of the risk of the solid rocket boosters was normalized by a decision history based on engineering judgments that were proven correct by post-flight engineering assessments that showed that even more damage could be sustained without bringing the shuttle out of the sky. Flying with damage came to be routine practice, viewed as normal and acceptable. At the social psychological level, the history of decision-making about technical problems on the solid rocket boosters was one in which, incrementally, judgments were made about risk and safety that became the basis for moving forward and a constraint against stopping to fix the technical problem. The result was a cultural belief that it was safe to fly.

The normalization of deviance at NASA was explained by a combination of institutional, organizational, and social psychological factors, however. Like Geis's heavy equipment conspirators, NASA personnel saw their behavior as conforming to cultural imperatives, thus decisions that shocked outsiders in the aftermath of the accident were not deviant in the eyes of decision makers at the time these decisions were made. But the institutional and organizational levels of analysis were crucial. NASA personnel's decisions to continue launches conformed to cultural mandates institutionalized in the engineering profession and the aerospace industry. Cost efficiency, schedule, and safety were competing cultural imperatives. The industry was highly competitive, contractors were dependent upon the space agency for their funding, and the punishment for work not completed on time resulted in a monetary penalty. Further, engineering

schools trained engineers that decisions must include considerations about cost, safety, and schedule. NASA decisions to move forward with a flaw that had in the past caused damage but was not perceived as a serious threat to safety conformed to mandates in both industry and the occupation about the importance of schedule and cost efficiency. The pattern continued due to another structural factor. The safety structure in place to give alternative interpretations of risk and challenge engineering practice and decisions was weak, so that no alternative interpretations of the situation penetrated and the cultural belief in risk acceptability persisted until the accident.

The normalization of deviance differs in important ways from Gresham Sykes and David Matza's "techniques of neutralization," a social psychological explanation of deviant acts whereby individuals employ a justification or excuse for a wrongful behavior before doing it, in order to alleviate guilt.³⁹ "Techniques of neutralization" is a form of the rational choice model because the motivation to find a justification or excuse *prior to a wrongful act* indicates the actor's awareness that the act is wrong. When deviance is normalized, the action is not seen as wrong by actors in that setting—thus making it important to study decision-making as situated action. It is not concealed from other members of the organization; it is, in fact, culturally approved and therefore rewarded. Deviant actions are viewed as normal because they fit with and conform to cultural mandates of the group to which the actor belongs. So powerful can these mandates become that not following them is deserving of reproach, negative sanctions, or ostracism by other members of the group. The example that comes to mind from street crime is from subculture of violence theory, in which the norm is for youthful males to use violence to resolve problems: when violence is deemed appropriate to a situation by the community but violence is not the response of the actor, that actor is viewed as cowardly and loses status in the group.

Other case studies offer support for the connection between institutions, organizations, culture and the normalization of deviance in white-collar offending. In their study of fraud in savings and loan institutions, Kitty Calavita, Henry Pontell, and Robert Tillman show that widespread criminal activity in the thrift industry was intentional and deliberate.⁴⁰ They pointed to changed macro-institutional conditions as presenting opportunities that affected the entire industry: the shift away from industrial capitalism to finance capitalism; a downturn in the economy; and a relaxation of regulation by government that allowed increased and unregulated business speculation with depositors' money. In response, certain patterns of fraud appeared that were repeated across the entire industry: misapplication of funds, nominee loans, check kiting, landflips, and kickbacks. Calavita et al. determined that many of these illegal activities were a form of "collective embezzlement" in which networks of top administrators and managers inside and outside of thrift institutions were co-conspirators embezzling from their own organizations. Their evidence suggests a parallel with the *Challenger* case: actions that the public saw as deviant after the fraudulent activities collapsed were not deviant to the top administrators and managers at the time they were engaged in them. In fact, in many cases these activities were company policy. Indeed, Calavita et al. determined that in some cases, the sole purpose of the organization was to provide a mechanism for its own top administrators and others to defraud it. How could these collective embezzlements occur in organizations engaged in the same business but geographically

scattered, different sizes, different ownership? Although Calavita et al. do not invoke a cultural explanation, we might hypothesize that these similar outcomes resulted from industry and organizational cultures that normalized deviance in the industry.

Like the engineering profession, other occupations are based on common training, goals, and opportunities to pursue those goals. Thrifts operate within the structure and culture of competitive capitalism, in which the distinction between a clever business deal and illegality is blurred. The savings and loans operated within business norms that had an elastic quality, like the standards for risk that existed at NASA that were stretched to conform to external mandates during a time in the space agency's history when productivity became enormously important. Savings and loans were themselves engaged in risk and prediction, which were, for them, normal. Once engaged in risky decisions, altering the terrain of risk may have been simply an extension of existing practice, not a new and abnormal practice. And, like Donald Cressey's embezzlers, the skills they used to commit fraud were not deviant skills, but the same skills that they employed on the job every day, prior to the economic downturn and prior to the government relaxation of regulation. Industry-wide, top administrators and managers appear to have been conforming to institutional and organizational cultural imperatives for that industry. Significantly, Calavita et al. note the contribution of the state to collective embezzlement: not only did deregulation encourage it, but the interdependence of state interests with those of the thrifts undermined the effectiveness of regulatory actions taken as the crisis became public. As in the case of NASA, the interdependence of regulatory organizations with the regulated space agency appear to have perpetuated the normalization of deviance by failing to act to stop it.

The normalization of deviance demonstrated in the above two cases (proved in one, hypothetical in the other) suggests that culture can mediate between institutional and organizational forces to affect individual decisions to engage in white-collar offending. Individuals respond to the cultural imperatives of the social location in which they are situated, thus in their view their actions are conforming, not deviant. Three important books, written from other disciplinary perspectives, confirm the role of conformity in organizational deviance and misconduct: Hannah Arendt's *Eichmann in Jerusalem*; Herbert Kelman and D.Lee Hamilton's *Crimes of Obedience*, and most recently, Daniel Goldhagen's *Hitler's Willing Executioners*.⁴¹ Each of these studies shows individual actors explaining horrific acts by referring to the norms of the organizations to which they belong—the military and others—with comments indicating they were not engaging in deviant acts; rather, they were following orders and cultural mandates. Because culture affects how individuals perceive what is rational at a given moment, research that further explores the macro–meso–micro-link can provide us with better understanding of the causes of white-collar offending.

The Connection Between Causes and Strategies for Control

The studies mentioned above that have successfully explored the connections between the institutional, organizational, and individual levels of analysis all are based on sensational cases, each of which had at its heart a form of organizational deviance that persisted for years. These cases produced enormous

amounts of data that provided the kind of detail necessary to show macro-structure and micro-processes and how organizations and culture act as links between them. The researchers relied on historical records, archives, organization documents, official investigation testimony, and personal interviews and observations. The prospect of a project of such scope may seem daunting, precluding the initiation of such an investigation. It is easy to understand why the debates about macro–micro-connections in social theory have not spawned a flurry of empirical work aimed at bridging the gap. Instead, in white-collar offending as in other substantive areas of sociology, scholars investigate either the macro-, the meso-, or micro-level but not all three. They carve out a particular locus of inquiry, taking a slice of the whole, thus offering a measured but nonetheless partial view, a partial explanation, of situated action. Continuing to probe each level of analysis singly is a constant source of theoretical refinements and empirical insights and should continue. Then why should we pursue more complex inquiries that explore macro-, meso-, and micro-connections?

In the historic trajectory of theories of cause in the sociology of crime and deviance, which I described earlier, each theory of cause suggested a particular strategy of control that targeted the causal elements identified in that theory.⁴² These social control strategies were invoked. For example, the free-will, rational choice model of Cesare Beccaria located cause in individual decision-making; the strategy for control was the attempt to alter decision-making by rationalizing the criminal justice system so that individuals' weighing of costs and benefits of particular acts would be manipulated by an appropriate system of punishments. The response to the social disorganization theory of crime causation was a crime control strategy to organize inner city life (e.g., the Chicago Area Project). The appropriate strategy for control implied by labeling theory was radical non-intervention (e.g., the deinstitutionalization movement) so that stigmatizing labels were not given to first and youthful offenders. The fact that deterrence theory and Marxist theory were competing paradigms during the 1970s takes on new significance when their contrasting implications for crime reduction are considered. The former directed strategies for control at individual offenders; the latter targeted the state, arguing for a redistribution of power. The level of analysis debate is not just a theoretical debate: it has both practical and political implications for social control.

Indeed, to be effective, strategies for control *should* target the causes of a problem. The better our understandings of the causes of deviance, the better the understandings on which social control can be based. Research and theoretical explanations that isolate one level of analysis for attention automatically and implicitly suggest strategies for control that do not take into account relevant factors at other levels. We need to bear in mind both the practical and political implications of our work. When we restrict our analysis to the individual, social psychological, or structural level of explanation, we have isolated one element from many that comprise situated action. A partial explanation, no matter how important the finding, leads to a partial, or incomplete, strategy for social control.

Consider the following. A rational actor model locates cause at the individual level of analysis, pointing to a preventive strategy that targets responsible individuals: ethics training, punishment, forced resignation, and so forth. While these are appropriate strategies, they are incomplete because they leave systemic

social causal factors at the macro-, meso-, and micro-levels unaddressed. Industry norms, competitive pressures, professional cultures, organization culture and structure will exert similar pressures on a position, even if personnel changes are made. Focusing on individual offenders without attention to institutional factors and their effect upon organization goals, cultures, structures can reproduce the original situation for new personnel. In particular, organization culture is seductive: what is normal and acceptable within the culture may alter the costs and benefits of decisions, so that individuals do not view their actions as wrong. What happens when these social causes are not taken into account? When the social conditions precipitating an incident persist, the deviant actions may be reproduced. Revisit, for a moment, NASA's *Challenger* accident. In its 1986 Report, the Presidential Commission investigating that accident found that "flawed decision-making" was responsible for the technical failure.⁴³ Middle managers were blamed, as was a "silent safety system" that failed to intervene as risky launches proceeded. The main strategies for control that the commission recommended were tightening the procedures and processes to guide individual decision-making and a strengthened and independent safety system. Although the report acknowledged extensive schedule pressure, it attributed responsibility for that pressure to the NASA organization, mandating that in the future NASA bring goals and resources into alignment.

In response to the commission's identification of causes, managers responsible for the "flawed decisions" were transferred or retired; new reporting and documentation procedures and new decision rules were implemented to better control decision-making; the safety system was strengthened by adding new personnel. These strategies of control targeted individual decision-making, addressing the very causes identified in the report. However, many crucial social causes were omitted from the report, therefore not addressed by social control strategies. They persisted, as follows. After *Challenger*, at the institutional level, elite leaders in the White House and Congress were not called upon to take responsibility for political and economic decisions that thrust the agency into a business mode. NASA was not able to bring goals and resources into alignment because both goals and resources were determined outside the agency. These powerful leaders perpetuated the NASA organization culture of schedule pressure and cost-efficiency that undercut safety in the years leading up to *Challenger*. The emphasis on individual failings in decision-making rather than upon the cultural and structural conditions that led to the normalization of deviance left those cultural and structural conditions unchanged. Finally, the independent safety system with authority to override management decisions about technical anomalies never came about because the safety units were still dependent upon the agency for resources and authority. Resources continued to be scarce, and the pattern repeated: NASA again cut safety personnel.

In 2003, seventeen years after *Challenger*, the *Columbia* Accident Investigation Board (CAIB) declared that NASA's second accident occurred because once again NASA had normalized a technical anomaly.⁴⁴ For years preceding this accident, NASA had been flying with known flaws, this time not on the solid rocket boosters, but on the foam insulation on the external tank containing the fuel. The decision-making pattern was identical. The institutional, organizational, and cultural aspects of the NASA organization had remained the same, impinging on NASA decision-making in exactly the same ways as they

had for *Challenger*. Indeed, the CAIB concluded that the macro-, meso-, and micro- causes of *Columbia* were the same as those for *Challenger*: the social causes of *Challenger* had not been fixed. The changes that had been made after *Challenger* did not target the institutional and organizational causes of NASA's problem; instead they focused on flawed decisions, risk-taking managers, and processes and procedures to guide decision-making, without understanding the role of larger social forces at the institutional and organizational level that impinged upon decision-making, normalizing deviance. This Report is worth reading by scholars of white-collar offending for the way it uses organizational analysis to demonstrate macro-, meso-, and micro connections as a causal constellation for both accidents.⁴⁵ The report gives equal weight to social causes and to technical causes, laying out a causal model that includes (1) historical and economic conditions in NASA's institutional environment; (2) organization structure, culture, and processes; and (3) the micro-level processes that combined to produce the normalization of deviance. The conclusion to be drawn from the two NASA cases is that replacing or punishing individuals who engage in organizational deviance without addressing the macro- and meso-level forces that shape decisions in the work place will only result in the new person or persons experiencing the same pressures and opportunities to engage in deviance as did the previous position occupants.

I have argued that we can benefit from a theory elaborative strategy that allows us to examine the links between macro-, meso-, and micro-levels of analysis to explain white-collar offending. In the new global economy, problems of organizational deviance and how to regulate it present new challenges, not only for research but for regulation. To meet this challenge calls for new thinking about our training, design of projects, and conceptual tools. A first step is recognizing that human behavior is situated action when designing research and doing analysis. This is not as simple and easy as it sounds. The structure of the profession, our professional training, and socialization train us to focus on either macro-, micro-, or meso-levels of analysis, but not macro- and micro- and especially we are not trained to think in terms of all three and the connections among them. Departmental specialization produces students with greater skills at research at either the macro-level or the micro-level, but not both. Or, their training may predispose them toward a particular theory or theoretical perspective because of the interest of their advisor.

From that graduate experience, individuals develop a research style that ties them to a particular style of research (quantitative, qualitative, survey, network analysis, ethnography, etc.) and the conceptual tools and theories that go with it. In other words, we grow up in departments that, to a great extent, create a professional world view that affects how we frame our research topics. Then, once published, the experience enhances our skills at that kind of work, while skills to work in other research modes atrophy. We associate more with colleagues working in the same way. Opportunities come that reinforce our initial interest and research style, perpetuating the path that our graduate experience began. We may diversify, but seldom do people who begin doing macro-level structural analysis switch to micro-level processes or vice versa. Because our training does not prepare us for research of multi-layered structures and processes, intentionally building it into a project at the design stage is an important first step.

We might revise the way that graduate training has traditionally progressed. Given that most white-collar offending occurs in organizations and occupations, a course or courses in formal and complex organizations, economic sociology, or on the professions could be made part of the requirement for a degree, or required as a minor, or (at least) included on a required reading list for the general exams. Case studies of organizations are most useful because they can expose macro-level influences, micro-processes, and cultural influences external and internal to the organization. These influences show up in what people say and do. Getting access to corporations to study deviance has always been a problem, which is why so often we are in the position of studying sensational cases after some misconduct has been revealed to the public. Although we must keep in mind what is unusual about sensational cases, they produce data—testimony and documents from government investigations, historical archives—making possible research that would not be possible otherwise. Our initial understanding of white-collar offending, based on Sutherland, was restricted to corporations. Then Ermann and Lundman expanded the scope of investigation to include governmental deviance. However, the reality of organizational offending is much more broad than these two possibilities. Small businesses, without complex structures and highly skilled lawyers, also offend and may be more accessible. Moreover, cases of organizational deviance and misconduct can be found in education institutions, the military, hospitals, churches, and prisons. Social control agents also can be organizational offenders and should be studied. These too, should be subject to investigation to advance our understanding of the causes of organizational offenses.⁴⁶

Even when case studies of organizations do not provide data at three levels of analysis, or when case studies are neither desirable nor possible, research can take into account the macro–meso–micro-connection by incorporating relevant work by others. Other specializations in sociology offer resources in conceptual tools and research findings that fill in gaps in data about institutional conditions: network analysis, economic sociology, industrial relations, and the non-profit sector. To explain micro-processes affecting decision-making in white-collar offending, cultural anthropology, cognitive psychology, and organization theory offer numerous decision-making models that focus on social circumstances and can be tested against rational choice models. Another productive direction that research could take is cross-cultural comparison that targets differences in economic systems, institutional, organizational, and cultural context of offenses. Not only could this strategy be helpful in understanding differences in social causes, but also our discovery of these differences has important implications for global social control. In order to deal with the new problems of white-collar offending in the 21st century and provide data for improved strategies for regulation, we must have a better understanding of how macro-, meso-, and micro-level forces combine to cause these socially harmful and costly incidents.

Endnotes

1. Travis Hirschi, “Exploring Alternatives to Integrated Theory,” in Steven F. Messner, Marvin D. Krohn, and Allen E. Liska, eds., *Theoretical Integration in the Study of*