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# Chapter 1

## General introduction

You also see this happen with heads of state and royal families, and in the Church, and in all sorts of places...essentially you see it happen to everyone. It is human to have a certain vision, certain moral principles, but that external factors make you stray.

James, interviewed in Chapter 5 about his involvement in investment fraud and tax evasion.

### 1.1 Introduction

People can be dishonest and non-conforming beings. Research shows that many people lie, cheat and break rules, both in their private and professional lives (see Ariely, 2008, 2012; dePaulo et al., 2004; Gabor, 1994; Gino, 2016; Karstedt & Farral, 2006).<sup>1</sup> However, relatively few people, like James, engage in major transgressive behavior such as elaborate accounting fraud, embezzlement, tax evasion or investment fraud. To date, there is still a poor understanding of how and why individuals engage in such white-collar crimes. Do they become criminally active in response to a specific situation or is their crime involvement better understood as the outcome of a long-running process? Do all white-collar offenders become involved in a similar fashion or does this process vary? And what are the personal factors that account for the involvement process? These questions lie at the heart of this thesis.

The subject of this thesis – the criminal development of white-collar offenders – is situated at the intersection of two fields of research that are usually far apart and sometimes fundamentally different in approach: white-collar and life-course criminology. White-collar crime research primarily focuses on the dynamics of criminogenic contexts within society and organizations to understand white-collar offending, thereby often neglecting the perpetrators. Though individual-

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1 For example, DePaulo and colleagues (2004:147) write that: “Lies are a fact of daily life.” Ariely (2008: 201) concludes: “When given the opportunity, many honest people will cheat.” And, Gabor (1994: 12) proposes: “Most, if not all, of us break laws, formal rules, and other social conventions at some point [...] we differ only in the degree to which we commit these violations and in the gravity of them.”

level characteristics are likely to be relevant for understanding white-collar offending (Benson & Manchak, 2014), we know little of the nature of these individual-level factors and the role they play in the criminal involvement process of white-collar offenders. In contrast to the predominantly situational approach in white-collar crime research, life-course criminological research focuses on individual-level explanations. However, the vast majority of life-course criminological research has dealt with high-volume crime and youths (see DeLisi & Piquero, 2011; Piquero, 2008). Relatively little attention has been paid to offenders who continue or start offending in later stages of life, such as white-collar offenders. While a few longitudinal studies have examined white-collar offenders (e.g., Benson & Kerley, 2001; Weisburd & Waring, 2001), they have struggled to provide a comprehensive perspective on the role and nature of potentially important individual-level factors in the process of white-collar crime involvement.

The goal of this thesis is to fill this lacuna by expanding our knowledge about the process of white-collar crime involvement and the mechanisms through which individuals engage in white-collar crime. The thesis is set up modularly and consists of four empirical studies. After this introductory chapter, Chapter 2 provides a detailed analysis of the criminal trajectories and sociodemographic profiles of a contemporary sample of white-collar offenders. Chapter 3 examines the role of criminogenic individual-level factors in white-collar crime involvement, by exploring whether white-collar offenders are characterized by cross-contextual rule-violating behavior outside the organizational and occupational setting. Chapter 4 then explores whether a weakened bond to conventional society is associated with white-collar offenders' criminal behavior. In Chapter 5, the thesis provides an in-depth analysis of the crime involvement process on a personal level, based on interviews with convicted white-collar offenders. The sixth and final chapter summarizes the major findings and discusses implications for theory, future research and policy.

This thesis aims to add to the literature in a number of ways. The white-collar crime literature will profit from a systematic and in-depth exploration of the process of white-collar crime involvement, and from a new understanding of white-collar offenders' personal backgrounds and cognitions and the way they interact with criminogenic circumstances in white-collar crime involvement (see Benson & Manchak, 2014; Piquero & Benson, 2004). From a life-course perspective, there is significant value in understanding the criminal development of white-collar offenders, primarily because the relationship between age and crime among these offenders may not resemble that of offenders commonly examined (Piquero & Piquero, 2016). Life-course criminology will benefit from the studies presented here because they focus on an adult offender group that

can increase the understanding of criminal development in later stages of life, which is relatively understudied in life-course criminology (see Eggleston & Laub, 2002; Hagan & Palloni, 1998; Van Koppen, Blokland, Van der Geest, Bijleveld, & Van de Weijer, 2014).

Increasing our understanding of the process of white-collar crime involvement is not only of scientific importance but also has practical significance. In contemporary Western societies, like the Netherlands, white-collar crime constitutes a diverse and serious crime problem with vast financial losses for citizens, companies and governments.<sup>2</sup> Perhaps even more damaging than the financial consequences is that white-collar crime undermines trust relationships between citizens, companies and government agencies that are necessary for the proper functioning of open-market societies (Friedrichs, 2010; Intervict, 2009; Shapiro, 1990; Van de Bunt, 1992). Moreover, it leads, among other things, to unfair competition between companies and can negatively affect compliance of other members of society and of organizations (e.g., Friedrichs, 2010; Functioneel Parket, 2012). A better understanding of how and why individuals come to commit fraudulent acts is essential for the prevention of and fight against white-collar crime. This knowledge can enable organizations to develop more effective human-resource strategies aimed at mitigating the risk of employees or managers getting involved in white-collar crime. It may also enrich law enforcement agencies' detection tools, and may provide building blocks for the development of more effective policies with regards to the sentencing and reintegration of white-collar offenders.

This introductory chapter provides the context for this thesis. The first section discusses how the literature in white-collar criminology theorizes about the role of criminogenic contexts and perpetrators in white-collar crime involvement (§ 1.2). The next section discusses how the life-course perspective conceives of criminal development in later stages of life, such as that of white-collar offenders (§ 1.3). The following paragraph then examines how white-collar offenders have been characterized in the literature and discusses what is known about white-collar crime involvement on a personal level. This section also explains the definition of white-collar offenders that will be adopted in this thesis (§ 1.4). The next section describes the lacunae of earlier research, which will be addressed and examined in this thesis. This section also postulates the

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2 For example, estimates indicate that companies across the world lose about 5 percent of their business revenues to fraud each year (Association of Certified Fraud Examiners, 2012). In the Netherlands, estimates show that the monetary losses run in the billions of euros (e.g., Burgerinitiatief 1 Overheid, 2013; Functioneel Parket, 2014; Nationale Politie, 2012).

research questions and outlines the thesis (§ 1.5). The last section describes the sample and data (§ 1.6).

## **1.2 White-collar crime theory on crime involvement: Context and person**

Since Sutherland (1940) coined the term ‘white-collar crime’, criminologists have extensively studied the nature and manifestations of white-collar crime and sought explanations for this complex phenomenon.<sup>3</sup> Over the years, most white-collar crime research has focused on the macro-level economic, societal and political conditions and the meso-level cultural and structural environments of organizations and industries in order to understand the nature and causes of white-collar crime (e.g., Bongers, 1916; Braithwaite, 1985; Clinard & Yeager, 1980; Geis, 2007; Shover & Bryant, 1985; Sutherland, 1949).<sup>4</sup> Relatively little theorizing and empirical research attention has been directed to the focal point of this thesis, the mechanisms through which individuals engage in white-collar crime.

A commonly held view in white-collar criminology is that individual involvement in white-collar crime results primarily from differential exposure to criminogenic conditions within organizations or industries. For example, in his highly influential work, Sutherland (e.g., 1949) proposed that white-collar workers, managers and executives learn techniques and adapt to values in companies or industries that may, on the one hand, be instrumental to conducting successful business transaction, but may, on the other hand, promote rule violation and crime. Alternatively, economic pressure or a failure to legally achieve business goals may strain managers, executives or white-collar workers and drive them over the boundaries of the law (e.g., Agnew, Piquero, & Cullen, 2009). Likewise, criminal opportunities inherent in the business environment may lure individuals to engage in workplace-related misconduct (e.g., Benson & Simpson, 2009). All these explanations suggest that the misconduct of individual managers, businessmen or white-collar workers is to a high degree influenced or even determined by the specific criminogenic context of businesses and industries, the nature of corporations and the capitalist

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3 While Sutherland is generally credited with introducing the term ‘white-collar crime’ to the literature, other scholars before him, like Ross (1907/1973), addressed the crimes of privileged members of society. Notably, the Dutch criminologist Bongers (1916) addressed *crimes in the suites* more than twenty years before Sutherland coined the term white-collar crime (Hebberecht, 2015).

4 We elaborate on the definition of white-collar crime and its perpetrators in § 1.4.

culture of competition at large in which organizations operate (Huisman, 2017). In these circumstances, prominent white-collar scholars have argued, individual differences have relatively little importance or even relevance for understanding white-collar crime involvement (Braithwaite, 1984; Coleman, 2002; Needleman & Needleman, 1979; Sutherland, 1949). Accordingly, a dominant view in white-collar criminology is that researchers should focus on the organizational level to understand white-collar crime involvement. For example, Kramer (1982, p. 79-80) writes: “The task for criminologists is to identify and examine the *organizational factors* [sic] that account for the illegal and/or socially harmful *acts of individuals* [sic] within corporations on behalf of the corporations themselves.”

Not all scholars have dismissed the possibility that an individual’s background or psychological make-up might be important for understanding white-collar crime involvement. In fact, a growing body of research contends that the role of individuals is pivotal to understanding white-collar crime involvement (e.g., Alaheto, 2003; Benson & Manchak, 2014; Levi, 2013; Perri, 2011, 2013; Ragatz & Frenouw, 2010; but see also e.g., Cressey, 1953). There are a number of reasons for this. First, a purely situational approach ignores the possibility that certain people may be attracted to and selected into criminogenic organizations or positions that are compatible with their criminogenic personal background (Apel & Paternoster, 2009). For example, based on an analysis of executives in large organizations, Gross (1978) concluded that those who make it to the top of large-scale organizations possess specific personal characteristics, such as ambitiousness and moral flexibility, that selected them in these positions. These characteristics may not only make them better candidates for executive positions, but may also increase their compliance to corporate crime.

Second, situational explanations (implicitly) assume that all persons react in a similar vein to criminogenic pressures, temptations and opportunities (Herbert, Green, & Larragoite, 1998). However, even though organizational contexts may be demanding and criminogenic, white-collar workers, managers and executives are not passive slaves to organizational or cultural currents. For example, Sutherland’s analysis gives no weight to the possibility that some individuals may be more prone to internalize the values favorable to violations of the law, making them more susceptible to actually engage in white-collar crime (Benson, 2016). Differences in receptiveness to unethical business cultures, willingness to take advantage of opportunity structures or proneness to align personal goals with criminogenic corporate goals are all likely to contribute to variances in the risk of white-collar crime involvement between individuals (Benson & Manchak, 2014). Lastly, situational approaches bypass the question of how criminogenic circumstances in organizations come about in the first place.

Certain white-collar workers, managers and executives may actively contribute to the existence or continuation of criminogenic values in organizations, which will in turn affect the risk of white-collar crime involvement (*tone at the top*; Schwartz, Dunfee, & Kline, 2005; see also Shover & Bryant, 1993).

Taken together, exposure to deviant organizational cultures, tempting criminal opportunities and economic strains is likely to significantly affect an individuals' white-collar crime involvement. However, without taking into account white-collar offenders' background and cognitions and the way offenders select into, react to and create criminogenic circumstances, we cannot fully understand white-collar crime involvement. To understand the role of the individual in the process of white-collar crime involvement, white-collar scholars have contended, an individual-level perspective on crime involvement is called for, as is the case in life-course criminology (Benson, 2013; Benson & Kerley, 2001; Piquero & Benson, 2004; Weisburd & Waring, 2001).

### **1.3 Life-course perspective on adult offending: Continuity and change**

Life-course criminological theory and research focuses on individual offenders and their development in criminal behavior. The key aim of the perspective is to describe pathways in individual criminal behavior across the life span, called trajectories, and to explain how these pathways unfold and why (Blokland & Nieuwbeerta, 2011). Life-course criminology understands criminal development as a process that is closely associated with the age and life phase of offenders (Blumstein, Cohen, Roth, & Vischer, 1986; Elder, 1994; Farrington, 2003). One of the widely accepted conclusions in life-course criminology is that the relationship between age and crime takes on a bell-curved shape: the onset of anti-social and criminal behavior is generally found to begin early in life and after a relatively short period of versatile criminal activity, offenders typically desist in early adulthood (Piquero & Benson, 2004). Consequently, life-course research has overwhelmingly focused its empirical and theoretical efforts on criminal development up to young adulthood (Delisi & Piquero, 2011; Piquero, 2008). However, there is empirical evidence that indicates that a substantial share of offenders continues offending after adolescence or even starts offending in adulthood (see Eggleston & Laub, 2002; Van Koppen, 2013; Van Koppen et al., 2014). Various explanations have been proposed to account

for criminal involvement in later stages of life, such as white-collar offending.<sup>5</sup>

The literature offers different views on crime involvement in adulthood. A first category of theories expects that early-emerging individual characteristics and family influences in childhood underlie deviant and criminal behavior from early stages of life onwards until adulthood (e.g., Gottfredson & Hirschi, 1990; Moffitt, 1993; Moffitt, Caspi, Rutter, & Silva, 2001). The most prominent theory, Gottfredson and Hirschi's *General theory of crime* (1990), proposes that individual differences in the level of self-control explain individual differences in crime throughout life.<sup>6</sup> Self-control is assumed to develop in early childhood and to remain stable onwards. Although the theory does not completely refute the influence of situational change (e.g., in opportunity structures), it denies that social changes have a significant impact on crime involvement. An onset in crime in adulthood is assumed to be highly unlikely (Gottfredson & Hirschi, 1990; see also Moffitt et al., 2001). However, while research shows that low self-control is a significant correlate of deviant and criminal behavior (see e.g., Pratt & Cullen, 2000), the theory's relevance for white-collar offending is often disputed by white-collar crime scholars (Benson & Moore, 1992; Friedrichs & Schwartz, 2008; Geis, 2000; Reed & Yeager, 1996; Steffensmeier, 1989; but see Blickle, Schlegel, Fassbinder, & Klein, 2006; Collins & Schmidt, 1993). Alternatively, criminologists and psychologists have proposed and examined a wide range of other stable characteristics, such as narcissism, psychopathy and morality-related traits, that might explain why individuals engage in white-collar offending (e.g., Babiak & Hare, 2006; Blickle et al., 2006; Cohen, Panter, Turan, Morse, & Kim, 2014; Collins & Schmidt, 1993; Kish-Gephart, Harrison, & Treviño, 2010; Lee, Ashton, & De Vries, 2005; Perri, 2011, 2013).

'Static' theories that stress continuity in deviance and crime are challenged by 'dynamic' theories that highlight the importance of change for crime involvement (e.g., Laub & Sampson, 2003; Sampson & Laub, 1993, 1995; Thornberry, 1987, 2005; Wikström 2004, 2005, 2006). These theories propose that social changes, such as interactions, socialization processes and events, can significantly affect the risk of crime involvement. The most important 'dynamic' crime theory, Sampson and Laub's *Age-graded theory of informal social control* (1993), argues that changes in an individual's bond to conventional society shape the

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5 Although youths can commit certain types of white-collar crime (see, for example, Singer, 2016), white-collar crime is almost exclusively a form of adult crime as most opportunity structures for white-collar crime are not open to juveniles.

6 As Gottfredson and Hirschi argue that offending is relatively stable over the life course, they (e.g., 1987) have disputed the need for longitudinal crime research, arguing that cross-sectional research designs suffice for studying the causes of crime.



propensity for crime throughout life. In some individuals, social bonds may have failed to establish or have been damaged in early stages of life, leading to an early onset in crime. When social bonds are not fostered or re-established, the theory expects a continuation in deviance and crime until adulthood. However, the theory also contends that social bonds may dwindle in adulthood, as a result of a life-event or other developments, which can increase the risk of crime involvement in later stages of life, even in those with non-delinquent youths (Sampson & Laub, 1993, 2005). The significance of social control theories, such as the *Age-graded theory of informal social control*, for understanding white-collar crime involvement is a debated matter in white-collar criminology, with outspoken supporters and critics on either side (e.g., Benson, 2016; Box, 1981; Braithwaite, 1989; Engdahl, 2011, 2015; Friedrichs, 2010; Lasley, 1988; Piquero & Benson, 2014; Piquero, Piquero, & Weisburd, 2016; Simpson, 2002). Alternatively, the previously discussed white-collar crime theories use ‘dynamic’ explanations to understand white-collar crime involvement (e.g., Sutherland, 1949). However, as noted, these explanations focus on the changes in the exposure to criminogenic conditions within organizations and industries rather than on the alterations in white-collar offender’s personal background.

Although ‘static’ and ‘dynamic’ theories are juxtaposed in this section for analytical purposes, researchers on both sides of the debate expect that both stable factors (e.g., self-control: Sampson & Laub, 1993) and dynamic factors (e.g., opportunities: Gottfredson & Hirschi, 1990) can contribute to the process that leads individuals to crime involvement. In this process, offenders are, however, not passive slaves to internal stability and external change. Prominent life-course scholars argue that *human agency* – the thoughts and actions that direct offenders’ lives – plays a key role in the process of criminal involvement (Elder, 1994; Laub & Sampson, 2003; Ulmer, 2014). Offenders can purposefully choose a given course of action – they act rather than merely react to the roles and situations they happen to find themselves in – and in doing so can actively construct their own criminal development. Therefore, in order to understand white-collar crime involvement, it seems important to understand the way white-collar offenders interpret and react to their (changing) environment, how they see themselves and the world, and how they make decisions to engage in white-collar crime.

All in all, in contrast to dominant explanations in white-collar criminology, life-course criminologists would expect that white-collar crime involvement is the result of a process in which offenders’ background and cognitions interact with situational changes, such as the exposure to deviant cultures, criminal opportunities and strains. Although the life-course perspective seems to provide a comprehensive framework for understanding white-collar crime involvement, white-collar crime scholars have questioned whether and, if so, how accepted

notions in life-course criminology (e.g., the importance of early stages in life for criminal development) and theoretical explanations (e.g., the role of internal or social controls) may account for white-collar offenders' behavior (Benson, 2016; Piquero & Benson, 2004; Piquero & Weisburd, 2009). To date, many of such issues remain unanswered because life-course criminology has largely ignored white-collar offenders and only a few white-collar crime studies have applied a life-course perspective to understand white-collar crime involvement (Piquero & Piquero, 2016).

#### **1.4 White-collar offenders and crime involvement: A limited and divided area of research**

The issue of how to characterize white-collar offenders is a much-debated and divisive matter in white-collar criminology (Geis, 2016). The controversy centers largely on whether the term white-collar offender should be used based on the characteristics of the person who commits the crime (offender-based approach), or on the nature of the fraudulent behavior itself (offence-based approach). What we know about crime involvement of white-collar offenders is in important ways dependent on the definition studies have used.

The offender-based approach builds on an influential definition of white-collar crime by Sutherland (1949: 9): "A crime committed by a person of respectability and high social status in the course of his occupation." This approach to white-collar crime establishes status, and occupational and organizational positions as central elements. In line with the definition, studies in the offender-based tradition have usually found that the perpetrators are wealthy and powerful but otherwise conventional individuals in terms of their social behavior and psychological make-up (Sutherland, 1949). White-collar offenders are described as lacking any criminogenic characteristics often associated with criminals (Reed & Yeager, 1996) and as unmarked by problems with the law (Coleman, 1987). The white-collar crime involvement of these perpetrators is typically portrayed as highly contextual in nature and intricately related to available opportunity structures, strains or the normative characteristics of organizations. However, conclusions about the perpetrators and their crime involvement drawn from this body of research have to be interpreted with caution. An important restriction is that the generalizability of the findings is limited: what we know from this research tradition is largely anecdotal in nature and typically based on highly publicized white-collar crime cases that may not be representative of other white-collar crimes and offenders (Simpson, 2013; Weisburd, Wheeler, Waring, & Bode, 1991). Moreover, regarding the individual-level processes underlying white-collar

crime involvement, the researchers overwhelmingly focused on the circumstances in the organization and industries and much less on the perpetrators. But even if the researchers wanted to explore individual-level factors, the case-study analysis that is commonly used in this research tradition (see e.g., Dabney, 2016; Friedrichs, 2010) makes it difficult to identify them and take them into account.

By contrast, the offence-based definition designates white-collar offenders based on the fraudulent offence they have committed, rather than their social status, occupation or organizational position. For example, Edelhertz's (1970, p. 3) influential definition states that white-collar crime is: "An illegal act or series of acts committed by nonphysical means and by concealment or guile, to obtain money or property, to avoid the payment or loss of money or property, or to obtain business or personal advantage." In the offence-based approach, a white-collar offender can be an executive in a corporate boardroom, but also an entrepreneur in a medium-sized company or even an individual without a typical white-collar occupation (Weisburd et al., 1991; Weisburd & Waring, 2001). Using this definition, in the 1970s criminologists started gathering data on large samples of convicted white-collar offenders.<sup>7</sup> These studies generated several key findings that challenged the existing image of the white-collar offender: a substantial number of offenders had prior contact with the criminal justice system; white-collar offenders were generally members of the middle class; and there was heterogeneity in sociodemographic characteristics and criminal behavior (Benson & Moore, 1992; Weisburd et al., 1991; Wheeler, Weisburd, Waring, & Bode, 1988).

In order to more fully understand the criminal development of white-collar offenders, researchers began to examine the criminal histories and sociodemographic profile of white-collar offenders in more detail (Benson & Kerley, 2001; Piquero & Weisburd, 2009; Weisburd & Waring, 2001). In what is probably the most elaborate study on white-collar crime involvement to date, Weisburd and Waring (2001) found that a small minority of white-collar offenders was criminally active over large parts of their lives and appeared to live unstable lives. Another group of white-collar offenders showed an intermittent offending pattern in which they seemed to seek out criminal opportunities to commit white-collar crime. Despite

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7 Two datasets were constructed in the 1970s: a dataset compiled by Stanton Wheeler in the so-called Yale Project and a dataset compiled by Brian Forst and William Rhodes. To date, almost all large-scale white-collar offender studies have been based on these two datasets (Benson & Kerley, 2001; Benson & Moore, 1992; Piquero & Weisburd, 2009; Weisburd, Chayet, & Waring, 1990; Weisburd et al., 1991; Weisburd & Waring, 2001; Wheeler, Weisburd, & Bode, 1982; Wheeler et al., 1988). Only three other datasets have been compiled since then that use register data (Lewis, 2002; Van der Geest, Weisburd, & Blokland, 2016; and the one in this thesis) and two datasets that use self-report data (Menard, Morris, Gerber, & Covey, 2011; Morris & El Sayed, 2013).

this variance in pathways in white-collar offending among a minority of white-collar offenders, most white-collar offenders had only sporadic contact with the justice system and appeared to live unproblematic lives. The white-collar crimes of the majority of white-collar offenders were considered “aberrations on otherwise law-abiding records” (Weisburd & Waring, 2001, p. 147). Similar to the researchers who take an offender-based approach, the authors concluded that white-collar crime involvement of most white-collar offenders is the result of criminogenic situational forces: “Understanding criminality [of the majority of offenders] best begins not with the characteristics of individuals but rather with the situations in which the crime occurs” (Weisburd & Waring, 2001, p. 146; for similar conclusions, see Benson & Kerley, 2001, p. 133-134).

#### **1.4.1 Current approach to white-collar offenders**

The above shows that the little we know about the criminal development of white-collar offenders is dependent on the definition and research methodology that were used. The present thesis includes white-collar offenders who fit both the offender-based and the offence-based definition of white-collar crime, which will allow us to examine similarities and differences in the process of white-collar crime involvement in both groups of white-collar offenders. As a starting point, we follow an earlier definition by Sutherland of white-collar crime as “a violation of delegated or implied trust” (Sutherland 1940, p. 3) and argue that what characterizes white-collar crime is the misuse of trust in the financial-economic realm. In the current thesis, a white-collar offender is defined as a person who violates trust in the financial-economic realm by committing a criminal act through nonphysical means and by concealment or guile (for other definitions of white-collar crime as a violation of trust, see Clarke, 1990; Friedrichs, 2010; Nelken, 2002; Reiss & Biderman, 1980; Shapiro, 1990).<sup>8</sup>

Trust relationships between individuals, companies and government agencies are essential for the proper functioning of society and the economy (Dohmen, Verbakel & Kraaykamp, 2010; Friedrichs, 2010; Hardin, 2002) but are vulnerable to misrepresentation, falsification and fraud (Shapiro, 1990).<sup>9</sup> In contemporary

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8 The current offence-based working definition of white-collar offenders is similar to definitions used in policy and academic research in the Netherlands (e.g., Functioneel Parket, 2012; Kabki, 2014). In legal terms, the white-collar offences in the current thesis consist of acts that are punishable under different articles in the penal code and related codes such as the tax code (see § 1.5 and Chapter 2).

9 An illustrative example of the important role of trust in Dutch society and economy is the regulatory paradigm of the Netherlands Tax and Customs Administration that gives great weight to trust (Belastingdienst, 2017; for examples of the significance of trust in other regulatory systems in the Netherlands, see e.g., Helderma & Honingh, 2009).

society, a violation of trust in the financial-economic realm is not restricted to individuals of a particular social status or in a specific organizational position (Menard et al., 2011). The growth in the number of organizations and white-collar jobs since the days that Sutherland coined the term ‘white-collar crime’, means that a diverse group of people occupies positions with trust within organizations that are vulnerable to fraud (Hochstetler & Mackay, 2016; Huisman & Beukelman, 2007; Karstedt, 2016; Weisburd et al., 1991). Moreover, the modern welfare state, the credit economy and the Internet provide ample other opportunities for violations of trust in the financial-economic realm outside organizational and occupational settings (Functioneel Parket, 2017; Karstedt, 2016; Menard et al., 2011; Van Onna, 2014; Weisburd & Waring, 2001).<sup>10</sup>

Notwithstanding this broad starting point, this thesis recognizes the significance of organizational positions for understanding white-collar crime involvement. White-collar offenders can use their positions as director, treasurer or company owner as both a ‘weapon and shield’ in their crimes. The positions provide individuals with high levels of trust, and offer ample criminal opportunities to engage in white-collar crime and ways of hiding transgressions from authorities. Moreover, scholars have suggested that white-collar offenders who select into these positions may possess individual characteristics that may increase the risk of white-collar crime involvement (e.g., Coleman, 2005; Friedrichs, 2010; Wheeler, 1992; but see Gottfredson & Hirschi, 1990), while other researchers have reasoned that holding a high-end organizational position itself may induce individuals to engage in misconduct (e.g., Box, 1983). Lastly, the consequences for society of white-collar crimes committed from these organizational positions are far-reaching, for example in terms of financial losses (e.g., Functioneel Parket, 2014; Pontell, 2016). A sound understanding of how and why individuals in these positions engage in crime is key for law enforcement agencies and policy makers. For these reasons, this thesis not only takes a broad approach to white-collar offenders in order to account for the diverse group of individuals that can misuse the various opportunity structures for white-collar crime in contemporary society, but also explicitly focuses on white-collar offenders who occupy high-trust and executive positions within organizations and companies.

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10 This development is illustrated by the number of (officially registered) white-collar crimes per year in the United States, which has more than tripled since 1940 (FBI, 2009).

## **1.5 Current study: Lacunae and research questions**

The body of research to date has left open several key issues regarding white-collar crime involvement, which will be addressed and examined in this thesis. First, the life-course studies used samples from the 1970s and are based on the US-context only. We therefore have insufficient knowledge of the criminal development of white-collar offenders in contemporary Western societies. The changing nature of society and the changes in opportunity structures for white-collar crime since the 1970s may have altered the offender population in terms of sociodemographic background and criminal behavior. To understand the white-collar crime involvement of offenders in a contemporary Western society, the current thesis investigates a large sample of white-collar offenders from the Netherlands.

Second, the life-course studies to date were restricted to white-collar offenders who fit the offence-based approach, which has been criticized for depending on samples that mainly comprise of lower-level fraudsters (e.g., Friedrichs, 2010). Our knowledge is limited regarding the criminal development of white-collar offenders who fall within the offender-based definition and who are believed to engage in more complex and high-end white-collar offences. Moreover, some scholars have suggested that both subgroups of white-collar offenders reflect different groups of individuals, not just in terms of organizational characteristics and the white-collar offence they engage in, but also in terms of individual characteristics (e.g., Braithwaite, 1985; Geis, 2000; Steffensmeier, 1989). However, the empirical base for this preconception is largely lacking and we do not know how such possible differences may affect white-collar crime involvement. This thesis aims to fill these gaps in the literature by examining the criminal development of both subgroups of white-collar offenders and making an informed comparison between them.

Third, the association between white-collar offending and misconduct in early stages of life is poorly understood. Previous studies used observation periods that did not contain information on possible adolescent delinquency (e.g., Benson & Kerley, 2001; Weisburd & Waring, 2001). It therefore remains unclear how offending during adolescence, which is an important focus of life-course criminology, is related to criminal behavior in adulthood, the focus of white-collar criminology (compare Benson & Moore, 1992; Piquero & Benson, 2004; Piquero & Moffitt, 2014; Sutherland, 1940). By including data on juvenile delinquency, this thesis will be able to explore to what degree white-collar offenders engaged in delinquency and how the early stages of their criminal involvement are relevant for understanding white-collar offending in adulthood.

Fourth, there is an inadequate understanding of the role and nature of individual-level factors in white-collar crime involvement. Prior research has struggled to disentangle criminogenic individual-level factors from contextual forces. For example, Weisburd and Waring (2001, p. 147) concluded: “For many criminals in our sample it is very difficult to identify characteristics that help unravel their choice to become involved in crime. Such causes may be so individualistic and varied, and found in such different moments over the life course, that it is virtually impossible for scholars to identify them.” In order to tackle such obstacles, we use research designs that are little used in white-collar criminology, such as matched control-group designs, and unique data, such as data on regulatory rule-violating behavior and in-depth interviews with offenders, to identify the role and nature of criminogenic individual-level factors.

The current thesis will assess two individual-level factors that are highlighted in the two fields of criminology that lie at the heart of this thesis. The first factor that will be examined is the role of weakened social bonds in white-collar crime involvement (e.g., Durkheim, 1951; Hirschi, 1969; Sampson & Laub, 1993). Prominent white-collar crime scholars have argued that an attenuated bond to conventional society is likely to be an important factor in white-collar crime involvement (e.g., Braithwaite, 1989), but systematic research is largely lacking. We focus on the most influential of the modern social control theories and most prominent ‘dynamic’ theory in life-course criminology, Sampson and Laub’s *Age-graded theory of informal social control* (1993). This social control theory seems well suited to understand white-collar offenders’ behavior, as it explains how informal social controls are age-graded and shape the propensity for individuals to engage in crime throughout their life, including during its later stages.

The second individual-level factor is highlighted in white-collar criminology: the moral considerations of white-collar offenders. An extensive body of literature in white-collar criminology as well as in psychology and business ethics stresses that the risk of committing white-collar crime increases sharply when it has not been precluded or allowed on moral grounds (e.g., Benson, 1985a; Craft, 2014; Paternoster & Simpson, 1996; Wenzel 2004). The literature offers different perspectives on the role of moral considerations in white-collar crime involvement. White-collar criminological studies have almost exclusively taken the approach that white-collar offenders neutralize or justify their crime involvement during or after the act (e.g., Benson, 1985a; Cressey, 1953; Klenowski & Copes, 2014). By contrast, studies in psychology and business ethics propose that distinct moral processes may affect whether a person engages in misconduct or refrains from it (e.g., Blasi, 1980; Nisan, 1991; Rest, 1986; Tyler & Blader, 2005; Wenzel, 2005). For example, white-collar

offenders may not be sensitive to the moral nature or consequences of their actions, or they may have norms regarding what is permissible conduct in the financial-economic realm that allow fraudulent behavior. White-collar crime researchers (e.g., Weisburd & Waring, 2001, p. 148) have suggested that the literature in psychology may provide important perspectives for understanding white-collar crime involvement, but white-collar criminologists have largely ignored the knowledge from this neighboring field of science. We aim to fill this lacuna by using theoretical notions from psychology (in particular Rest, 1986) to examine how moral considerations of white-collar offenders contribute to white-collar crime involvement.

A last aspect that is still poorly understood is the role of *human agency* in white-collar crime involvement, in particular how the thoughts and actions that lead white-collar offenders to engage in crime are influenced by events throughout their lives (compare Elder, 1994; Laub & Sampson, 2003; Rest, 1986; Ulmer, 2014). The handful of studies that have interviewed white-collar offenders have paid little attention to differences in their personal background and earlier life experiences to understand white-collar crime involvement (but see Zeitz, 1981). Drawing on interviews with white-collar offenders, this thesis aims to fill this lacuna by examining how earlier experiences, events and developments shape their decision to engage in a white-collar offence.

### **1.5.1 Research questions and thesis outline**

The central aim of this thesis is to examine the criminal development of white-collar offenders, and to understand how and why they engage in white-collar crime. These research questions will be examined from different perspectives and by using distinct research methods, data sources and samples across four empirical studies.

The goal of Chapter 2 is to explore the criminal histories and sociodemographic backgrounds of a contemporary sample of 644 white-collar offenders from the Netherlands. It describes longitudinal crime patterns, identifies trajectory groups and explores white-collar offender profiles. The research questions are: What are the criminal career and sociodemographic characteristics of white-collar offenders? Which developmental trajectories can be distinguished? Do the trajectory groups differ in terms of sociodemographic characteristics, the type of criminal behavior and the kind of selection offences?

Chapter 3 aims to enhance our understanding of criminogenic individual-level factors in white-collar offenders. The study does so by examining whether white-collar offenders exhibit a heightened consistency in rule-violating behavior in different contexts outside the occupational and organizational setting (regulatory income tax and traffic violations). We then compare the white-



collar offenders to a control group of individuals from the general population with similar sociodemographic backgrounds and comparable organizational positions to comprehensively assess the role of individual differences (compare Gottfredson & Hirschi, 1990, p. 187).<sup>11</sup> The research questions are: Are white-collar offenders overinvolved in cross-contextual rule-violating behavior compared to matched controls from the general population? Are individuals in high-trust positions overinvolved in cross-contextual rule-violating behavior, compared to those who do not hold these positions? Are white-collar offenders in high-trust organizational positions overinvolved in cross-contextual rule-violating behavior compared to matched controls in high-trust positions?

In Chapter 4, the goal is to understand whether weakened social bonds are associated with white-collar offenders' criminal behavior. The chapter builds on Sampson and Laub's (1993) *Age-graded theory of informal social control* to operationalize and examine bonds in the social life domain (bond to partner and community) and economic life domain (bond to economic institution and executive position) in the sample of white-collar offenders. Following the same logic as in Chapter 3, we compare the white-collar offenders to a control sample of individuals with similar sociodemographic backgrounds and comparable organizational positions (see also Sampson & Laub, 1993, p. 140). In order to understand whether weakened bonds underlie crime not just in early-onset white-collar offenders, but also in white-collar offenders 'even if non-delinquent as a youth' (Sampson & Laub, 1993, p. 141), we distinguish between white-collar offenders who had no contact with the law during their youth and those with a delinquent youth. The research questions are: Do white-collar offenders have weaker bonds in the social and economic life domain compared to matched controls from the general population? Do white-collar offenders in executive organizational positions have weaker bonds across distinct life domains compared to matched control executives? Are both early-onset white-collar offenders and adult-onset white-collar offenders characterized by weak bonds, and how do these offender subgroups differ?

Chapter 5 aims to provide an in-depth understanding of the psychological process behind white-collar crime involvement based on an analysis of interviews with 26 convicted white-collar offenders. This last empirical chapter

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11 As white-collar offenders are often described as conventional members of the general population (e.g., Friedrichs & Schwartz, 2008; Wheeler et al., 1988), individuals from the general population with matching sociodemographic backgrounds are arguably a qualified comparison group. Subsequently, we selected those individuals from the control sample who occupied organizational positions to match the white-collar offenders who occupy such positions (see § 1.6 and Chapters 3 and 4).

focuses on the complexities of criminogenic contexts, social bonds and morality in the process of white-collar crime involvement. The research question is: How do criminogenic contexts, bonds and morality contribute to white-collar crime involvement, and how do these factors interact in that process?

The sixth and final chapter summarizes the main findings and discusses the implications for theory, future research and policy.

## 1.6 Sample and data

### 1.6.1 Samples

#### *Overall offender sample*

The sample selected for the present thesis consists of 644 individuals who were prosecuted for a white-collar offence by the Netherlands Public Prosecution Service (for detailed description of offences, see Chapter 2).<sup>12</sup> The selection criterion was that they were named as suspects in preliminary investigative reports of white-collar crime cases between January 2008 and May 2009, and that they were selected for prosecution at the time of constructing the sample.<sup>13</sup> The prosecution took place between 2008 and 2012. The individuals in the sample have typically passed several selection rounds where regulatory bodies, law enforcement agencies and the prosecution service have narrowed down the selection of cases. In order to limit this selection effect and because research suggests that certain white-collar offenders may be better able than others to avoid conviction because of the resources available to them and the vagaries of particular laws and regulations in the financial-economic realm (Benson & Cullen, 2016; Friedrichs, 2010, see Chapter 11; Pontell, 2016; Weisburd et al., 1991; Weisburd & Waring, 2001), the current thesis includes prosecuted rather than convicted offenders. A practical reason for using this sample of prosecuted offenders was that detailed information on the selection offences was available, which was not the case for other samples (Functioneel Parket, 2012).

Four out of five offenders (79 percent) were prosecuted by the Netherlands Public Prosecution Service specialized in white-collar crime, the National Prosecution Service for Serious Fraud, Environmental Crime and Asset Confiscation (*Functioneel Parket*). These cases were forwarded by three national

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12 Over the course of the research, some members of the original sample died and were excluded from further analysis (Chapter 3 [ $N = 637$ ] and 4 [ $N = 634$ ]).

13 The current sample included all individuals from the investigative reports whose prosecution had started at the time the sample was established, and is therefore described as a cohort in Chapter 2. However, only individuals whose identity and migration history could be established in the Municipal Personal Records Office were included in the sample (see § 2.2.2).

law enforcement agencies specialized in white-collar crime: the Fiscal Information and Investigation Service, the Information and Investigation Service of the Inspectorate of Social Affairs, and the Investigation Service of the Inspectorate for Life Environment and Transportation. The remaining offenders (21 percent) were prosecuted by regional offices of the Netherlands Public Prosecution Service. These cases were forwarded by six supraregional criminal investigation services of the Netherlands police specialized in complex and serious (white-collar) crimes, with a geographic spread covering the whole country.

The selection offences in this study include a broad variety of white-collar offences. The most prevalent are white-collar offences punishable under the Netherlands Penal Code, the most commonly used code in the criminal prosecution of white-collar offences. Other selection offences are offences criminally punishable under tax, financial and economic codes related to the penal code, like the Act on Financial Supervision (e.g., securities fraud). What the selection offences have in common is that they have been selected for prosecution because of the seriousness of the crime. These offences may vary in complexity – some are highly complex international cases, others are less complex – but all are serious offences in the sense that they resulted in big financial losses and/or lasted up to several years.

#### *Offender-based samples*

In line with the offender-based tradition that characterizes white-collar offenders by their organizational position, we constructed subsamples of white-collar offenders who occupy high-end organizational positions. In Chapter 3, we selected those white-collar offenders from the overall sample who were registered as occupying a high-trust organizational position, such as partner or director, using information from the Netherlands Tax and Customs Administration (Chamber of Commerce database;  $N = 468$ ; 73.5 percent of overall sample). In Chapter 4, we took a slightly different and more restrictive approach to organizational positions and selected those white-collar offenders from the overall sample that were registered as holding an executive position, such as owner or associate, using information from the Netherlands Tax and Customs Administration ( $N = 361$ ; 56.9 percent of the overall sample).

#### *Interview sample*

Interviews were conducted with 26 white-collar offenders who were irrevocably convicted for a white-collar offence punishable under Dutch criminal law. Two methods were used to select participants for the study (for a detailed description of study design, procedure and interview setup, see Chapter 5). In the first method, a sample of individuals who were irrevocably convicted of a white-collar offence

was selected from the Netherlands Public Prosecution Service database. These individuals received a letter, outlining the research goals and the request for an interview, with permission from the Netherlands Public Prosecution Service. In the second method, a sample of individuals who were imprisoned in Dutch prisons for a white-collar offence was selected and approached with the permission and assistance of the Netherlands Prison Authority.<sup>14</sup>

### *Control group samples*

An important feature of the current thesis are the research designs which use control groups that allow for comparative analyses. For this purpose, a control sample was drawn from the central database of the Netherlands Tax and Customs Administration. A pair-wise matching approach was used (to increase the internal validity of the results, see e.g., Elffers, 2017), based on five sociodemographic characteristics: age, sex, region of residence in the Netherlands, income group, and whether he/she had a company registered to his/her name. For each white-collar offender three control individuals were selected ( $N = 1,809$ ; see Chapter 3 and 4 for a more detailed description of the control sample).<sup>15</sup> The pair-wise sampling procedure also allowed us to construct post-hoc control subsamples that match offender categories that are used in Chapters 3 and 4 (e.g., high-trust and executive position).

### **1.6.2 Data**

Data was gathered from different government agencies (for more detailed description of the data, see Chapters 2 to 4). Information on the selection offences was gathered from the Netherlands Public Prosecution Service (see also Functioneel Parket, 2012). Historical offending information was based on offences registered in the Judicial Documentation System (JDS) of the Netherlands Ministry of Security and Justice. We used a copy of the JDS, which is specifically designed for research purposes: the Research and Policy Database for Judicial Documentation (OBJD). Data regarding economic and sociodemographic background was obtained from the Municipal Personal Records Office (GBA) and the Netherlands Tax and Customs Administration. In

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14 The study design, procedure and interview setup were approved by the Ethical Committee of the Department of Criminal Law and Criminology of the VU University Amsterdam (the Netherlands).

15 We used a larger control group for three reasons. First, by enlarging the control group we would be able to make post-hoc samples, such as the high-trust and executive position samples that could not be sampled directly for technical reasons. Second, drawing a larger control group would enable us to make post-hoc corrections (e.g., for censoring). Third, it increases statistical power.

addition, the Netherlands Tax and Customs Administration provided information about regulatory income tax violations. Data on regulatory traffic violations was obtained from the Netherlands Central Fine Collection Agency (CJIB) that registers all regulatory traffic violations in the Netherlands. The data that was used in Study 2 of Chapter 4 was obtained from the Dutch Probation Services. All government agencies gave permission for the use of the data.