

Cambridge University Press

978-0-521-58083-0 - Corporate Crime, Law, and Social Control

Sally S. Simpson

Frontmatter

[More information](#)

Corporate Crime, Law, and Social Control

Why do corporations obey the law? When companies violate the law, what kinds of interventions are most apt to correct their behavior and return them to compliant status? In this book Sally Simpson examines whether the shift toward the use of criminal law, with its emphasis on punishment and stigmatization, is an effective strategy for controlling illegal corporate behavior.

Simpson assesses the strengths and weaknesses of the criminalization of corporate misconduct and compares it with other approaches, such as civil and administrative legal interventions and cooperative crime control methods. She evaluates several theoretical assumptions about why criminalization should work and explains why it often does not. In reality, organizational actors pose challenges to deterrence; in light of the empirical record, the rational-actor assumptions underlying much crime control theory fall short of explaining illegal corporate behavior across the board.

Simpson concludes that strict criminalization models that rely on punishments will not yield sufficiently high levels of compliance. Empirical data suggest that in most cases cooperative models work best with most corporate offenders. Because some corporate managers, however, respond primarily to instrumental concerns, Simpson argues that compliance should also be buttressed by punitive strategies. Simpson's review and application of the relevant empirical literature on corporate crime and compliance, combined with her judicious examination of theory and approaches, make a valuable new contribution to the literature on white-collar crime and deterrence and criminal behavior more generally.

Sally S. Simpson is Associate Professor of Criminology and Criminal Justice at the University of Maryland.

Cambridge University Press

978-0-521-58083-0 - Corporate Crime, Law, and Social Control

Sally S. Simpson

Frontmatter

[More information](#)

Cambridge Studies in Criminology

Edited by

Alfred Blumstein, *H. John Heinz School of Public Policy and Management, Carnegie Mellon University*

David Farrington, *Institute of Criminology, University of Cambridge*

Other books in the series:

Life in the Gang: Family, Friends, and Violence, by Scott H. Decker and Barrik Van Winkle

Delinquency and Crime: Current Theories, edited by J. David Hawkins

Recriminalizing Delinquency: Violent Juvenile Crime and Juvenile Justice Reform, by Simon I. Singer

Mean Streets: Youth Crime and Homelessness, by John Hagan and Bill McCarthy

The Framework of Judicial Sentencing: A Study in Legal Decision Making, by Austin Lovegrove

The Criminal Recidivism Process, by Edward Zamble and Vernon L. Quinsey

Violence and Childhood in the Inner City, by Joan McCord

Judicial Policy Making and the Modern State: How the Courts Reformed America's Prisons, by Malcolm M. Feeley and Edward L. Rubin

Schools and Delinquency, by Denise C. Gottfredson

The Crime Drop in America, edited by Alfred Blumstein and Joel Wallman

Delinquent-Prone Communities, by Don Weatherburn and Bronwyn Lind

White-Collar Crime and Criminal Careers, by David Weisburd and Elin Waring, with Ellen F. Chayet

Sex Differences in Antisocial Behavior: Conduct Disorder, Delinquency, and Violence in the Dunedin Longitudinal Study, by Terrie Moffitt, Avshalom Caspi, Michael Rutter, and Phil A. Silva

Delinquent Networks: Youth Co-Offending in Stockholm, by Jerzy Sarnecki

Criminality and Violence among the Mentally Disordered, by Sheilagh Hodgins and Carl-Gunnar Janson

Companions in Crime: The Social Aspects of Criminal Conduct, by Mark Warr

Cambridge University Press
978-0-521-58083-0 - Corporate Crime, Law, and Social Control
Sally S. Simpson
Frontmatter
[More information](#)

For Stas and Gabrys

Cambridge University Press

978-0-521-58083-0 - Corporate Crime, Law, and Social Control

Sally S. Simpson

Frontmatter

[More information](#)

Corporate Crime, Law, and Social Control

Sally S. Simpson

University of Maryland



Cambridge University Press

978-0-521-58083-0 - Corporate Crime, Law, and Social Control

Sally S. Simpson

Frontmatter

[More information](#)

CAMBRIDGE UNIVERSITY PRESS

Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press

40 West 20th Street, New York, NY 10011-4211, USA

www.cambridge.org

Information on this title: www.cambridge.org/9780521580830

© Sally S. Simpson 2002

This book is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2002

Reprinted 2005

Printed in the United States of America

A catalog record for this publication is available from the British Library.

Library of Congress Cataloging in Publication Data

Simpson, Sally S.

Corporate crime, law, and social control / Sally S. Simpson.

p. cm. – (Cambridge studies in criminology)

Includes bibliographical references and index.

ISBN 0-521-58083-8 – ISBN 0-521-58933-9 (pb.)

1. Corporations – Corrupt practices. 2. Commercial crimes.

3. Commercial crimes – Prevention. I. Title. II. Cambridge studies in criminology (New York, N.Y.)

HV6768.S56 2001

364.16'8 – dc21

2001025804

ISBN-13 978-0-521-58083-0 hardback

ISBN-10 0-521-58083-8 hardback

ISBN-13 978-0-521-58933-8 paperback

ISBN-10 0-521-58933-9 paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party Internet Web sites referred to in this book and does not guarantee that any content on such Web sites is, or will remain, accurate or appropriate.

Cambridge University Press
978-0-521-58083-0 - Corporate Crime, Law, and Social Control
Sally S. Simpson
Frontmatter
[More information](#)

Contents

<i>Preface</i>	<i>page ix</i>
1 Criminalizing the Corporate Control Process	1
Definitions	6
Criminalization of Corporate Crime in the Post-Watergate Era	10
The Facts of Criminalization	16
Conclusions	20
2 Deterrence in Review	22
Rationality and Crime	22
Empirical Support for Deterrence	26
Conclusions	42
3 Assessing the Failure of Corporate Deterrence and Criminal Justice	45
Criminal Law and the Corporation	45
Criminal Law and Corporate Managers	56
Conclusions	60
4 Corporate Deterrence and Civil Justice	61
Civil Law and Corporate Offending	61
Can Civil Law Deter Corporate Crime?	73
Conclusions	78
5 Corporate Deterrence and Regulatory Justice	79
Business Regulation in the United States	80
The Deterrent Capacity of Administrative Law	84
	vii

Cambridge University Press
978-0-521-58083-0 - Corporate Crime, Law, and Social Control
Sally S. Simpson
Frontmatter
[More information](#)

viii	CONTENTS
Punishment or Persuasion	94
Conclusions	97
6 Cooperative Models of Corporate Compliance:	
Alternatives to Criminalization	98
Enforced Self-Regulation	100
Informal Social Control	106
Enforcement Pyramid	112
Tit-for-Tat Regulatory Philosophy	112
Conclusions	115
7 Criminalization versus Cooperation: An Empirical Test	116
Study One	117
Study Two	139
Conclusions	151
8 Shaping the Contours of Control	153
The Failure of “Strict” Deterrence	153
Policy Challenges	155
Future Directions for Compliance Research	160
<i>Appendix A Study One: Questionnaire Items and Responses</i>	163
<i>Appendix B Study One: Sample Characteristics</i>	169
<i>Appendix C Study Two: Questionnaire Items and Responses</i>	170
<i>Appendix D Study Two: Sample Characteristics</i>	173
<i>Name Index</i>	174
<i>Subject Index</i>	176

Cambridge University Press

978-0-521-58083-0 - Corporate Crime, Law, and Social Control

Sally S. Simpson

Frontmatter

[More information](#)

Preface

Corporate crime control is a deceptively complex topic. In spite of the many suggestions for how it might be accomplished (many of which are based on ideological preferences), few strategies have been explored empirically or systematically. This book began as a critical examination of the deterrence doctrine as it applied to corporations and their managers. Consistent with the “get tough on crime” philosophy of the 1970s and 1980s, many politicians, corporate crime scholars, and policy mavens determined that corporate violators would be (or at least should be) particularly susceptible to greater punishment threats – especially those found in criminal law. Given the rather unimpressive evidence regarding deterrence and traditional crime, I was curious as to whether the evidence was more convincing in the white-collar crime area. Further, I was attracted by the idea that corporations, as exceptionally powerful and often oblivious societal actors, require substantial curbs on that power for the common good. Criminal law seemed like a reasonable tool to achieve that rather modest goal. Lastly, as a student of corporate crime for fifteen years, it was comforting to know that my thoughts about corporate crime control were shared by many well-respected peers. The community of scholars who study in this area, at least those who are more critically oriented, are skeptical about the good intentions of corporate officers and challenge whether the companies they head are committed to socially responsible goals. While it was uncomfortable to jump on the punishment bandwagon, at least in this case, punitiveness made some sense.

I was thus surprised by the woeful lack of research on corporate deterrence, especially from a criminological perspective. Although the literature

Cambridge University Press

978-0-521-58083-0 - Corporate Crime, Law, and Social Control

Sally S. Simpson

Frontmatter

[More information](#)

is replete with debates about “efficient” regulation, including econometric models of such, criminologists generally have had remarkably little to say about corporate deterrence. Even fewer have attempted to assess empirically the deterrence model as it applies to companies or corporate decision makers; of the few studies that do exist, evidence is far from unequivocal.

My purview of the relevant literature did, however, uncover the seminal work of Albert Reiss Jr. and John Braithwaite. Through their work came the idea of comparing and contrasting two models of corporate crime control – one based in deterrence and the other based in compliance. My thinking was also influenced by a question put to me by Amitai Etzioni, the noted George Washington University sociologist. He wondered why most studies of corporate offending focus primarily on deviant cases (often of a sensational nature) and not on law-abiding companies. He suggested that much could be learned about corporate crime by studying firms that obey the law.

Given the paucity of systematic research in this area, it was also important that my evaluations of these models be empirically grounded. Thus, in 1993 and 1998 I undertook two vignette studies that were administered to MBA and executive education students at four universities and a small group of managers at a Fortune 500 company. The results of these studies are used to assess the merits and deficiencies of both crime control strategies.

This work has taken almost a decade to come to fruition. Consequently, I am indebted to many who have helped the project along. Perhaps most important, I have had the benefit of extremely smart and resourceful research assistants and student collaborators. Lori Elis helped put together the vignettes (using a randomized design) and painstakingly made them legible in their questionnaire format. She also helped with some of the survey administration and preliminary data analysis for the first study. Her M.A. thesis was the first published work out of this data set. Nicole Leeper Piquero read over one of the first drafts of this book and made helpful comments. Laura Hickman, along with Nicky, learned random effects models and worked to translate the data from an SPSS format to LIMDEP and SAS. Most recently, Jennifer Castro reran all of the random-effects models, produced the tables for Chapter 7, and most of the appendices. She meticulously read the draft and prompted me to reconsider my conclusions. Finally, M. Lynn Exum worked closely with me to prepare and administer the second vignette survey. Although some of the items that he included in the survey did not perform as he would have liked, his commitment to the project never wavered. I thank all of these students (and former students) for their able assistance, good humor, and critical observations.

Cambridge University Press

978-0-521-58083-0 - Corporate Crime, Law, and Social Control

Sally S. Simpson

Frontmatter

[More information](#)

PREFACE

xi

Numerous colleagues, at Maryland and other schools, contributed significantly to both my thinking about corporate crime control and the execution of the research. Many thanks to Craig Smith, Jeff Sonnenfeld, Diane Vaughan, Nikos Passas, David Weisburd, and Gil Geis for all their help in this endeavor. Also, I am grateful to Laureen Snider and Frank Pearce for providing challenging and provocative arguments that run counter to the conclusions I draw from these studies. Their research (and that of Diane Vaughan) has made me think much more carefully about the implications of my work.

I am indebted to Ray Paternoster for his statistical assistance and counsel, theoretical expertise, and wit. Lawrence W. Sherman, as chair of the Department of Criminology and Criminal Justice at Maryland, agreed to absorb the cost of the survey construction and administration. He even helped stuff envelopes one afternoon when the electrical power was out in the office. That, indeed, was assistance far beyond the call of duty.

Thanks go as well to David Farrington and Al Blumstein who, as editors of the Cambridge Studies in Criminology series, had helpful and encouraging comments on the first and second drafts of the original manuscript. Mary Child, the sociology editor at Cambridge, has guided the project with an accomplished hand and has been a source of calm when I was not.

Finally, my family has sacrificed and put up with me as I struggled to complete this project. Much love and sincere gratitude to Stas and Gabrys.