PSYCHOPATHY AND CORPORATE CRIME

A Thesis
by
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ABSTRACT

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The purpose of this thesis is to explore the relationship between psychopathy and corporate crime. Psychopathy is illustrated by characteristics such as glib/superficiality, impression management, pathological lying, conning/manipulativeness, lack or remorse or guilt, callousness/lack of empathy, failure to accept responsibility, stimulation seeking, irresponsibility, parasitic orientation, serious criminal behavior, and criminal versatility. Although the American Psychological Association (APA) has equated psychopathy with Antisocial Personality Disorder (ASPD), the two constructs are not identical. The primary diagnostic tool used to assess psychopathy is the PCL-R. While those diagnosed with psychopathy are likely to meet the diagnostic criteria for ASPD, those diagnosed with ASPD do not often meet the diagnostic standard for psychopathy. Psychopathy has traditionally been used to understand violent street level offenses, such as assault and homicide. However, as this thesis demonstrates, psychopathy is also related to corporate crime. Using recent examples of corporate wrongdoing committed in the oil, automobile, and financial industries, I explore ways in which the behaviors of corporations are consistent with psychopathy.

DEDICATION

This thesis is dedicated to my little brother, Andrew. Remember to always be the change you wish to see in the world.

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CHAPTER 1:

INTRODUCTION

According to DeLisi and Vaughn (2008, p. 164), “There is a synergy between the violent criminals’ personality traits, lifestyle, and observed behavior that dovetails so exquisitely that it is as if their criminality is wrapped up in a box. That box is psychopathy” (as cited in DeLisi, 2009). The relationship between psychopathy and violent street-level offenses has been well established (Walsh, Swogger, & Kosson, 2009; Raine & Sanmartin, 2001). However, psychopathic characteristics and behaviors have been normalized, tolerated, and even valued among corporate offenders (Robinson & Murphy, 2009). There is a paucity of research that explores the relationship between psychopathy and forms of elite deviance and, as such, the connection between psychopathy and acts of elite deviance, such as corporate crime, warrants further academic attention.

This thesis attempts to fill this gap by exploring the relationship between psychopathy and corporate crime. Psychopathy is characterized by glib/superficial charm, impression management, a grandiose sense of self-worth, pathological lying, conning/manipulativeness, lack of empathy, lack of guilt or remorse, shallow affect, and failure to accept responsibility (Hare & Neumann, 2006). *Impression management* is indicated by efforts put forth by individuals in order to be viewed by others in a socially desirable or favorable manner (Montagliani & Giacalone, 1998; Sato & Nihei, 2009). *Grandiosity* is typified by an excessive need for admiration, arrogance, sense of entitlement, envy, and exploitative tendencies towards others (Brown, Budzek, & Tamborski, 2009). According to Dike (2008), *pathological lying* is marked by a long history of frequent and repeated lying. *Manipulativeness* is characterized by charm, deceit, risk-taking, and carelessness about rules and conventions (Zibarras, Port, & Woods, 2008). *Empathy* has been defined as "the ability to detect accurately the emotional information being transmitted by another person" (Levenson and Ruef, 1992, p. 234). *Guilt* "refers to the private feelings of a troubled conscious caused by a personal wrongdoing or by disadvantaging a valued other" (Silfver and Helkama, 2007, p. 239). Although they are capable of concealing their emotional deficits, psychopaths are not capable of experiencing or appreciating everyday emotions, demonstrating a *shallow affect* (Williamson, Harpur, & Hare, 1991). Psychopaths tend to rationalize and justify their behavior, often blaming others rather than accepting responsibility for their own actions (Hare, 2003).

While there has been little research conducted on psychopathy and corporate offending, personality traits such as interpersonal competitiveness, positive extroversion, agreeableness, and neuroticism have emerged as principal personality correlates of white-collar offending (Alalehto, 2003; Feeley, 2006). *Interpersonal competitiveness* is defined as extreme competition in which individuals are motivated to avoid loss and to defeat their rival counterparts. *Positive extroversion* is characterized by individuals who are talkative and spontaneous. In contrast, the *disagreeable businessman* is defined by characteristics such as bitterness, having condescending attitudes towards co-workers, and being easily angered or frustrated at unplanned circumstances and inconsistencies with order, rules, and corporate customs. *Neuroticism* is defined by traits such as anxiety, insecurity, sloppiness, and low self-esteem. While these traits explain corporate offending, other characteristics, such as those typical of psychopathy, can be extended to many of the traits and behaviors of elite criminals. As this thesis demonstrates, corporate behaviors illustrate several traits that are consistent with psychopathy.

Chapter two introduces the concept of corporate crime, offering reasons as to why the issue has been neglected both in the academic literature and by the criminal justice system. Several theoretical explanations of corporate violence are reviewed, including self-control theory, general strain theory, institutional anomie theory, social learning theory, and contextual anomie/strain theory.

Chapter three describes the development of the psychological construct of psychopathy, distinguishing it from the closely-related Antisocial Personality Disorder (ASPD). Next, the relationship between psychopathy and street-level offenses is reviewed with a brief overview of a small portion of studies conducted on psychopathy and offenses such as sexual assault and homicide. This is followed by a brief review of the literature relevant to personality, psychopathy, and elite crime.

Chapter four consists of examples of corporate wrongdoing across a variety of industries, including the oil, automobile, and financial industries. The actions of companies such as British Petroleum, Toyota, General Motors, Enron, Citigroup, Goldman Sachs, Nike, and General Electric are discussed. These behaviors have resulted in the loss of life, environmental damage, inhumane labor practices, and other negative consequences.

Chapter five follows with the application of these examples to traits associated with psychopathy, including glib/superficiality, impression management, lack of empathy, lack of guilt or remorse, pathological lying, and conning/manipulativeness. In addition, personality constructs related to corporate offending, such as the desire for control and openness/intellect, are analyzed.

Chapter six closes with a succinct review, discussion, and future implications for social science research and criminal justice polices. Many acts of elite deviance are left unaddressed by current criminal justice policies. Likewise, the study of elite deviance has been neglected in the academic literature. Future research should continue to explore the emerging relationship between corporate crime and psychopathy. Criminal justice policies should effectively target issues such as corporate crime and other acts of wrongdoing committed by elite members of society.

CHAPTER 2:

CORPORATE CRIME

Henry and Lanier (1998) developed an integrated definitional model of crime that they referred to as the "prism of crime." The prism of crime was created by placing an inverted pyramid beneath an upright pyramid. The upper pyramid symbolizes highly visible crimes, while the lower pyramid represents invisible crimes. Highly visible crimes are typically those committed in public by the powerless. These include street offenses such as robbery, theft, auto theft, burglary, assault, murder, stranger rape, and arson. Invisible crimes include crimes of the powerful, such as offenses committed by government officials, corporations, and organizations; fraud, embezzlement; and even offenses such as date rape, sexual harassment, domestic violence, sexism, racism, ageism, and hate crimes. Such crimes are generally perpetrated in private settings such as organizations, workplaces, and homes. In addition, they typically involve relationships in which trust is violated.

The majority of people regard criminal behavior in terms of legal definitions, which only include acts that violate the written criminal law (Robinson, 2009). These include street or serious crimes such as homicide, rape, robbery, assault, burglary, larceny, motor vehicle theft, and arson. These types of crimes are currently the most targeted by criminal justice agencies under the Crime Control Model, which emphasizes the protection of communities by lowering crime rates, even at the cost of mistakenly convicting the innocent (Robinson, 2009). The Crime Control Model places high value on informal processes, such as plea bargaining, focusing on efficient ways to quickly process a high volume of criminal cases while devaluing individual rights and due process. Since the law defines crime, *any* behavior can become criminalized and a behavior becomes a crime *only* when it is defined as such by the government (Robinson, 2009). Simon (2006) described elite deviance as acts committed by elites or the organizations they lead, which result in physical, financial, or moral harm to include economic domination, government and governmental control, and denial of basic human rights. The consequences of elite deviance include death and injuries that occur due to disregard for workers' health and safety, diminished public confidence in American economic and political elites, racial and class biases in criminal law and its enforcement, monetary cost leading to inflation, and an increase in organized crime (Simon, 2006).

In contrast to street level offenses, acts of elite deviance may fall beyond the scope of codified criminal law. Furthermore, many acts of elite deviance do not actually violate the law, but still have multiple adverse consequences for society (Passas, 2005). In fact, elite offenses cause significantly greater harm than street level offenses. For example, corporate and white-collar property crimes cause an estimated $404 billion in damages, while street level property damages are estimated to only cost $20 billion (Robinson & Murphy, 2009). Still, crimes committed by elites are rarely targeted under the current Crime Control Model (Robinson, 2009).

Elite deviance is characterized by illegal and/or unethical behavior, the maintenance or increase in profit and/or power for economic and political organizations, the open or covert assistance and support from elites who oversee such organizations, and the participation of elite and/or employees that work for people who are wealthy and/or powerful (Simon, 2006). Elite deviance encompasses a wide variety of behaviors, such as white-collar crime, corporate crime, corporate violence, occupational crime, governmental deviance, crimes of the state, crimes of privilege, profit without honor, and crimes by any other name (Robinson, 2009).

There has been a great deal of definitional ambiguity surrounding the conceptionalization of white-collar and corporate crime (Coleman, 2006; Hartley, 2008; Simon & Hagan, 1999). Sutherland (1949, p. 9) first defined white-collar crime as “a crime committed by a person of respectability and high social status in the course of his occupation.” A more recent definition describes white-collar crime as “illegal or unethical acts that violate fiduciary responsibility or public trust, committed by an individual or organization, usually during the course of legitimate occupational activities, by persons of high or respectable social status for personal or organizational gain” (Helmkamp, Ball, & Townsend, 1996, p. 351). Hartley (2008, p. 6) described corporate crime as acts that essentially benefit the corporation itself and white-collar crime as acts that benefit the individuals who work in a corporation. However, he acknowledged that there is some overlap between the two. For the purposes of this thesis, I focus primarily on corporate crime and provide only limited information regarding individuals within corporations.

Corporate crime has been defined as wrongdoing committed by corporate officials for the benefit of their corporation and offenses of the corporation itself (Clinard & Quinney, 1986). According to Hartley (2008, p. 1), “For criminologists, ‘corporate crime’ refers to acts in violation of the law that are committed by businesses, corporations, or individuals within those entities.” In addition to violations of the existing law, corporations may commit acts that, while legal, have many negative social consequences (Passas, 2005). For this reason, definitions of corporate crime should include any harmful actions caused by negligent, reckless, or intentional behaviors that are both lawful and illegal. Frank and Lynch (1992, p. 17) defined corporate crime as, “socially injurious and blameworthy acts, legal or illegal, that cause financial, physical, or environmental harm, committed by corporations and businesses against their workers, the general public, the environment, other corporations and businesses, the government, or other countries.”

Street-level offenses are described as highly visible crimes that cause evident harm to individual victims and society at large (Henry & Lanier, 1998). Acts of elite deviance are described as invisible crimes (Henry & Lanier, 1998). Robinson and Murphy (2009) pointed out some key differences between corporate violence and street violence. Street violence is direct, results in immediate harm, often involves only an individual offender, has various motivations, and is intentional. In contrast, corporate violence is often indirect, results in delayed harm, involves multiple offenders, is financially motivated, and entails culpability. First, acts of corporate wrongdoing do not involve an offender directly harming another like street level crimes, but are caused by corporate actions and policies that expose people to potential harms. Second, street offenses result in immediate harm, while the harm caused by corporate violence often occurs days, weeks, months, or even years after corporate decisions are implemented. Third, street violence is typically committed by one individual or a small group of people while corporate violence involves a very large number of people within one or multiple organizations. In addition, while street crimes may or may not be motivated by monetary gain, corporate crime is motivated by profit maximization. Lastly, whereas street level offenses result from intentional acts, corporate level offenses are typically caused by culpable behaviors in which harm is a negative consequence rather than deliberate.

However, it is important to note that even acts attributed to negligence and carelessness may be committed deliberately or at least with awareness of potential risks.

Examples of Corporate Wrongdoing

In *The Corporation: The Pathological Pursuit of Profit and Power,* Joel Bakan (2004) discusses several examples of corporate wrongdoing. For instance, American corporations such as Nike, The Gap, Kathy Lee Gifford's clothing line, and Walmart, often exploit impoverished countries for cheap and easy labor. Twenty-two separate operations take place to produce one Nike shirt. Five steps involve cutting the material, 11 steps involve sewing, and six steps involve attaching labels, hang tags, and packaging. The estimated maximum time to manufacture one shirt was 6.6 minutes, which cost $0.08 in labor and sold for $22.99. Typical sweatshop conditions are harsh and inhumane. Aside from receiving very little pay, employees in these situations are often humiliated and abused. Young girls are forced to take pregnancy tests and are fired if the results are positive. These facilities are usually located in secret, guarded locations and surrounded by barbed wire. Further, employees are often housed in substandard living conditions by the corporations they work for.

In 1938, President Franklin Roosevelt passed the Fair Labor Standards Act, which banned sweatshops, child labor, and industrial homework. However, the act is routinely violated by the garment industry and many sweatshops remain in operation both domestically and abroad. Only 33% of the garment industry is in compliance with the law. According to Charles Kernaghan, director of the National Labor Committee, sixty-five percent of clothing operations in New York City are sweatshops. Many sweatshops in the United States employ illegal immigrants (Bakan, 2004).

According to Sutherland (1983) many state statutes label individuals with four convictions as “habitual criminals” (p. 23). He also pointed out that the habitual offenses of corporations demonstrate the inability of conventional criminological theories to explain acts of wrongdoing committed by corporations. In his study, Sutherland (1949, 1983) used the records of court decisions and administrative commissions regarding 70 of the largest manufacturing, mining, and mercantile corporations in the United States. His analysis focused on violations such as restraint of trade, misrepresentation in advertising, infringement of patent, trademarks and copyrights, unfair labor practices, rebates, financial fraud and violation of trust, violations of war regulations, and other miscellaneous offenses. He found that a total of 980 decisions were made regarding the 70 corporations with an average of 14 decisions for each one. Of these, 158 (16%) were made by criminal courts. Of the sample, 97.1% were found to be recidivist, having two or more adverse decisions.

Bakan (2004) also discusses the habitual nature of some corporations in committing corporate offense. For example, *Multinational Monitor* organized a list of over forty infractions committed by General Electric between 1990 and 2001. The list included, but was not limited to, the following charges:

> March 27, 1990: Wilmington, North Carolina: GE fined $20,000 for discrimination against employees who reported safety violations.
>
> May 20, 1991: Washington, D.C.: GE ordered to pay $1 million in damages over improperly tested aircraft parts for Air Force and Navy.
>
> February 27, 1992: Allentown, Pennsylvania: GE ordered to pay $80 million in damages for design flaws in nuclear plants.
>
> March 13, 1992: Wilmington, North Carolina: GE fined $20,000 for safety violations at nuclear fuel plant.
>
> July 22, 1992: Washington, D.C.: GE fined $70 million for money laundering and fraud related to the illegal sale of fighter jets to Israel.

> March 2, 1993: Riverside, California: GE and others ordered to pay $96 million in damages for contamination from dumping industrial chemicals.
>
> October 11, 1993: San Francisco, California: GE ordered to offer $3.25 million in rebates to consumers after deceptive lightbulb advertising.
>
> September 14, 1994: Washington, D.C.: GE fined $20 million for overcharges on defense contracts.
>
> October 7, 1996: Hendersonville, North Carolina: GE ordered to clean up contaminated soil and groundwater.
>
> January 24, 1999: Piscataway, New Jersey: GE ordered to reimburse consumers $147 million for unfair debt collection practices (Bakan, 2004, pp. 75-79).

A well-publicized example of corporate crime is the 2001 Enron scandal. Problems began appearing at Enron as early as 1987, only two years after the company was created. Kenneth Lay, CEO of Enron from 1986 to 2002, was indicted in 2004 for 11 charges, including securities and wire fraud, making false statements, and misleading the public and Enron investors. Several other individuals, such as chairman and former CEO Jeffrey Skilling and chief financial officer Andrew Fastow were also involved in the Enron scandal (Fersch, 2006). Bankers from several financial institutions, including Canadian Imperial Bank of Commerce, Bank America, Barclays Banks, and Deutsche Bank, were implicated in the Enron scandal. Allegations included insider trading and deceptive transactions. JPMorgan Chase and Citigroup were among Enron's largest creditors. They used a tactic known as *prepay* that allowed Enron to borrow money and label it as revenue, enabling the company to accumulate about nine billion dollars in the decade leading up to the collapse (Fersch, 2006).

Lay is accused of convincing investors to have confidence in the company, while earning hundreds of millions of dollars by placing shares in stock and selling before shareholders had a chance to notice. He held a Master's Degree in Economics from the University of Missouri and apparently had to work odd jobs to help his family make ends meet after losing their savings by gambling (Fersch, 2006). Lay began his career working for a company that later became part of Exxon. Later he served as an officer in the U.S. Navy and worked as an economist at the Pentagon focusing on military spending before working for other companies, such as Florida Gas, Transo, and Houston Natural Gas. During this time he also completed a Ph.D. in Economics (McLean & Elkind, 2003). He initiated the merging of Houston Natural Gas and InterNorth, which is the merger that later formed Enron. Following the merger, Enron oil remained a hidden division of Enron and in Enron's financial reports, earnings from oil-trading were not separated, nor brought to the attention of Wall Street. Instead, the traders worked to improve Enron's financial appearance (McLean & Elkind, 2003).

With Lay serving as CEO, Enron become the world's largest energy trader having investments and assets of over twenty billion dollars. Lay passed his position of CEO to Jeffrey Skilling in 2001 (Fersch, 2006). Shortly after Enron reported that $638 billion had been lost during the third quarter of the fiscal year and the company filed for Chapter 11 bankruptcy. The government accused Lay of being aware of the condition of his company and of helping officers Skilling and Fastow hide losses from investors and lie about the state of the company. However, Lay claimed that he too was a victim and was not aware of the deeds of Fastow.

Skilling, equipped with an MBA from Harvard and working as a consultant from McKinsey & Company, had impressed CEO Lay so much while working together that Lay offered him the job of CEO in 1990 (Fersch, 2006). The two also become close friends. By

1997, Skilling was named President and Chief Operating Officer of Enron. Skilling told Lay that he would like to use what is known as *mark-to-market accounting*, rather than the traditional *historical-cost accounting*, and that he would not work for Enron unless allowed to do so (McLean & Elkind, 2003). He quickly resigned from the position after only six months and abruptly sold all of his Enron shares, which had a net worth of $60 million. Three months later Enron filed for bankruptcy. Skilling was charged with dozens of counts of fraud, insider trading, and related offenses.

Fastow, who held an MBA from Northwestern University, served as Enron's Chief Financial Officer. He was hired by Skilling, who was impressed with his asset securitization skills, to work for the company in the 1980s. Fastow developed special purpose entities that absorbed Enron's debt. He also established Chewco, a partnership of Enron employees, which hid losses by deceptively listing assets allowing Enron to overstate its earnings by one billion dollars in 2000-2001 (Fersch, 2006). Fastow and his team created off-balance sheet vehicles, complex financing structures, and other instruments so complicated that few can understand them even today (McLean & Elkind, 2003). He was fired just as the collapse of Enron began and was indicted on seventy-eight federal charges related to fraud.

There are countless other examples of corporate wrongdoing. Robinson and Murphy (2009) discuss several different types of corporate violations, including fraud, deceptive advertising, defective products, and deadly products. *Fraud* is defined as a form of theft in which the consumer is deprived of their money or property through deceit, trickery, or lies. Fraud occurs across a wide array of industries in a variety of contexts, such as consumer fraud, insurance fraud, credit card and check fraud, cellular phone fraud, health care fraud, Medicare and Medicaid fraud, telemarketing fraud, securities and commodities fraud, and automotive fraud. *Quackery* is a form of fraud that advertises worthless medical products, such as drugs, devices, and nutritional products. For example, diet and nutrition companies, such as Diet Centers, NordicTrack, Jenny Craig, Nutri/System, Physicians Weight Loss Centers, and SlimAmerica have been accused of fraud. In addition, Robinson and Murphy (2009) discuss fraudulent crimes involving the Saving & Loan scandals, as well as corporations such as WorldCom, Qwest, Tyco, ImClone, Global Crossing, Dynergy, CMS Energy, El Paso Corp., Halliburton, Williams Cos., AOL Time Warner, Saloman Smith Barney, Shering Plough, Bristol-Myers Squibb, Kmart, Johnson & Johnson, Adelphia, Merrill Lynch, Rite Aid, and Coca-Cola.

The tactic of *deceptive advertising* involves using marketing experts to invent effective ads on sample market populations. For example, advertisements may be designed to primarily entice young people to use age-specific illegal products such as alcohol or tobacco. Deceptive advertising is defined as a form of fraud in which a product is marketed using false or misleading claims (Robinson & Murphy, 2009).

The manufacturing and selling of defective products involves furnishing a good or product that is unreasonably dangerous to consumers (Robinson & Murphy, 2009). Defective products are manufactured and sold across a variety of industries, including products such as automobiles, appliances, childrens' toys, car seats, lawn products, electronic devices, home improvement and home furnishing products, food and beverages, drug and health products, and even safety products like gun trigger locks and carbon monoxide and smoke detectors. Even products used by criminal justice agencies such as bullet proof vests and electronic monitoring bracelets have been found to be defective. There have been millions of toy recalls for products manufactured by corporations such as Mattel, Fisher-

Price, and Toys ‘R Us, because of issues such as the use of dangerous amounts of lead paint, cadmium, arsenic, mercury, and polyvinyl chloride (PVC) plastic (Robinson & Murphy, 2009). In addition, products such as tobacco are obviously deadly.

Theoretical Explanations of Corporate Crime

A variety of modern theoretical explanations of criminal behavior have been put forth in the criminological literature. Among these are Self-Control Theory (Gottfredson & Hirschi, 1990), General Strain Theory (Agnew, 2006), Institutional Anomie Theory (Messner & Rosenfeld, 2007), Contextual Anomie/Strain Theory (Robinson & Murphy, 2009), and Social Learning theories (Tarde, 1968; Bandura, 1973; Bandura, 1977; Sutherland, 1947). Each of these theories and their relevancy for understanding the entire spectrum of criminal behavior, including both street and elite offenses, are summarized in what follows.

Self-Control Theory

Gottfredson and Hirschi (1990) attempted to explain criminal behavior using the construct of self-control. Self-Control Theory assumes that the lack of self-control is natural and that self-control must be learned through the process of socialization. Self-control is viewed as being stable across the lifespan, and therefore, it is assumed that children and adolescents low in self-control will have low self-control as adults. Individuals who are low in self-control are likely to be impulsive, insensitive, physical, short-sighted, non-verbal, risk-taking, and egocentric; and are, consequently, more likely to engage in criminal and analogous behaviors more frequently. According to the authors, criminology has traditionally ignored behaviors that are analogous to crime, such as smoking, alcohol use, and accidents, in regards to both causation and social reactions.

To demonstrate how levels of self-control differ among individuals, factors associated with self-control are traced back to two general sources. The first is the degree that traits related to self-control vary among individuals. The second includes ways in which caretakers are able to recognize self-control, the consequences of self-control, and their ability to correct behaviors associated with low self-control. According to Gottfredson and Hirschi (1990), the primary causal factor associated with low self-control is ineffective child-rearing.

Self-Control Theory was intended to explain all crime at all times, as well as behaviors that are not defined as law violations by the state. However, while Gottfredson and Hirschi's theory of low self-control proposes some insights to street level offenses, it offers little efforts aimed at explaining elite deviance. For example, they identified several elements of self-control including immediate, easy, and simple gratification; few or meager long term benefits; and little skill or planning (Gottfredson & Hirschi, 1990, p. 89). Conversely, white-collar and corporate deviants may exercise a great deal of caution and planning, enjoy an abundance of long term benefits, and must possess at least some sort of skill set.

The authors admit that their theory only predicts a low rate of offending among white-collar and corporate workers. They argue that standard viewpoints of white-collar offending are based on misleading statistics, such as those generated by using organizations, rather than individuals, as units of analysis. Also, they reject widely-accepted typological approaches to crime that distinguish among street, white-collar, and corporate crime. Because low self-control is quite antithetical to individuals who are able to secure regular employment and to achieve positions within businesses and corporations, they expect that their theory demonstrates a low tendency toward criminal behavior among white-collar and corporate workers. However, within these groups, the authors argue that there should be notable differences in self-control between those who offend and those who do not.

General Strain Theory

According to Agnew's (2006) General Strain Theory (GST), crime occurs as a result of individual experiences with strain. *Strains* are defined as circumstances that are disliked and/or cause discomfort. *Objective strains* are those that are generally disliked by everyone, while *subjective strains* involve the extent of dislike experienced by a particular person. Three major types of strain include (1) the loss of something valuable, (2) negative treatment from others, and (3) failure to achieve goals. Crime is viewed as a means to reduce or escape strain, obtain revenge, or to alleviate negative emotion. Individuals who lack the ability to cope in legal ways, are disposed to crime, and view the cost of criminal coping as low, are more likely to cope with strain through crime. Personality traits, goals, values, and previous experiences are among the multitude of factors that influence an individual's reaction to strain. Chronic or repeated exposure to strains can create a general disposition for criminal behavior.

Not all individuals are likely to respond to strains with criminal behavior. According to Agnew (2006), those who do engage in criminal behavior do so in order to cope with strain. Crime is viewed as a means to reduce or escape the strain, obtain revenge, or to alleviate negative emotion. Individuals who lack the ability to cope in legal ways, are disposed to crime, and view the cost of criminal coping as low, are more likely to cope with strain through crime. Strains may lead to particular crimes because they create negative emotional states and pressure for corrective action. Strains can decrease coping strategies and the costs of offending, and increase criminal disposition. They can also reduce social controls and facilitate the social learning of crime. Chronic or repeated exposure to strains can create a general disposition for criminal behavior.

Some individuals are more likely to respond to strain with crime than others. Individual reactions depend on the characteristics of the strains one experiences, their own traits and abilities, and the environment. Three general categories of coping strategies include behavioral, cognitive, and emotional coping strategies. Individuals who (1) have poor coping skills, (2) have inadequate social support, (3) have low levels of self control, (4) associate with other criminals and have tolerable attitudes toward crime, and (5) are in situations in which the benefits of crime outweigh the costs are more likely to cope with strain through crime.

Strains that are likely to increase crime for juveniles include those that involve family members and/or school officials. Examples of such strains include parental rejection, neglect, abuse, family conflict, poor grades, and poor relations with teachers. Strains that are likely to increase the likelihood of offending for adults involve marital and employment problems. These include separation/divorce, chronic unemployment, and employment in a secondary labor market. Strains that increase the likelihood of offending for both juveniles and adults include victimization, discrimination, and homelessness. In contrast, proper application of punishment, the belief that one will not achieve their goals, and poor peer relationships are less likely to result in crime. Generally, strains that are most likely to cause crime are (1) viewed as unjust, (2) viewed as high in magnitude, (3) associated with low social control, and (4) create pressure or incentive for criminal coping.

General Strain Theory can explain differences in offending when controlling for gender, class, and race as well as community and societal differences in crime rates.

Previous research relevant to General Strain Theory has generally emphasized street level and status offenses (Agnew, 1999; Warner & Fowler, 2003, Baron, 2004; Froggio, 2007; Baron, 2008). However, General Strain Theory can be used to explain acts of white-collar offenders and even terrorists (Agnew, 2006, p. 16). Indeed strains characterized by financial, goal-related, and economic inequality can offer some insights to various forms of white-collar offenses. Financial, goal-related, and economic strains coupled with the competitive corporate environment can be extended to explanations of corporate crime, contributing to behavior that is focused on alleviating strains related to individual and corporate financial gains, individual advancement within an organization, and corporate progress in the global market at large. Langton and Piquero (2007) found that individuals who reported strain were more likely to be financially motivated to commit white-collar crimes.

Institutional Anomie Theory

Messner and Rosenfeld's modern version of strain theory uses basic sociological concepts to explain increasingly high levels of crime in the United States. The authors acknowledged that crime in the United States is exceptionally high and distinct from that of similarly developed nations, partially due to sociocultural factors that have a significant impact on American views and ways of life. Institutional Anomie Theory (IAT) consists of two components that interact with one another to produce high levels of crime. These components are culture and social structure.

Culture interacts with the existing social structure in a way that encourages crime. Cultural components include people's values and beliefs, while social structure describes people's roles and positions in society. The imbalance of power between economic and noneconomic institutions is the socially structured component of IAT, which leads to weak institutional control and inadequate support for noneconomic institutions, such as the family, educational system, and the political system. The implications for the combination of cultural views and institutional imbalance of power are high levels of crime. According to Messner and Rosenfeld (2007), crime in the United States often occurs “by any means necessary” (p. 21).

The cultural element of Institutional Anomie Theory is centered around the notion of the *American Dream*, which leads to pressure for economic success and anomie. The term *anomie*, coined by sociologist Émile Durkheim, refers to “a weakening of normative order in society” (Messner & Rosenfeld, 2007, p. 11). The *American Dream* is defined as “a broad cultural ethos that entails a commitment to the goal of material success, to be pursued by everyone in society, under conditions of open, individual competition” (Messner & Rosenfeld, 2007, p. 6). Messner and Rosenfeld argue that the American Dream socializes people to seek out economic success and to believe that their chances of achieving economic success are relatively high. This facilitates the ongoing pursuit of rarely-achieved aspirations and material gains. This focus on material success undermines the importance of noneconomic structures, such as those related to education, family, and politics. The universal acceptance and pursuit of the American Dream creates a number of obstacles for people since the reality is that the existing social structure creates economic inequality.

The four basic value foundations of the American Dream are (1) achievement, (2) individualism, (3) universalism, and (4) materialism. Individual self-worth is often evaluated on the basis of *achievement*. American society emphasizes *individualism*, as Americans are deeply dedicated to individual autonomy and individual rights. *Universalism* is described as the universal acceptance of cultural goals and values, as virtually everyone is socialized to achieve and to evaluate themselves and others using this criteria for success. *Materialism* is a focus on monetary success and material accumulation. All of these factors function in a way that emphasizes material gain while diminishing the importance of legitimate means to attain economic success.

The social structure described by Messner and Rosenfeld's theory is characterized by an institutional imbalance of power. This uneven distribution of power results in weakened control and support of noneconomic institutions. The four institutions discussed include the (1) economy, (2) family, (3) educational system, and (4) political system. The *economy* is the dominant institution that impacts the remaining three, creating an institutional imbalance of power. Messner and Rosenfeld point out three ways to demonstrate the institutional imbalance of power exerted by the economy onto family, education, and politics. These are (1) devaluation, (2) accommodation, and (3) penetration (Messner & Rosenfeld, 2007, p. 76). For example, education is *devalued* by the economy because it is mostly viewed as a way to attain a desired occupation, and therefore money. The domination of family life by work schedules, monetary rewards, and punishments is an example of accommodation to the economy. *Accommodation* occurs when work schedules, rewards, and penalties dominate family routines and way of life. *Penetration* occurs when families, schools, and political activities are performed in a business-like way. The American Dream functions to produce and maintain this institutional imbalance by emphasizing achievement, competition and individualism, universalism, and the exaggeration of economic success.

These cultural values, the devaluation of noneconomic institutions, and the portrayal of economic institutions and economic success of upmost importance can contribute to the commission of both street and elite crimes. In the context of corporations, seeking the American Dream, and the values associated with it, can motivate individuals to increase their gains at any costs necessary. The desire for success continues as individuals advance within an organization. They may become more focused on future progress and increasing their own personal gains, while working towards goals and directives put forth by the corporation. Cultural prioritization of financial success creates the desire and pressure to maximize individual income and corporate profit.

Contextual Anomie/Strain Theory

Institutional Anomie Theory is certainly better-equipped to explain acts of elite deviance than Self-Control Theory or General Strain Theory. However, Robinson and Murphy's (2009) Contextual Anomie/Strain Theory is even more relevant to understanding crimes of the elite. Based on Insitutional Anomie and Strain theories, they analyze corporate wrongdoing by adding the concept of maximization. *Maximization* is defined as "the concomitant utilization of legitimate and illegitimate means to achieve the goals associated with the American Dream" (Robinson & Murphy, 2009, p. 3). This form of behavior involves simultaneously obeying the law and violating the law. The authors provide an example in which the board of directors of a corporation (a legal activity) decides to overlook workplace safety regulations (an illegal activity) in order to increase their profits.

Maximization is the combination of two adaptive modes to strain: *conformity* and *innovation* (see Merton, 1957). *Conformity* is defined as the acceptance of cultural goals and institutional means, which are consistent with law-abiding behavior. *Innovation* is defined as the acceptance of cultural goals and rejection of institutional means, which results in criminal behavior. *Maximizers* simultaneously engage in both conformity and innovation, such that the boundaries between law-abiding behaviors and criminal behaviors become distorted or disregarded. This is especially likely to occur in corporate settings where there is added pressure to achieve financial success and immoral, harmful legitimate and illegitimate means are normalized. Maximizers view their actions as justifiable and even celebrated in relation to competition within and between businesses. Examples of maximization include fraud, deceptive advertising, the manufacturing of defective products, and even the manufacturing of deadly products such as tobacco and automobiles. Robinson and Murphy (2009) argue that crime and deviance have become normal in corporations, and that maximization is the primary way corporations have achieved greater wealth.

Social Learning Theory

Social Learning Theory can be traced back to the work of scholars such as Gabriel Tarde, Edwin Sutherland, and Albert Bandura (Robinson & Beaver, 2009). Tarde's (1968) Theory of Imitation proposed that behavior is learned by mimicking others. Bandura's (1973, 1977) observational learning theory proposed that behavior is learned through observation and modeling. An observed behavior is likely to be repeated by an individual if it yields positive rewards and reinforcements, especially if the observed behavior is performed by an admired superior. Sutherland's (1947) Differential Association Theory proposed that criminal behavior is learned from deviant peers. In the context of a specific subculture, criminal behavior may even be valued, especially when individuals associated with the subculture adopt values and beliefs that deviate from those of mainstream society. In other words, behavior is not formally taught but is rather learned through the replication of informal social processes and social interactions.

Organizations have their own unique subcultures that shape their individual members' behavior in several ways, often without their conscious awareness (Coleman, 2006). Organizations exercise a great deal of control over human behavior and must indirectly influence the lives of groups outside of the organization, while maintaining direct control over employees, to survive. According to Coleman (2006), there are several mechanisms that organizations use to achieve conformity, including the threat of dismissal, the fear of losing an important assignment, and not being competitive for promotions. Organizations pressure workers to commit deviant acts using motivations such as alienation (Simon & Hagan, 1999). Pressure to conform often causes personal ethics to be sacrificed for the sake of one's career. Over time organizations have become more routine and bureaucratic, employing members that were less autonomous and ambitious and more passive and malleable (Coleman, 2006). The organizational subculture defines work situations and roles, and shapes the moral sensibilities and attitudes of its members. Simon and Hagan (1999) argue that role confusion can occur when workers confuse the roles they play within organizations with who they are as individuals.

Management sets standards for ethical behavior for the employees they oversee. Individual employees are viewed as dispensable and easily replaceable if they do not conform to corporate expectations (Coleman, 2006). Lower level workers are compelled to meet the demands of their superiors (Coleman, 2006; Rossoff, Pontell, & Tillman, 2007). Greedy corporate leaders promote deviance within their organizations (Rossoff, Pontell, & Tillman, 2007). In addition, the corporate environment of strain and competition creates conditions conducive to crime (Rossoff, Pontell, & Tillman, 2007).

The process of socialization occurs at all levels of the organization (Coleman, 2006). Corporations shape aspiring employees to fit their corporate image. *Transfer* is one method used by corporations to accomplish this. Continually shifting employees from one area to another and requiring them to work long hours causes their outside ties to become weaker. Relationships with family, friends, and community are disrupted and the individual becomes more dependent on the organization to satisfy social needs. This process of socialization can create a sense of amorality and moral numbness, such that those who are well-socialized into organizational practices take a narrow pragmatic approach to work, placing the interests of their corporation as top priority with little consideration of moral consequences (Coleman, 2006). Organizations also define work situations and work-related goals in a way that can make amoral and/or illegal acts appear normal and routine. Because employees are sheltered and isolated from the outside world, offenders are insulated from any outside judgment and condemnation (Coleman, 2006). Workers often suffer from self-estrangement and being cut off from their own feelings, desires, and needs (Simon & Hagan, 1999).

The culture of competition within the subculture of organizations also creates criminogenic conditions in which illegal and amoral acts are incorporated into organizational norms. The competitive struggle for personal gain and advancement is viewed as a positive individual strength rather than as negative or selfish. Any social inequality is viewed as legitimate and fair. The poor are stigmatized and labeled incompetent and lazy, while the rich and successful are admired, creating a strong desire for success and a fear of failure (Coleman, 2006).

CHAPTER 3:

PSYCHOPATHY

Psychopathy is fascinating because it is a form of antisocial behavior disguised by a veil of normalcy (Patrick, 2006). Indeed, psychopaths are so proficient in their conning and manipulative qualities that they can easily gain the trust of those who surround them. Seemingly impervious to the common plights of other psychological disturbances, psychopaths are generally well-liked by others and perceived as well-meaning (Patrick, 2006).

The term "psychopathic personality" was first introduced during the late 1800s, and by the 1930s the term "sociopathic personality" had emerged (Lykken, 2006). During the 1940s, the work of Cleckley (1941) formed the foundation for the pathological condition we now know as psychopathy. His work identified several criteria including superficial charm, lack of anxiety, lack of guilt, undependability, dishonesty, egocentricity, failure to learn from punishment, poverty of emotions, and lack of insight into the impact of one's behavior on others (Shipley & Arrigo, 2004; Blair, Mitchell, & Blair, 2005).

A clinical diagnosis relevant to psychopathy was subjective until the American Psychiatric Association delineated the diagnostic criteria for Antisocial Personality Disorder (APD or ASPD) in the DSM-III, published in 1980 (Lykken, 2006). However, it is important to distinguish between ASPD and psychopathy. While ASPD and psychopathy are related and share some overlap, they are *not* the same diagnosis (Shipley & Arrigo, 2004; Hare &

Neumann, 2006). The most recent version of the Diagnostic and Statistical Manual of Mental Disorders, the *DSM-IV-TR*, describes the diagnostic criteria for ASPD as follows:

> A. There is a pervasive pattern of disregard for and violation of the rights of others, occurring since age 15 years, as indicated by three (or more) of the following:
> (1) failure to conform to social norms with respect to lawful behaviors as indicated by repeatedly performing acts that are grounds for arrest
> (2) deceitfulness, as indicated by repeated lying, use of aliases, or conning others for personal profit or pleasure
> (3) impulsivity or failure to plan ahead
> (4) irritability and aggressiveness, as indicated by repeated physical fights or assaults
> (5) reckless disregard for safety of self or others
> (6) consistent irresponsibility, as indicated by repeated failure to sustain consistent work behavior or honor financial obligations
> (7) lack of remorse, as indicated by being indifferent to or rationalizing having hurt, mistreated, or stolen from another
>
> B. The individual is at least age 18 years.
>
> C. There is evidence of Conduct Disorder with onset before age 15 years.
>
> D. The occurrence of antisocial behavior is not exclusively during the course of Schizophrenia or a Manic Episode (American Psychiatric Association, 2000, p. 706).

The current standard for a diagnosis of psychopathy is Robert Hare's (2003) Psychopathy Checklist—Revised (PCL-R) (Fowles & Dindo, 2006; Walsh, Swogger, & Kosson, 2009). The PCL-R is a construct rating scale that consists of 20 items, each of which are scored on a three point scale that ranges from 0 to 2 (Fowles & Dindo, 2006; DeMatteo, Edens, & Hart, 2010). A score of 30 or higher is typically regarded as the threshold for psychopathy (Hare, 2003; Hare & Neumann, 2006). The items have been classified into four factors, including interpersonal, affective, lifestyle, and antisocial (Hare & Neumann, 2006). Referring to ASPD, the APA (2000, p. 702) states that, "This pattern has also been referred to as psychopathy, sociopathy, or dyssocial personality disorder." However, Hare & Neumann (2006) argue that ASPD and psychopathy represent two related, but different constructs. While those who score high on the PCL-R are likely to meet the diagnostic criteria for ASPD, those with ASPD often do not have high PCL-R scores (Hare & Neumann, 2006). Not all criminals can be classified as psychopathic and the level of violence seems to be positively correlated with psychopathy (Shipley & Arrigo, 2004.) According to Shipley & Arrigo (2004, p. 44), “Whereas the vast majority (about 90%) of criminals classified by the PCL-R as psychopathic are diagnosed with ASPD, only about 30 percent of those with the diagnosis of ASPD can qualify as psychopathic.” Here it is important to note that while ASPD and psychopathy may share some similarities, for the purposes of this thesis I focus specifically on those character traits associated with psychopathy, rather than with ASPD.

As illustrated in Table 1 (p. 88), the PCL-R four-factor model of psychopathy identifies several personality characteristics. Among these are conning/manipulativeness, impression management, pathological lying, lack or remorse of guilt, callousness/lack of empathy, stimulation seeking, impulsivity, and criminal versatility. *Personality* can be defined as “the set of psychological traits and mechanisms within the individual that are organized and relatively enduring and that influence his or her interactions with, and adaptations to, the intrapsychic, physical, and social environments” (Larson & Buss, 2005, p. 4).

Other personality traits relevant to corporate violence that are not identified by the PCL-R are also explored. Among these are desire for control and openness/intellect. *Desire for control* can be defined as an urge to exercise control over everyday life events (Piquero, Exum, & Simpson, 2005). *Openness/intellect*, sometimes referred to as culture, imagination, or fluid intelligence, is illustrated by an openness to new experiences, intellectual ability, and creativity (Larson & Buss, 2005).

Psychopathy and Street Crime

The majority of the literature on psychopathy has traditionally focused on violent offenses committed at the street level, rather than acts committed by elites. Psychopathy has been linked to both *instrumental* and *reactive aggression* (Blair, Mitchell, & Blair, 2005; Walsh, Swogger, & Kosson, 2009). *Instrumental aggression* occurs when violence is used to achieve a desired outcome, while *reactive aggression* is triggered by some upsetting event. Recent studies on psychopathy and violent street level crimes are reviewed below.

In their assessment of female predatory homicide, Shipley and Arrigo (2004) explain serial murder at the intersection of psychopathy and attachment disorder. *Attachment disorder* is associated with symptoms such as superficially engaging and charming behavior; lack of eye contact; indiscriminate affection toward strangers; destructive behavior to self, others, and material things; low impulse control; poor peer relationships; and inappropriate clinginess. Using the case of Aileen Wuornos, the authors identified behaviors consistent with attachment disorder and psychopathic characteristics. Their analysis included PCL-R traits such as grandiose sense of self-worth, proneness to boredom/need for stimulation, pathological lying, conning/manipulative, lack of remorse or guilt, shallow affect, callous/lack of empathy, parasitic lifestyle, poor behavioral controls, promiscuous sexual relationships, early behavioral problems, lack of realistic long term goals, impulsivity, irresponsibility, failure to accept responsibility for one's own actions, juvenile delinquency, and criminal versatility. Homicide, especially serial homicide, is linked to personality traits consistent with psychopathy.

Utilizing a series of three case studies, Pardue and Arrigo (2008), explored several personality traits relevant to psychopathy. They conducted a personality analysis of three different types of rape offenders (i.e. power, anger, and sadistic rapists), rating each rapist type on a Likert-type scale. *Power rapists* are characterized by using minimal physical force and their assaults are argued to function as a means of asserting their masculinity. In contrast, *anger rapists* are characterized by using more force than necessary and their victims are often symbolic of someone that has angered them. *Sadistic rapists* are characterized by using excessive physical violence and serial sexual homicide. As demonstrated in Table 2 (p. 89), the authors found that each type rated high on measures of lack of empathy and conning/manipulation. The anger and sadistic types rated high on novelty/sensation seeking, while the power type rated low to moderate on novelty/sensation seeking, in comparison. The sadistic type rated moderate on narcissism, while the power and anger types rated high on narcissism. On impulsivity, the anger type rated high in comparison to the power and sadistic types, who rated low and low/moderate, respectively. On the trait of surgency/extroversion, the power and anger types rated moderate/high and high respectively, while in comparison, the sadistic type rated low. It is important to note that these offenders were rated in comparison to one another, rather than to a non-criminal sample.

Walsh, Swogger, and Kosson (2009) studied a sample (N=248) of European American and African American men, each of which had a history of at least one violent offense, who were being housed in a county jail for felony or misdemeanor convictions. The purpose of their study was to explore the relationship between psychopathy and instrumental violence. They assessed PCL-R scores, a scale designed to measure instrumental violence known as the Aggressive Incident Coding Sheet (AICS), and IQ scores using the Shipley Institute of Living Scale-Revised (SILS-R). The mean score for the PCL-R was 25.88 (SD=6.50). While a score of 30 is necessary for a diagnosis of psychopathy (Hare, 2003;

Hare & Neumann, 2006), the mean score was high enough to reasonably demonstrate that there is a correlation between psychopathy and violence. Violent offenses included crimes such as robbery, assault, murder, weapons charges, kidnapping, and sexual offenses. Results indicated that PCL-R scores were positively correlated with instrumental violence. The authors argued that grandiosity and manipulativeness were two mechanisms that facilitated instrumental violence. Grandiosity may function to reduce the fear of apprehension, while instrumental violence may be used as one of several manipulative tactics.

Häkkänen-Nyholm and Hare (2009) explored the relationship between psychopathy and postoffense behaviors in a sample (*N*=546) of Finnish homicide offenders. PCL-R assessments were performed retrospectively by reviewing files from the National Authority for Medicolegal Affairs archives. The mean PCL-R score was 19.3 (*SD*=9.8) and PCL-R scores were significantly higher for male offenders in comparison to female offenders. Other variables included type of charge (either manslaughter or murder), age, gender, psychiatric diagnosis, criminal history, number of co-offenders, being under the influence of drugs or alcohol during the crime, leaving the scene without informing anyone, and denial of charges. Postoffense behavior was known for 89.8% of the entire sample. Of these, 160 (32.4%) left the scene of the crime without informing anyone of the murder. These offenders generally had higher PCL-R scores than those who did not flee the scene. Fifty-seven (10.4%) of the sample denied the charges brought against them during forensic examinations. These offenders also had significantly higher PCL-R scores. Results also showed that those with higher PCL-R scores received reduced sentences and were able to appeal the sentences of higher courts successfully. This demonstrates the ability of psychopaths to continue impression management and manipulative behaviors during the course of criminal proceedings, ultimately deceiving the criminal justice system (Häkkänen-Nyholm & Hare, 2009).

Such capabilities are certainly relevant to extending this analysis to the exploration of psychopathic corporate crime. Psychopathic features such as callousness, grandiosity, and manipulativeness, are relevant to making persuasive arguments and potentially harmful decisions, while features such as impulsivity, irresponsibility, and poor behavioral controls are relevant to poor decision making and performance (Babiak, Neumann, & Hare, 2010). While the relationship between violent street level offenses and psychopathy has been well established in the literature, little research has been conducted on psychopathy and elite offenses. In fact, the present author only discovered one quantitative study that explores corporate crime and psychopathy to date.

Psychopathy and Elite Crime

Babiak, Neumann, and Hare (2010) explain that our limited knowledge about corporate psychopathy is largely due to the difficulty in obtaining the cooperation of business organizations. They were presented with a unique opportunity to explore psychopathy and its correlates in a sample (*N*=203) of corporate professionals from various companies. The participants were selected by their organizations to participate in management development programs. Measures of successful performance included performance appraisals conducted by corporate staff. For 140 of the participants, 360-degree assessments were available, which were evaluations conducted by five to ten anonymous individuals and reflected six broad management competency areas: (1) communication, (2) creativity/innovation, (3) leadership (4) management style (5) strategic thinking, and (6) team player. Psychopathy was measured by conducting PCL-R assessments on each individual. PCL-R scores were then converted to PCL:SV (Psychopathy Check List: Screening Version) equivalents to allow the distribution of psychopathic traits in the corporate sample to be compared with PCL:SV distributions obtained in previous studies of community samples. The PCL:SV is used to screen for psychopathy in forensic, psychiatric, and non-clinical settings and takes less time to administer that the PCL-R (Ganellen, 2004).

Results yielded both a skewed (2.81, *SE*=0.17) and kurtotic (7.42, *SE*=0.34) distribution of PCL-R scores. The scores ranged from 0 to 34 (out of a total possible of 40) and the mean was 3.64 (*SD*=7.35). While 80% of the scores fell between 0 and 3, nine participants (4.4%) had a score of at least 25, eight (3.9%) had a score of at least 30, two had a score of 33, and one had a score of 34. In comparison to the community sample (2.67, *SD*=3.50), the corporate sample had a slightly lower mean score (2.17, *SD*=4.40) for the PCL:SV equivalent. However, the corporate sample had more participants with high scores than those in the community sample.

PCL-R scores were not significantly related to the level of management held by participants. However, the authors noted that of the nine participants who scored 25 or higher, two were vice presidents, two were directors, two were managers or supervisors, and one held some other type of managerial position. Performance appraisals and 360-degree assessments indicated that psychopathy was associated with strong communication skills, strategic thinking skills, creativity/innovation, poor management style, and not being perceived as team oriented.

According to Bakan (2004), corporations were initially conceived as public institutions intended to serve national interests and advance public goods. They are creations of the state, which granted them rights such as legal personhood and limited liability, and are viewed as independent persons. Bakan (2004) also argues that corporations are psychopathic and interviewed Dr. Robert Hare, creator of the PCL-R, on the subject. Hare points out several psychopathic qualities of corporations, including irresponsibility, manipulativeness, lack of empathy, lack of guilt or remorse, and superficiality.

Hare explains that corporations are often irresponsible since they attempt to satisfy their goals by putting others at risk. They attempt to manipulate public opinion and display grandiosity by their persistence in establishing their position as “number one” and “the best” (Bakan, 2004, p. 57). Lack of concern shown for those that they have harmed and could potentially harm demonstrates their lack of empathy. Lack of guilt or remorse is illustrated by the fact that corporations often continue to commit the same violations after being caught and paying fines that are often trivial in comparison to their profits. Hare also argues that corporations are superficial in their relations since they attempt to present themselves in a positive light to the public, which is not representative of what they are in reality. Similar to the way in which a human psychopath uses manipulation and charm to “mask” themselves as normal, corporations present themselves as socially responsible, compassionate, and concerned about others. However, in reality, and as displayed in their behaviors, they are not.

Other Studies Relevant to Personality and Elite Crime

While there is a dearth of research on corporate crime and psychopathy, studies on white-collar crime, corporate crime, and personality are relevant for the current analysis. Alalehto (2003) studied the relationship between economic crime and personality. Data were gathered from interviews conducted with a total of 128 businessmen. Randomly selected informants acted as interviewers. Interview materials consisted of 62 main questions and 25 follow-up questions and took approximately 1.5 hours to conduct. The results did not indicate any specific predictor for law-abiding or criminal behavior. However, individuals who were positive extroverts, disagreeable, or neurotic showed a greater tendency to commit economic crimes.

The *positive extrovert* was characterized by social competency, talkativeness, spontaneity, and sensuality. While these seem like rather positive or at least unproblematic traits, Alalehto (2003) points out that the positive extrovert may also be manipulative, egocentric, and dominating. In comparison, he identified the *disagreeable businessman* as lacking social competency, being grudging and suspicious, and acting with aggressiveness. The *neurotic* was characterized by self-pity, being quickly offended, insecure, self-critical, and unbalanced. Conceit and agreeableness emerged as traits associated with law-abiding behaviors. According to Alalehto (2003), conceited individuals display self-discipline, consistency, predictability, inflexibility, and conventionality while agreeable individuals are friendly, good-humored, generous, and forgiving.

Feeley (2006) explains a variety of personality characteristics that play a role in the commission of white-collar crime. *Interpersonal competitiveness* is characterized by extreme competition in which individuals are incapable of accepting any sort of loss and are driven by the desire of defeating their rivals. Three dominant personality traits include positive extroversion, the disagreeable businessman, and neuroticism. *Positive extroversion* describes individuals who are talkative and spontaneous. Such individuals may also be manipulative and egocentric. In combination with low self-control, extroverted individuals may be aggressive, uncooperative, and more likely to engage in antisocial behaviors. The *disagreeable businessman*, in comparison, is characterized by bitterness, having condescending attitudes towards co-workers, and being easily angered or frustrated at unplanned circumstances and inconsistencies with order, rules, and corporate customs. The *neurotic* is described as anxious, insecure, sloppy, and low in self-esteem.

These traits, combined with the competitive corporate environment easily facilitate antisocial behavior. Feeley (2006) identified competitive organizational structures, lax morality, and feelings of wrongness as environmental factors that also lead to white-collar offending. Organizational structures in a capitalist society can create a “culture of competition” (p. 205) fueled by money, which is viewed as a standard of success and creates pressure toward economic achievement and attaining wealth. Lax moral standards and attitudes toward corporate and white-collar offenses can make it difficult for individuals, including offenders and the public, to relate to the harm caused by crimes such as fraud, tax evasion, or perjury, and to the harm caused by crimes such as assault, rape, and murder. Aggressive business tactics have become more difficult to distinguish from illegal activity (Feeley, 2006). Slack governmental regulation and weak penalties also send a message that these sorts of crimes were not considered important problems.

According to Simon and Hagan (1999), organizational environments often function to produce deviant personalities. Many individuals may disregard moral behavior and strive to advance in their organizations at all costs. Robinson and Murphy (2009) point out that psychopathic behaviors are normal in corporate settings and even valued. Individuals likely to engage in white-collar offenses may meet the criteria for attachment disorder and are capable of lying and manipulating with ease (Simon & Hagan, 1999).

Certainly, the aforementioned personality traits are relevant for applying psychopathy to individuals who engage in white-collar and corporate crimes. There are a number of ways in which white-collar and corporate criminal behavior is consistent with PCL-R qualities, such as glib/superficiality, grandiose self-worth, pathological lying, and conning/manipulativeness. For example, positive extroverts are often manipulative (Alalehto, 2003; Feeley, 2006), consistent with the PCL-R measure of conning/manipulativeness. In addition, positive extroverts are egocentric, enjoy being admired by others, and justify their faults (Alalehto, 2003), consistent with glib/superficiality and impression management. Relevant to shallow affect and callousness/lack of empathy, the disagreeable businessman is often suspicious, bitter, grudging, and condescending (Feeley, 2006; Alalehto, 2003).

Nominalist theories of corporate personality view organizations as collections of individuals, while realist theories view corporations as primarily responsible for their actions, disregarding individual responsibility (Colvin, 1995). Indeed because white-collar and corporate harm is often viewed as the result of the actions of a group of individuals, rather than one individual, there is a dispersion of responsibility. Individuals within organizations can easily blame the organization for any wrongdoing (Punch, 2008), consistent with the psychopathic characteristic of failure to accept responsibility.

CHAPTER 4:

DATA

In order to explore the relationship between corporate crime and psychopathy, qualitative data on corporate behavior were gathered from a variety of resources, including academic journal articles and books, news sources, and popular media sources. Using an approach similar to a case study, examples of corporate crime are explored across three different industries to include the oil, automobile, and financial/banking industries. These industries represent recent, highly publicized incidences of corporate wrongdoing. Here, the behaviors of several different corporations such as British Petroleum (BP), Toyota, and Goldman Sachs are discussed. These examples of corporate wrongdoing are then applied to the various psychopathic traits that they demonstrate, including glib/superficiality, impression management, grandiose sense of self-worth/narcissism, pathological lying, conning/manipulativeness, lack of remorse or guilt, callousness/lack of empathy, failure to accept responsibility, stimulation seeking, irresponsibility, parasitic orientation, serious criminal behavior, and criminal versatility. In addition, the relationship between corporate psychopathy and the personality traits of desire for control and openness/intellect are explored.

Although these examples provide adequate evidence to establish a relationship between psychopathy and corporate wrongdoing, this analysis is limited. Due to the widespread nature of corporate crime, an indepth review of all violations across various industries is simply not feasible. There are countless instances of corporate wrongdoing (Bakan, 2004; Clinard & Yeager, 2006; Coleman, 2006; Simon, 2006; Hartley, 2008; Robinson & Murphy, 2009). In addition, the application of individual level constructs to behaviors committed in the context of organizational settings presents yet another shortcoming of this analysis. According to Fersch (2006), corporations may be evaluated as either individuals or entities consisting of individuals. Both individuals and corporations may be labeled as psychopathic. However, many characteristics associated with psychopathy such as shallow affect, juvenile delinquency, and revocation of conditional release may be difficult to assess in the context of organizations. Furthermore, some psychopathic traits "are quite specific to human affairs and, even if an argument could be made for their translation to corporate behavior, assessment of these qualities holds little value" (Fersch, 2006, p. 126).

The Oil Industry

On Tuesday, April 20, 2010, the mobile offshore drilling unit (MODU) Deepwater Horizon, which was being leased to British Petroleum, exploded in the Gulf of Mexico. The explosion resulted in 11 deaths and an oil spill initially estimated at 1,000 barrels (42,000 gallons) each day (Hyder, 2010a). By May 1, 2010, BP and government officials estimated that 5,000 barrels (210,000 gallons) were leaking into the Gulf of Mexico each day (Dlouhy & Hatcher, 2010). By the end of June, this estimate increased to 60,000 barrels (1.5-2.5 million gallons) per day (Hyder, 2010b).

Not only did the explosion and ensuing oil spill result in the loss of 11 lives, but also in extensive environmental damage and economic issues for fishing and tourists industries on the Gulf Coast. By July, the oil had washed ashore in tourist cities and counties along the coast and officials estimated that they would lose approximately $1 million in general sales and lodging (Brock, 2010). As early as May 18, 2010, the National Oceanic and

Atmospheric Administration (NOAA) reported that the deaths of 162 sea turtles, a dozen bottlenose dolphins, and 23 birds were linked to the oil spill (Hyder, 2010a). In addition to concerns about wildlife populations and habitats, there were also rising concerns about the impact of the spill on the local seafood industry and protection of the mainland from potential tropical storm damage (Hyder, 2010b). Gulf fisheries in a 45,728 square mile area were closed (Hyder, 2010a).

Adding to the outrage of the general public and officials, was BP's inadequate response to the oil spill. Interior Secretary Ken Salazar insisted that BP should work harder and faster in clean up efforts, while Louisiana Governor Bobby Jindal expressed concern that the company did not have adequate resources to protect the coast, stop the leak, and clean up the spill (Dlouhy & Hatcher, 2010). It was estimated that there would be tens of thousands of lawsuits filed against BP in relation to the oil spill. Meanwhile, BP had expressed interest in its own lawsuit against the Anadarko Petroleum Corporation (APC), a 25% co-owner of the leased oil well, for failing to pay for any damages related to the spill. APC responded by accusing BP of gross negligence and willful misconduct (Hyder, 2010a).

Prior to the 2010 oil spill, BP had been accused of such behaviors related to operations in an Alaskan oil field. In 2002, BP ordered one of their technicians to reactivate a well that had been shut down for repairs at the Prudhoe Bay oil field in Alaska. This was done even though engineers at BP were aware that the well still had problems and would operate at unusually high pressures. Reactivation of the well resulted in an explosion that was nearly fatal to the technician ordered to reactivate it. Fifteen percent of his body was covered in burns and he suffered a broken leg, and damaged knees and vertebrae (Bakan, 2004). Prior to this explosion, workers at the Prudhoe Bay oil field had complained about BP's persistent failure to comply with maintenance and safety regulations.

In 1999, operators accused BP of not being "in compliance with statutory and regulatory requirements" in a letter to the company's chief executive, John Browne (Bakan, 2004, p. 81). An oil spill that occurred the previous year due to a valve leak, which resulted in a spill of 1,200 gallons of oil and thousands of cubic feet of damage, was cited in the letter. BP ranked this incident at the most serious level in terms of potential employee deaths and environmental damage. Following this leak, a report called for a maintenance program which would require that all similar valves be checked and replaced if necessary. However, this very suggestion was made five years prior by the state regulatory agency responsible for overseeing the valves. According to BP operators, none of these recommendations were followed and valves continued to leak (Bakan, 2004).

In 2001, state inspectors found that one-third of the pads at one of the company's drilling platforms were defective and not in violation of regulatory standards. In that same year, operators in Alaska had contacted BP's probation officer to inform her that the oil company was not in compliance with a 1999 probation order. The probation order had been implemented following a felony conviction due to BP's negligence in reporting the release of a hazardous substance into the environment that had occurred over a two-year period. For this, BP had been fined the maximum penalty of $500,000 and placed on organizational probation (Bakan, 2004).

BP was subjected to a federal investigation concerning changes that were made to a 2002 report conducted by Alaska state officials. The company was criticized by U.S. and state officials for its response addressing corrosion and potential leak issues with pipelines at the Prudhoe Bay oil field. Changes were made to the report after BP complained that it was too biased and negative, claiming that their review and input on the report was typical of the review process. Coffman Engineers, who wrote the report, claimed to have made changes to it after the company further explained some things of which they were unaware. BP officials admitted that they needed to do more in light of the recent discovery of severe corrosion, although they defended their corrosion-control programs (Carlton, 2006).

Another massive BP explosion occurred in March 2005 at a refinery in Texas City, Texas resulting in 15 workers being killed and 170 others suffering from injuries. Investigators discovered that BP had ignored company protocols and that a warning system had been disabled. The company was fined $50 million by the Environmental Protection Agency (Lustgarten, 2010). Over the past decade, several internal investigations found that BP repeatedly disregarded safety and environmental policies and senior level managers were warned that serious accidents could occur if their practices did not change. Risks included actions such as neglecting key equipment necessary for emergency shut down such as safety valves and gas/fire detectors and falsified inspections of fuel tanks (Lustgarten & Knutson, 2010). In 2004, an investigation found workers who raised concern over safety and environmental issues were intimidated by management. The company was said to use the practice of "run to failure," in which equipment is used as long as possible to save on maintenance costs (Lustgarten & Knutson, 2010).

The Automobile Industry

While profit maximization is a top priority for car manufacturers, ensuring consumer safety requires special ethical responsibilities ("Toyota in Reverse," 2010). In November 2009, Toyota Motor Corporation issued a recall of 4.2 million vehicles to repair a flaw in design that could result in the gas pedal becoming trapped under the floor mat. A second recall was issued in January 2010 for 2.3 million cars and trucks as a result of a problem with accelerator pedals that could stick, causing unintentional acceleration (Bunkley, 2010). By February 2010, the total number of vehicles recalled climbed to 11 million and Toyota announced that it may recall even more vehicles due to power steering defects.

A Cincinnati attorney filed a class action against Toyota for attempting to conceal the accelerator, braking, and steering defects from its customers for almost an entire decade (Chesley, 2010). According to Congressman Bart Stupak, Toyota had attempted to prevent Congressional investigators from examining its electronic controls and that, in as early as 2002, the company had become aware of acceleration issues. Toyota was also examining acceleration problems in Camrys as early as 2004 (“Toyota in Reverse,” 2010). In addition to numerous injuries and billions in economic damage to customers, at least 39 deaths occurred due to the defects (Chesley, 2010). A March 2010 editorial in *America* magazine estimated the total death count due to acceleration problems to be 52 (“Toyota in Reverse,” 2010).

While Toyota had previously denied that there were any flaws in the electronic throttle control system design, a representative from Toyota testified before Congress in February 2010, admitting that recent recalls related to gas pedals becoming lodged beneath floor mats were responsible for 30% of complaints related to unwanted acceleration. In recent years, when Toyota Motor Corporation took steps to hire two top-level bureaucrats from the National Highway Traffic Safety Administration (NHTSA) to mediate its relations with an overseeing federal agency, it was more than likely focused on cost-savings related to automobile recalls, rather than manufacturing ethical products (“Toyota in Reverse,” 2010). In addition, it was alleged that several investigations focused on unintended acceleration were reduced or avoided after Toyota hired former regulators from the NHTSA. Top Toyota executives blame the recent recall problems on rapid expansion, which has become a priority over quality control (“Toyota in Reverse,” 2010). Obviously, the damage and loss of life due to break, acceleration, and steering defects could have been addressed earlier or all together avoided.

Toyota has been both praised and criticized for its response to the recall crisis. The president of Toyota Motor Corporation, Akio Toyoda, finally offered a public apology on February 5, 2010 but shed no insight into the company’s plans to assure the safety of their automobiles. Mr. Toyoda did say that the car manufacturer “will cooperate sincerely and wholeheartedly” to resolve their safety problems (Shirouzu & Takahashi, 2010, p. B1). Ray LaHood, secretary of the U.S. Department of Transportation said that the department may file civil claims against the corporation for its delayed response to safety issues (Shirouzu & Takahashi, 2010). In Canada, Toyota Canada Chief Executive, Yoici Tomihara revealed that the company failed to communicate recall facts to the public effectively (Cameron & Watson, 2010).

Toyota is not the only automobile manufacturer to cut corners in order to save costs. Following a 1993 accident involving a 1979 Chevrolet Malibu, a jury found that General Motors had installed fuel tanks in a dangerous fashion in efforts to save costs. Los Angeles Superior Court Judge Ernest Williams ruled that the company was in violation of the law and had risked the safety of the public in order to maximize profits, (Bakan, 2004). While a directive issued in 1969 had recommended that fuel tanks be placed at least 17 inches from the rear bumper, the tank in the 1979 model Malibu was positioned only 11 inches from the rear bumper.

Prior to this trial, six suits related to fuel explosions had been filed in the late 1960s and 25 were filed in the early 1970s. Indeed, General Motors was aware of fuel tank related explosions and fire risks, but still designed vehicles in which fuel tanks were placed too closely to the rear bumper. These designs were absent of any metal bracing to separate the fuel tank from the rear of the car—a feature that had been standard for previous models. A 1973 report titled “Value Analysis of Auto Fed Fuel Fire Related Fatalities” written by Edward Ivey of GM’s Advance Design Department, estimated that the company caused approximately 500 fatalities due to fuel tank problems (Bakan, 2004). Using the following calculation (Bakan, 2004, p. 63), Ivey concluded that GM paid $2.40 per vehicle for each fuel-fed fatality:

$$\frac{\text{500 fatalities x \$200,000/fatality}}{\text{41,000,000 automobiles}} = \text{\$2.40/automobile}$$

The cost of ensuring that explosions related to fuel tanks did not occur in automobile crashes was estimated to be $8.59 per vehicle. This means that rather than altering the design of their vehicles, GM opted to save $6.19 ($8.59 - $2.40 = $6.19) for each automobile that had dangerously positioned fuel tanks. This cost-benefit calculation was reflected in the report by Ivey, who was hired internally by the company to analyze fuel-related fatalities (Bakan, 2004).

The Ford Pinto and Explorer are also prime examples of defective automobiles (Robinson & Murphy, 2009). Although crash tests revealed that rear-end collisions were likely to result in ruptured fuel lines, the Ford Pinto was manufactured and sold during the 1970s. According to “SafetyXchange” (2008), Ford used the following cost-benefit calculations:

Benefits:
Savings: 180 burn deaths, 180 serious burn injuries, 2100 burned vehicles
Unit Cost: $200,000 per death, $67,000 per injury, $700 per vehicle
Total Benefit: [(180 x $200,000) + (180 x $67,000) + (2,100 x $700)] = $49.5 million

Costs:
Sales: 11 million cars, 1.5 million light trucks
Unit Cost: $11 per care, $11 per truck
Total Cost: [(11,000,000 x $11) + (1,500,000 x $11)] = $137 million

Costs-benefit analysis that included the estimated number of fatalities and injuries, concluded that fixing the problem would costs $11 per vehicle, while not doing so would save the company $87.5 million ($137 million - $49.5 million = $87.5 million).

Ford Explorers equipped with Firestone tires also resulted in many deaths and injuries due to the tires rupturing and causing the SUVs to flip. Even though Ford had recalled vehicles in over a dozen countries a year earlier, it was slow to respond to recalls in the U.S. Although required by federal law, Ford also failed to notify the NHTSA about the defects in Firestone tires. The CEOs of both companies blamed each other for the problems (Robinson & Murphy, 2009). Experts estimated that at least 250 deaths and at least 3,000 injuries occurred as a result of the defective tires (“Firestone Tire Recall Legal Center,” 2008). Most of the deaths resulted from blown out tires that caused the Explorers to rollover. According to data obtained by Ford, three different models of Firestone tires (15’’ ATX, ATX II, and Wilderness AT tires) had the highest failure rates because of tread peeling off. Bridgestone executives argued that there was no evidence of failure in their tires and that most of the accidents, which occurred in southern states, were likely to be caused by a combination of driving in high temperatures at high speeds under the recommended tire pressure (“Firestone Tire Recall Legal Center,” 2008). However, Ford executives pointed out that during 1995-1997 an estimated 500,000 Goodyear tires on their Explorers functioned properly without any evidence of defects or failure. Adding to the controversy, documents obtained by Congressional investigators indicated that Ford may have had knowledge that the Firestone tires used on the Explorer at their recommended tire pressures had a low safety margin while driving at top speeds (“Firestone Tire Recall Legal Center”, 2008). Ford officials maintained that tire pressure was not an issue on their Explorers equipped with Goodyear tires.

The Financial Industry

There are numerous ways in which financial institutions can increase their capital, both legitimately and illegitimately. While they may face strict penalties, such as the loss of licenses and large fines for crimes like money laundering, the U.S. Treasury Department claims that the United States is the top money laundering center in the world (Shelly, 1998). According to Shelly (1998), the shift towards globalization has brought an increase in transnational crime and corruption and therefore, costly economic crimes deserve more attention than traditional forms of violent crime that currently direct most state law enforcement resources. Technology has only generated more avenues for banks and criminal groups to take advantage of weak regulations in the international monetary system to move illicit capital. Also suspicious is the use of derivatives by banks, predatory and discriminatory lending practices, and the role that big banks play in the federal government. In fact, it seems that multinational financial institutions may exercise more power than the governments that should be regulating them (Shelly, 1998; Taibbi, 2009). Shelly (1998) describes the role of technology in financial crimes and the control exercised by corporations:

> Most importantly, multinational corporations, not governments, exercise control over access to communication technology, which is developed and controlled as part of the commercial and business cycle. The competitive environment in the high-technology area makes it difficult to forge coalitions in the computer and telecommunications sector, let alone for such bodies to cooperate with law enforcement. But such cooperation must exist if corporations are to avert the harm that may be caused by the misuse of the technology they market (p. 618).

The role that banks have played in government in recent years is certainly questionable. Following one of the worst economic meltdowns in U.S. history which occurred in 2008, the very people who caused the crisis in the first place were appointed to key economic positions in the White House. Michael Froman, a high-ranking executive at Citigroup who was picked to help choose Obama's economic advisers, did not resign from Citigroup until two months after he had began working in the White House. To assist in the process of appointing Obama's economic advisers, he enlisted the help of former Clinton diplomat, Jamie Rubin. Jamie Rubin is the son of Bob Rubin, who was earning approximately $15 million a year at Citigroup, even in the midst of a financial meltdown. Bob Rubin's persuasion of Citigroup to invest in risky business practices, such as collateralized debt obligations (CDO's) backed by mortgages, helped lead to the collapse (Taibbi, 2009). CDO's involve sophisticated securitization techniques and are usually managed by a collateral manager (Forrester, 2002). According to Boothe (2010) CDO's and credit default swaps (CDS's) are still being used as tools of deception on Wall Street. He defined the two as follows:

> A credit default swap (CDS) is a swap contract in which the protection buyer of the CDS makes a series of payments to the protection seller and, in exchange, receives a payoff if a credit instrument (typically a bond or loan) goes into default.
>
> Collateralized debt obligations (CDO's) are a type of structured asset-backed security (ABS) whose value and payments are derived from a portfolio of fixed income underlying assets. CDO's securities are split into different risk classes, or tranches, whereby "senior" tranches are considered the safest securities. Interest and principal payments are made in order of seniority, so that junior tranches offer high coupon payments (and interest rates) or lower prices to compensate for additional default risks (Boothe, 2010).

In addition, Bush's Treasury Secretary Henry Paulson, also a former executive of Goldman Sachs, and President of the Federal Reserve of New York Timothy Geithner, who had also worked with Bob Rubin during the Clinton Administration, assisted in addressing the financial crisis. The final solution was a tax-payer funded government bailout that awarded Citigroup twenty billion dollars, in addition to twenty five billion awarded weeks before by the Troubled Assets Relief Program, and up to two hundred seventy seven billion in tax dollars to cover lost Citi assets, such as the risky CDO's that Bob Rubin had persuaded the bank to invest in (Taibbi, 2009). Following the bailout, Timothy Geithner was appointed as Obama's Treasury Secretary and Froman received an annual bonus of $2.25 million. Certainly these actions demonstrate the political power held by key players on Wall Street, who have successfully institutionalized the tax payer's role as provider for the financial industry.

According to a U.S. Senate report, mortgage traders at Goldman Sachs attempted to manipulate the prices of derivatives associated with subprime home loans for their own benefit (Harper & Gallu, 2011). A *derivative* can be defined as follows:

> A security whose price is dependent upon one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying assets. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates, and market indexes. Most derivatives are characterized by high leverage ("Investopedia", 2011).

Mortgage traders at Goldman Sachs made efforts to put artificially low prices on derivatives that would increase in value as mortgage securities decreased, driving owners of credit default swaps to sell while enabling traders at Goldman Sachs to buy them at reduced costs (Harper & Gallu, 2011).

Evrensel (2009) investigated cross-country differences in bank regulations and the role of corruption in political-system-related variables that predicted the characteristics of bank regulations. Survey data collected during a prior study (see Barth, Caprio, & Levine, 2006) were used to examine regulation-related variables in a large sample of countries (n=76), representing the first example of a comprehensive collection of global bank regulations. Data obtained from Beck, Demirgüc-Kunt, and Levine (2006) were also used in the analysis. Twelve categories were organized into survey questions, including entry, ownership, capital, activities, external auditing requirements, internal management and organization, liquidity and diversification requirements, depositor protection, provisioning requirements, accounting and information disclosure requirements, discipline/problem institutions/exit, and supervision.

Results indicated that developing countries have stricter banking regulations in regards to auditing requirements, various capital-related ratios, reserves, and the type of mandatory actions taken in case of regulation violations than more developed countries. Developing countries were also more likely to reduce competition among banks, provide greater safety nets, and withhold information from the public. When corruption control was used as a proxy for executive constraints, results revealed that less corruption was related to lower denied entries and banking restrictions and more constrained deposit insurance schemes. Also, countries geographically located in lower latitudes and with fewer years of independence were inclined to have weaker executive constraints and more corruption. The author concluded that bank regulations reflect political systems, rather than ignorance of effective banking regulations and therefore, ineffective government policies may be implemented deliberately.

In explaining the forces behind the recent mortgage credit crisis, one argument presented by Johnston (2009) was that greedy lenders, deceptive loan originators, creators of mortgage-blocked securities, and complacent investors were to blame for mortgage problems. Subprime lenders target low-income borrowers, the elderly, and minorities. Borrowers are often financially unsophisticated and easily led. Lenders provide misinformation, manipulate borrowers with aggressive sale tactics, and prey on their lack of understanding of loan stipulations and consequences. There are several ways that subprime borrowers are exploited by predatory lenders, such as using adjustable rates, lack of income, broker incentives, negative amortization, prepayment penalties, and excessive fees (Johnston, 2009). First, lenders may initially give borrowers a low, adjustable rate and increase the rate over time. Second, they may also adjust rates without considering the income of the borrower and if they can realistically repay the loan. Third, using broker incentives based on the "yield spread premium," lenders lock borrowers into interest rates much higher than the best rate available. Fourth, negative amortization occurs when loan required load payments are lower than the interest, causing the principal or balance due to increase. Next, prepayment penalties penalize borrowers for prepaying on a loan that they plan to refinance.

Finally, excessive fees include fees such as loan origination fees, transaction fees, brokerage fees, settlement fees, and closing costs.

Aggressive lenders also often sway creditworthy borrowers eligible for safer, less expensive prime loans into accepting profitable, risky subprime loans. Lenders, such as Ameriquest Mortage Company, may also commit fraud by forging income tax returns, retirement investment information, and employment verifications. The government also failed to protect borrowers and encouraged loose lending practices (Johnston, 2009).

CHAPTER 5:

APPLICATION

According to Fersch (2006), corporations can be assessed as both individuals and entities consisting of individuals. Both may potentially be identified as psychopathic. However, some psychopathic characteristics such as shallow affect, juvenile delinquency, and revocation of conditional release are very specific to the individual and hold little value in evaluations of corporations (Fersch, 2006). Certainly, without a quantifiable sample of corporate individuals, it may not be possible to evaluate the presence or absence of some psychopathic traits.

Notwithstanding these difficulties, the actions of the corporations described in this analysis, which demonstrate psychopathic characteristics, are discussed in this chapter. The traits for which corresponding psychopathic behaviors were revealed include glib/superficiality, impression management, grandiose sense of self-worth/narcissism, pathological lying, conning/manipulativeness, lack of remorse or guilt, callousness/lack of empathy, failure to accept responsibility, stimulation seeking, irresponsibility, parasitic orientation, serious criminal behavior, and criminal versatility. In addition, the desire for control and openness/intellect emerged as noteworthy personality traits for corporate offending. However, there was not enough evidence to support the following traits: shallow affect, impulsivity, lack of realistic goals, poor behavioral controls, poor anger control, early behavior problems, juvenile delinquency, revocation of conditional release, and violation of conditional release. It is also important to note that this analysis is not intended to label everyone affiliated with a certain organization as psychopathic. Rather, the aim is to identify ways in which the actions of corporations illustrate behaviors consistent with the construct of psychopathy.

PCL-R Traits Examined

Glib/Superficial

Glib and superficiality are characterized by efforts to mask or hide what is occurring in reality beneath the surface (Feeley, 2006). Corporations benefit from masking their inner workings from the public or others that may be harmed by their deeds, such as shareholders and investors (Feeley, 2006; Robinson & Murphy, 2009). According to Feeley (2006), corporations that contributed to the Enron scandal behaved publicly in a way that was very different from the way they behaved in reality. Indeed, corporations may behave in a superficial manner when dealing with the public and other entities. Consider even how some logos and slogans are designed to "attract" consumers, while hiding the inner workings of an organization. For instance, in 2000 BP attempted to portray the company as environmentally friendly by launching a two hundred million dollar public relations campaign. BP's logo depicting a green and yellow sunburst and their "Beyond Petroleum" slogan has been described as ludicrous (Landman, 2010). The company spent $45 million to buy Solarex, a solar energy company. However, this pales in comparison to the $26.5 billion that BP spent to buy ARCO (Atlantic Richfield Company) to expand their oil drilling operations (Landman, 2010).

Ford Motor Company also spent millions of dollars on their ad campaign, "Quality is job one." However, the company continues to manufacture and sell poor quality vehicles. Following the launch of their campaign, Ford faced California courts in a trial that could have costs them up to one billion dollars, due to faulty ignition switches on five million vehicles. Ford was warned that the ignition switches may fail because of high temperatures and reports revealed that the ignition switches could have been repaired for a price of $4 per car (Walczak).

Following the 2008 financial crisis, Goldman Sachs planned to launch several public relations campaigns in order to portray themselves as a good citizen and to reconstruct their public image (Carney, 2010). The first campaign highlighted their role in raising funds for a clean energy project. Other ad campaign plans included emphasizing their role in offering business education to women and small business owners. According to Carney (2010), the company was attempting to portray themselves as having a positive impact on businesses, communities, and the environment while increasing the number of jobs. These actions demonstrate the superficial surface that corporations attempt to use in order to mask their faults, misdeeds, and true intentions from the public. This characteristic shares much overlap with other factors associated with psychopathy, such as impression management and manipulativeness.

Impression Management

Impression management has been described as the efforts put forth by individuals in order to be viewed by others in a socially desirable or favorable manner (Montagliani & Giacalone, 1998; Sato & Nihei, 2009). According to Sato and Nihei (2009), when people are motivated to manipulate impressions of themselves, they often use deception. For example, BP repeatedly underestimated the volume of oil spilling into the Gulf of Mexico following the April 20, 2010 oil spill. Perhaps the oil company did not wish for the full extent of damages to become known in order to minimize the negativity associated with their failures and to protect their public image. The company further demonstrated tactics of impression management by persuading state officials in Alaska to alter a report conducted in 2002, claiming that it was too biased and too negative (Carlton, 2006). Certainly, these actions contradict their launch of the "Beyond Petroleum" campaign (Landman, 2010).

A public apology was given by the president of Toyota Motor Corporation following recent recalls of at least 11 million vehicles. However, it is reasonable to suspect that this apology was insincere since Toyota had been aware of vehicle malfunctions for some time before taking corrective actions and issuing recalls. Following the 2008 Financial Crisis, Goldman Sachs Chairman and Chief Executive Officer, Lloyd Blankfein, apologized for the company's role in the meltdown deeming their actions as "clearly wrong" and regrettable (Harper & Townsend, 2009). He added that the organization was concerned about the criticism it had received for having enough money to compensate each employee $527,192 only one year after gaining taxpayer-funded bailout and he emphasized the importance of the company's reputation.

Also noteworthy is that most sweatshops are located in remote places that are guarded and surrounded by barbed wire. While this is partially a strategy used to maintain control over workers, it helps to hide inhumane working conditions from the public. If the general public was aware that companies such as Nike, the Gap, and Walmart sold products that were produced in sweatshops, their profits may drop dramatically.

Corporations are not concerned with morality and the harm they impose on the public. Instead they are focused on creating and maintaining a socially desirable appearance, putting forth an image that portrays them as concerned, caring, and responsible organizations. Maintaining a good reputation and presenting the appearance of virtue, ethics, and morality is advantageous for corporations, while actual social responsibility compromises profit maximization (Robinson & Murphy, 2009). For-profit public relations firms and business sponsored policy institutions produce misleading facts, opinion pieces, expert analysis, opinion polls, and mail and phone solicitations to generate public advocacy and image-building campaigns (Korten, 2001). According to Korten (2001), a study conducted in 1999 found that almost 40% of news content in typical U.S. newspapers is derived from press releases, story memos, and recommendations created by public relations firms. In addition, actual news reporters are outnumbered by public relations employees by approximately forty thousand. Public relation firms are hired by corporations to manipulate news, public opinion, and public policy (Korten, 2001).

Grandiose Sense of Self-Worth/Narcissism

Grandiosity has been described as central to narcissism, which is characterized by an excessive need for admiration, arrogance, sense of entitlement, envy, and exploitative tendencies towards others (Brown, Budzek, & Tamborski, 2009). Narcissism has been defined as "inflated self admiration and constant attempts to draw attention to the self and to keep others focused on oneself" (Larson & Buss, 2005, p. 322). Many corporations demonstrate an inflated sense of self-worth when they prioritize profit maximization above the safety of their own workers and consumers. BP neglects safe operation practices by using equipment until it will no longer work. Toyota, General Motors, and Ford endangered the lives of millions by deliberately manufacturing and selling vehicles they knew had hazardous design flaws. Financial institutions have played a prominent role in government, exercising a great deal of political influence and power. Many other companies manufacture defective and deadly products. Focusing on their own revenues, while devaluing the well being and safety of others sends the message that corporations feel entitled to exploit others, even in anticipation of negative consequences such as lawsuits and government fines.

Corporations often view themselves as being above the law and worthy enough to improve their own lives at the expense of others (Fersch, 2006). In an interview regarding the 2010 BP oil spill, former CEO Tony Hayward said, “We’re sorry for the massive disruption it’s caused their lives. There’s no one who wants this over more than I do. I would like my life back” (Johnson, 2010). In regards to Hayward’s comments, The Huffington Post (“BP CEO Tony Hayward: ‘I’d Like my Life Back,’ 2010) stated, “After apologizing for the disaster, Hayward manages to bring it back to himself. Hayward's comments are baffling as he's not even trying to hide that fact that he's only looking out for Number One.” Although Hayward later apologized for the comment, his behavior demonstrates an inflated sense of self-worth and a tendency to attempt to keep others focused on himself.

Pathological Lying

Pathological lying is characterized by a long history of frequent and repeated lying, often for no apparent purpose (Dike, 2008). There are several examples of pathological lying among corporations. BP repeatedly downplayed the significance of the 2010 Deepwater Horizon oil spill so much that White House Press Secretary Robert Gibbs declared that estimates from the oil company were unreliable (REIS, 2010). Goldman Sachs sold mortgage-backed securities to their clients, concealing the fact that if the securities failed, that Goldman Sachs would profit from them (Spak, 2011). In addition, CEO Lloyd Blankfein was accused of lying under oath when he claimed that his company had not bet against the mortgage market for their own benefit. Toyota Motor Corporation denied that there were any defects in accelerator, breaking, and steering systems in their vehicles for almost a decade (“Toyota in reverse,” 2010). Ten years leading up to the Enron collapse, the company gained about nine billion dollars by borrowing money from organizations, such as JPMorgan Chase and Citigroup, and labeling it as revenue. Corporations involved in the

Enron scandal used secret meetings, document shredding, faulty corporate branches, and deceptive financial reporting to deceive the government and undermine potential whistleblowers (Fersch, 2006). Tobacco companies have also lied about the addictiveness of their products, even while under oath, to Congress (Robinson & Murphy, 2009).

Conning/Manipulativeness

Manipulativeness is characterized by charm, deceit, risk-taking, and carelessness about rules and conventions (Zibarras, Port, & Woods, 2008). BP engages in tremendous risk-taking and carelessness by running equipment in need of replacement or repair until it will no longer operate. A 2004 BP investigation found that management used tactics of intimidation against workers who raised concerns over safety and environmental violations. Toyota illustrated manipulative qualities by trying to conceal accelerator, braking, and steering defects from consumers. Toyota also hired former regulators from the NHTSA to investigate acceleration malfunctions, which resulted in reduced and avoided consequences for the automobile maker.

In the financial industry, banks are able to benefit from the use of technology and weak regulations to move illicit capital. Corporations depend on government regulation to stabilize competition, increase demand, and to promote other corporate agendas that they cannot fulfill independently (Derber, 2002). However, they also lobby for loose regulations to serve their own interests and are able to influence the law in such ways that it does not fully protect the public (Robinson, 2009). Bob Rubin of Citigroup persuaded the organization to invest in risky business practices that lead up to the 2008 financial crisis. In addition, subprime lenders that target low-income borrowers, the elderly, and minorities demonstrate qualities of manipulitiveness. They use aggressive sale tactics and take advantage of the lack of understanding surrounding loan stipulations to manipulate borrowers. Playing a prominent role in the Enron scandal, financial institutions such as Canadian Imperial Bank of Commerce, Bank America, Barclays Banks, and Deutsche Bank, used a manipulative tactic known as prepay to give the appearance that funds borrowed by Enron were profits, when in fact it was debt. In addition, fraud is a manipulative behavior that involves deceit, trickery, or lies and is utilized in an assortment of industries and in a variety of contexts. Deceptive advertising is another type of manipulative behavior, in which experts are hired to develop ads that are persuasive to sample consumer populations.

Lack of Remorse or Guilt

According to Silfver and Helkama (2007) guilt "refers to the private feelings of a troubled conscious caused by a personal wrongdoing or by disadvantaging a valued other" (p. 239). Following the March 2005 oil spill in Texas that resulted in 15 deaths and 170 injuries, BP continued to operate dangerous equipment, which resulted in another explosion in 2010 at a Gulf of Mexico drilling unit leading to another 11 fatalities. While Toyota was aware of vehicle design flaws and potential malfunction-related fatalities, they continued to sell dangerous automobiles. GM decided to save $6.19 per vehicle rather than correct the problems with fuel tanks that were carelessly positioned too close to the rear bumper, which would have made their vehicles safe and decreased deaths following rear-end crashes. Ford continued to sell dangerous vehicles in the U.S., even after issuing recalls in at least a dozen other countries. Financial institutions continue to take advantage of deregulation and engage in risky banking practices and sweatshops continue to operate in the United States and abroad. These continuous behaviors indicate that while corporations are aware of the negative consequences their actions have on others, they feel no guilt about the harm they cause.

Callounesss/Lack of Empathy

Rogers (1975) defined empathy as understanding another person through his or her point of view. Levenson and Ruef (1992) defined empathy as "the ability to detect accurately the emotional information being transmitted by another person" (p. 234). Many behaviors that illustrate a lack of empathy among corporations overlap with their lack of guilt or remorse. Again, the fact that corporations continue to engage in behaviors that are harmful demonstrates they have no regard for the negative effects that their actions have on others. BP has repeatedly ignored warnings and risk involved in operating unsafe equipment demonstrated a lack of empathy and disregard for workers' rights and safety. Automobile manufactures have also cut corners in order to save costs, jeopardizing the lives of innocent consumers. Financial institutions have engaged in behaviors such as risky business practices, predatory lending, and fraud, demonstrated an absence of empathy toward clients, shareholders, and the public. Corporations are indifferent to right and wrong, and pleasure and pain, with the exception of the corporate counterparts of profit and loss. While individuals who work in corporations have morals and values, social science research suggests that these are weakened in the setting of a corporation. Individual corporate employees are expected to discard their own morals and values in exchange for those of the corporation (Robinson & Murphy, 2009)**.**

Failure to Accept Responsibility

Rather than accepting responsibility for their actions, psychopaths tend to rationalize and justify their behavior, often blaming others (Hare, 2003). Psychopaths are unable to internalize feelings of shame, leading to a tendency to react to shame by externalizing blame and anger (Campbell & Elison, 2005). For example, following the April 2010 oil spill, BP threatened Anadarko Petroleum Corporation (ACP), a 25% co-owner of the oil well that exploded, with a lawsuit for not paying for any damages related to the spill. In return, ACP accused BP of gross negligence and willful misconduct. Firestone and Ford blamed each other for recalls involving Ford Explorers equipped with Firestone tires that were prone to turning over. Several financial institutions were awarded a government bailout that was funded with tax dollars following the 2008 economic crisis. Each of these instances demonstrates ways in which corporations do not accept the problematic consequences that result from their own doing.

Stimulation Seeking

Stimulation or sensation seeking has been defined as “the tendency to seek out thrilling and exciting activities, to take risks, and to avoid boredom” (Larson & Buss, 2005, p. 212). Profit maximization itself, and the efforts put into achieving increased profits, may be thrilling and exciting to the individuals involved. Many corporations, such as Citigroup, engage in risky business practices, including the use of derivatives, credit default swaps, and collateralized debt obligations. In addition, corporations even take risks with human life. In March 2005, there was an explosion at a BP oil refinery in Texas City, Texas, which claimed the lives of 15 people and injured another 170 people. The mobile offshore drilling unit, which was being leased to BP, that exploded in the Gulf of Mexico on April 20, 2010, claimed the lives of 11 people. The actions of car manufacturers such as Toyota, Ford, and General Motors have also claimed the lives of innocent people.

Irresponsibility

Corporations are held accountable only to their shareholders (Fersch, 2006). Aside from this demonstration of responsibility, other behaviors of corporations demonstrate a great deal of irresponsibility. For example, BP ordered an oil well to be reactivated at the Prudhoe Bay oil field even though officials were aware that it would operate under excessive pressures. BP has consistently failed to comply with maintenance and safety regulations. Although the Alaskan regulatory agency had suggested a maintenance program be developed to check and replace valves as needed, BP ignored such recommendations allowing valves to continue to leak. In the 2005 Texas oil spill, it was discovered that BP had disabled warning systems and ignored company protocols. Their operation philosophy has been described as "run to failure," which is done to save on maintenance costs. Likewise, automobile makers failed to manufacture ethical products putting the public at risk and financial institutions have engaged in risky business practices.

Corporations are responsible to their shareholders, but not to the U.S. or its citizens. The primary focus of corporations has traditionally been to maximize profits rather than social responsibility (Clinard & Yeager, 2006). Both corporations and their shareholders tend to favor corporate profit over social responsibility (Derber, 2002). The influence of shareholders over corporations has increased, while that of workers and communities has decreased. Corporations "are responsible only to the narrow interests of their investors, which frequently violate their long-term broader interests in good jobs and healthy communities" (Derber, 2002, p. 116). While shareholders do not have any direct control over the everyday corporate operations, corporations recognized shareholder return as a primary obligation.

There have been rules and regulations designed to keep corporations in check and to protect the public since the Industrial Revolution (Hartley, 2008). However, corporations claim that self-regulation, absent of public oversight or enforcement, is the most effective way to deal with corporate problems (Korten, 2001). In other words, corporations are allowed to police themselves and little efforts are made to enforce laws that target white-collar and corporate violations. (Robinson & Murphy, 2009). Regulatory agencies are generally understaffed and underfunded. Further, free market economists argue that government regulation thwarts unrestrained competition, which lowers prices and urges corporations to manufacture high quality and safe goods and services (Robinson & Murphy, 2009). Therefore, the responsibility of consumer protection falls onto the public, rather than regulators or corporations themselves, who operate under the notion of *caveat emptor*, which means "let the buyer beware" (Robinson & Murphy, 2009, p. 58).

Parasitic Orientation

Several corporations demonstrate a parasitic orientation by utilizing the help of others to commit their offenses. For example, Toyota hired former regulators from the NHTSA to help reduce or altogether avoid investigations aimed at acceleration problems. Many prominent individuals on Wall Street, such as former Goldman Sachs executive Henry Paulson and Federal Reserve president Timothy Geithner, have served and are currently serving as key financial advisers to the U.S. government. Banking institutions relied on the federal government for a financial bailout, while the federal government allowed top executives from those institutions to guide regulations and policies. According to Derber (2002), federal regulators are disproportionately recruited from the very industries they regulate. Regulation plays a contradictory role as both a means of restraint on corporate power and support for corporate ascendancy. While regulation may threaten some corporate interests, it can also function to serve corporate interests in many hidden ways. Regulations shield corporations from public accountability and reinforce their image as private enterprises, while creating the illusion of public trust (Derber, 2002). As Robinson and Murphy (2009, p. 57) state, "The history of government regulation has been one of businesses regulating themselves for their own benefit and gain." In addition, technology aids funds to be rapidly transferred to financial centers where controls are limited, enabling corporations to deposit large sums of money into offshore bank accounts. Through offshore banking, corporations are able to evade government regulation and allow capital to grow without taxation, which also creates a competitive advantage that results in higher profits (Shelly, 1998).

Serious Criminal Behavior

One way to gauge the seriousness of criminal behavior is to measure it in terms of how much harm is caused. The actions of corporations result in harm across many domains including the wellbeing of the public, the environment, and the economy. According to Robinson and Murphy (2009), corporate and white-collar offenses result in an estimated $384 billion dollars more and in 718,308 more deaths than street level offenses in 2005. In just ten years, the actions of BP have resulted in the deaths of at least 26 people. In addition, they have caused extensive environmental and economic damages in areas affected by oil spills. The number of deaths caused by Toyota alone was estimated to be 52 following the recent 2010 recalls. In contrast, the total number of deaths caused by prolific serial killer Jeffrey Dahmer is estimated to be 17. While, the criminal activities of street level offenders such a Dahmer should not be viewed with diminished magnitude, the criminal behaviors of corporations should be treated with just as much attention. The Senate's Subcomittee on Investigations suggested that the Justice Department and the Securities and Exchange Commission (SEC) press charges against Goldman Sachs for misleading clients. The committee also recommended that perjury charges be filed against Blankfein for lying under oath (Spak, 2011).

Corporate crimes, regardless of whatever form they may take (i.e. fraud, deceptive advertising, inhumane working conditions, manufacturing deadly and/or defective products) are normal in the U.S. (Robinson & Murphy, 2009). Sutherland (1983) determined that the criminality of corporations is persistent and that a large number of corporations are recidivists. Corporate crimes are usually more extensive than prosecutors and complaints indicate. In addition, corporate criminals do not lose their status among their colleagues. In fact, they are often even admired. In addition, corporate officials generally feel and openly express derision toward the law, government, and government officials. Nor do they think of themselves as criminals.

In a study of 70 of the largest industrial and commercial corporations, 97.1% were found to be recidivists. Of these, at least 59 had been formally charges with actions such as fraud, embezzlement, extortion, or other financial manipulations. However, Sutherland (1983) points out that the 11 remaining corporations had participated in the same practices, but were not formally charged. Furthermore, adding to the normalcy and widespread nature of corporate crime, individuals who work in corporations are highly likely to engage in deviant and criminal behavior to meet corporate expectations. This is especially true when corporate values become individual employee values. "The psychopathic behaviors that characterize corporate crime are normal" (Robinson & Murphy, 2009, p. 117).

Criminal Versatility

Corporations are able to engage in voluminous criminal offenses across a wide array of contexts. For example, BP repeatedly violates worker safety standards and environmental polices. Automobile manufacturers, such as Toyota and General Motors, have committed a wide array of acts included fraud, deceptive advertising, manufacturing defective automobiles, marketing and selling them without disclosing details regarding defects. Likewise, financial institutions have engaged of a variety or wrongful behaviors included fraud, money laundering, predatory and discriminatory lending, and using risking business practices such as derivatives, collateralized debt obligations, and credit default swaps. General Electric has faced a variety of charges ranging from discrimination against employees, improperly testing military aircraft, illegal sale of military jets to a foreign country, and soil and water contamination. Tobacco companies have also engaged in a variety of deviant acts including intentionally misleading the public and Congress about the risks associated with tobacco use, lying to Congress while under oath, marketing tobacco products to children and adolescents, increasing the addictiveness of their products, attacking and attempting to discredit whistleblowers and anti-tobacco advocates, financially coercing manufacturers of smoking cessation products, and funding their own Tobacco Institute to produce erroneous science in order to obscure significant issues (Robinson & Murphy, 2009).

Other Personality Traits Relevant to the Study of Corporate Crime

Desire for Control

Desire for control is characterized by an urge to exercise control over everyday life events (Piquero, Exum, & Simpson, 2005). Individuals high in desire for control are typically assertive, decisive, and active. They tend to seek influence over others for their own benefit, avoid failures by manipulating events in a way that warrants preferred outcomes, and emerge as leaders in group settings (Burger & Cooper, 1979). Toyota attempted to prohibit Congressional investigators from examining electronic controls related to acceleration problems that led up to a massive recall. BP admitted to photoshopping images of the 2010 Deepwater Horizon oil spill (Hough, 2010). The oil company also convinced state official in Alaska to alter a 2002 report (Carlton, 2006). Key players in financial institutions demonstrate a high desire for control in exercising a great deal of influence over the federal government, having enough influence to gain tax-funded bailouts and to even serve as economic advisers.

The actions of tobacco companies, also illustrate a high desire for control by trying to gain power through inclusive lobbying. Tobacco companies have made large contributions to the political campaigns of crucial decision-makers in Washington (Simon, 2006). Between 1990-2006, tobacco companies contributed a total of 57.6 million dollars, 29 million dollars of which was *soft money*. Soft money is that which is paid to individual political candidates and is a practice that is now prohibited by Congress (Robinson, 2009). The remaining $23.2 million was given to *Political Action Committees* (PAC) money. PACs are groups that are established with the purpose of raising money for political campaigns (Robinson, 2009). In addition, tobacco companies have lied to Congress while under oath, and formed their own research institution which was biased in the information they provided to the public (Robinson & Murphy, 2009).

Openness/Intellect

Openness/intellect, sometimes referred to as culture, imagination, or fluid intelligence, is characterized by an openness to new experiences, intellectual ability, and creativity (Larson & Buss, 2005). Those who hold positions of high esteem in corporations are likely to be intellectual capable and creative. For example, recall from Chapter 2 that Andrew Fastow and Jeffrey Skilling of Enron both held Master's degrees and Kenneth Lay completed a Ph.D. Tony Hayward, CEO of BP during the 2010 Deepwater Horizon oil spill obtained a Ph.D. in Geology from the University of Edinburgh (Usborne, 2010). Akio Toyoda, president of Toyota Motor Corporation holds a master's degree in business administration from Babson College (Bloomberg, 2011). Lloyd Blankfein of Goldman Sachs received a J.D. from Harvard Law School (Investor Portal, 2009). These achievements demonstrate that those affiliated with corporations and their acts of wrongdoing are highly competent and intellectually capable. A great deal of creativity is also necessary for corporations to use both legitimate and illegitimate means to maximize profits and in their attempts to evade negative consequences.

CHAPTER 6:

CONCLUSION

Psychopathy, much like the traditional focus in the criminological literature, has been conventionally used to explain violent street level offenses, such as robbery, homicide, and sexual assault. While such crimes certainly warrant academic attention and should not be minimized, nor should crimes committed by elite members of society. Perhaps the nature of street and elite crimes explain why the study of white-collar and corporate offenses has been neglected. While street violence is often direct, intentional, causes immediate harm, and consists of individual offenders with various motivations; corporate violence is characterized by indirect, delayed harm, multiple offenders, financial motivation, and culpability (Robinson & Murphy, 2009).

Recall from chapter two that current explanations of corporate crime include Self-Control Theory (Gottfredson & Hirschi, 1990), General Strain Theory (Agnew, 2006), Institutional Anomie Theory (Messner & Rosenfeld, 2007), Contextual Anomie/Strain Theory (Robinson & Murphy, 2009), and Social Learning theories (Tarde, 1968; Bandura, 1973; Bandura, 1977; Sutherland, 1947). Self-Control Theory only predicts a low rate of white-collar and corporate deviance, partly because the ability to successfully secure employment and to achieve advancement within an organization entail behavior that is quite contradictory to low levels of self-control. General Strain Theory explains acts of white-collar and corporate crime based on strains related to financial, goal-related, and economic inequality. Institutional Anomie Theory explains criminal behavior as a product of the American Dream and the institutional imbalance of noneconomic institutions (i.e. family, education system, political system) and the economy. Contextual Anomie/Strain Theory explains corporate crime with the concept of maximization, which is the use of both legitimate and illegitimate means to increase corporate profit. Social Learning Theories explain corporate and white-collar crime through the observation and modeling of behavior in organizational subcultures.

The construct of psychopathy adds to existing explanations of corporate and white-collar crime in several ways. Features of psychopathy may emerge more strongly when compounded my low levels of self-control, financially-related strains, values associated with the American Dream, maximization techiniques, and social learning within corporations. For example, the overall cultural prioritization of financial success and pressures to achieve both individual economic achievement and corporate financial goals may increase the likelihood of behaviors consistent with psychopathy. Within the context or corporations, the impact of social learning regarding the importance of organizational financial success and ever-increasing profits, and utilization of innovative maximization techniques, help to explain reasons that psychopathic behaviors have become normalized and valued among corporate employees. The concept of maximization, as defined by Robinson and Murphy (2009), is a prime example of the psychopathic qualities that corporations display by attempts to increase profits using both legitimate and illegitimate activities.

The current analysis provides substantial evidence for the relationship between psychopathy and corporate crime. Qualitative data on the oil, automobile, and financial industries, which were gathered from academic, news, and popular media sources, revealed that corporate behavior corresponds with several psychopathic traits. These include glib/superficiality, impression management, grandiose sense of self-worth/narcissism, pathological lying, conning/manipulativeness, lack of remorse or guilt, callousness/lack of empathy, failure to accept responsibility, stimulation seeking, irresponsibility, parasitic orientation, serious criminal behavior, and criminal versatility. For example, corporations are often aware of the potential harms that their actions may cause, such as death, injury, and environmental damage. However, they continue to engage in the same risky behaviors that bring about negative consequences, demonstrating consistency with PCL-R traits such as lack of remorse or guilt, lack of empathy, and stimulation seeking. Corporations attempt to mask their internal operations and harmful decisions using impression management strategies, especially following public knowledge of their behavior, in order to maintain public trust and to be viewed in a socially desirable manner. In incidents that involve two or more different corporations, it was revealed that there is a tendency to blame others for problems or to justify risky behaviors, demonstrating a failure to accept responsibility.

While this analysis provides some support for corporate psychopathy, there are several limitations. First, this analysis is lacking in a quantifiable sample of corporate individuals. Obtaining the cooperation of business organizations is a major obstacle to this area of research (Babiak, Neumann, & Hare, 2010). Second, this investigation is limited by the widespread and repeated nature of corporate offending. Certainly, the actions of the corporations discussed here do not represent the full extent of their wrongdoing. Also, this analysis only focuses on three industries. Given the widespread nature of corporate crime, it is likely that indepth reviews of other industries not included in this analysis would provide more insight and additional support for corporate psychopathy.

In addition, examining the relationship between an individual level construct and organizational or group behavior presents its own unique set of challenges. While corporations may be viewed as individuals or organizations, this analysis explores the behavior of organizations, providing only limited accounts of individual behavior. In utilizing this approach, we must be mindful of ecological fallacies that might arise if unwarranted assumptions are made about individuals who comprise organizations that engage in corporate wrongdoing.

These findings also propose a number of implications for society and corporations. Derber (2002) offers several ways in which the public can be proactive in addressing and preventing the negative consequences that can result from the actions of corporations. These include educating yourself and others, boycotting companies that engage in unethical behaviors, and participating in organizations aimed at abolishing unethical practices. In addition, criminal justice policies and practices should be reformed so that the law, law enforcement, courts, and correctional facilities can better address the issue of corporate crime. Law enforcement should focus more on holding corporate offenders accountable. Regulations and criminal sanctions that are more strict and effectively enforced may deter corporate offending. Corporations should be encouraged to maintain a balance between goals focused on profitability as well as social responsibility.

In regards to future research, this analysis raises several important questions. What influence do factors such as social learning and the competitive corporate environment have on corporate behaviors? Do individuals who work in organizations meet the criteria for psychopathy and if so, what factors may make them more likely to do so? Can psychopathic behaviors in corporations be prevented? Future research on corporate crime and psychopathy should focus more exclusively on individual level analysis of elite deviance utilizing corporate samples when possible. As personality factors play a critical role in white-collar and corporate crime (Feeley, 2006; Alalehto, 2003), psychopathy and other personality variables should be further explored in the context of corporate crime. Qualitative endeavors similar to this one that focus on other industries or provide a thorough review of only a single case may provide more insights into corporate psychopathy, especially in regards to psychopathic characteristics that were not able to be substantially illustrated in the current analysis.

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Appendix

Tables 1-2

Table 1

Items Measured by the PCL-R and PCL-YV Four-Factor Models

Interpersonal Factor	Affective Factor	Lifestyle Factor	Antisocial Factor
Glib/Superficial	Lack Remorse or Guilt	Stimulation Seeking	Poor Behavioral Controls
Impression Management*	Shallow Affect	Impulsivity	Poor Anger Control*
Grandiose Self-Worth	Callous/Lack Empathy	Irresponsible	Early Behavior Problems
Pathological Lying	Failure to Accept Responsibility	Parasitic Orientation	Juvenile Delinquency
Conning/ Manipulative		Lack of Realistic Goals	Serious Criminal Behavior*
			Revocation of Conditional Release
			Violation of Conditional Release*
			Criminal Versatility

Note. Adopted from "The PCL-R Assessment of Psychopathy" by R. D. Hare & C. S. Neumann in *Handbook of Psychopathy* by C. J. Patrick (Ed.), 2006, pp.77-78.
*Items only on the PCL-YV.

Table 2

Personality Characteristics of Three Rapist Types: Towards a Differentiated Model

Trait	Rapist Type		
	Power-Reassurance	Anger-Retaliatory	Sadistic
Surgency/ Extroversion	MODERATE/HIGH (participated in various social activities; made friend easily)	HIGH (engaged in a wide variety of social activities; had many friends)	LOW (described as a loner; social outcast)
Agreeableness	HIGH (perceived as kind, good-natured)	LOW (verbally abusive to family, friends, romantic partners)	LOW (had difficulties in social relationships)
Conscientious-ness	MODERATE/HIGH (owned a successful business, attentive to clients, paid close attention to details in many areas of life)	MODERATE/HIGH (attended college and pursued a career upon graduation, paid close attention to detail)	LOW (dropped out of college, discharged from the military, attended school and work under the influence of alcohol)
Openness/ Intellect	MODERATE (was of average intelligence)	HIGH (excelled in school, open to new experiences)	HIGH (Open to new experiences)
Impulsivity	LOW (prepared and followed plans)	HIGH (often changed plans suddenly or did not plan ahead)	LOW/MODERATE (Most or all crimes were premeditated with the exception of first murder)
Novelty/ Sensation Seeking	LOW/MODERATE (did not seem to participate in many risk taking activities)	HIGH (engaged in high risk behaviors, reckless driving)	HIGH (engaged in several paraphilic behaviors)
Narcissism	HIGH (was image conscious, materialistic)	HIGH (preoccupied with physical appearance, materialistic and superficial)	MODERATE (made constant attempts to draw attention to himself during adolescence)
Need for Intimacy	HIGH (had many social and romantic relationships)	HIGH (had many social/romantic relationships)	NOT RATABLE* (had a need for intimate relationships but never seemed to develop an intimate bond with anyone)
Aggression/ Hostility	LOW (did not behave in an aggressive/anger manner in everyday life)	HIGH/EXCESSIVE (behaved extremely aggressive toward family, friends, and romantic partners)	LOW/MODERATE (behaved aggressively toward authority figures)
Lack of Guilt/ Remorse	HIGH (Committed at least 75 sexual assaults)	HIGH (Committed several sexual assaults before kidnapping, assaulting, and murdering two teenage girls)	HIGH (Responsible for the deaths of at least 17 men)
Conning/ Manipulative	HIGH (Often tried to enter homes of potential victims prior to assaults in a non-aggressive manner)	HIGH (Often used charm and his physical appearance to attract others, lied about age to attract younger women)	HIGH (Frequented gay bars and bath houses and then lured men back to his residence, convincing of police)

VITA

Angela Dawn Pardue was born on January 10, 1982, in Elkin, North Carolina. She graduated with honors from the University of North Carolina at Charlotte with a Bachelor of Arts in Psychology and a Minor in Sociology. As an undergraduate student, Angela volunteered as a crisis counselor for survivors of sexual assault. It was this experience that sparked her interests in criminal behavior and enabled her to recognize the value of both research and practice in addressing some of society's most pressing issues. Following graduation, Angela was employed as a Sexual Assault/Family Violence Prevention Coordinator before pursuing graduate studies at Appalachian State University.

As a graduate student at Appalachian State University, Angela was able to teach an undergraduate Juvenile Justice course in the spring of 2010. She was employed at the Appalachian State University Survey Research Center and worked as a graduate assistant in the Department of Government and Justice Studies. In addition, Angela was able to work in a legal psychology lab and served as a research assistant in the Department of Psychology. Angela is a member of Psi Chi and Pi Gamma Mu. Her work appears in, or is scheduled to appear in, the *International Journal of Offender Therapy and Comparative Criminology*, *The Prison Journal*, and a three-volume reference set called *Criminal Psychology*. In the spring of 2011, Angela received the James. B. Merritt Student Excellence Award from the North Carolina Criminal Justice Association. She graduated from Appalachian State University with a Master of Science in Criminal Justice and Criminology in August 2011.