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ORGANI-CULTURAL DEVIANCE¹

Abstract

Debate continues in social responsibility whether to hold the individual or corporation responsible for violations of law. Velasquez (2003) believed organization's actions are products of its members' and leader's intent. This ongoing debate results in this paper's exploratory discussion between corporate social responsibility and employee relational dynamics in preventing wrong-doing.

Il existe un débat dans le domaine de la responsabilité sociale, si l'on doit juger l'individu ou la société responsable des violations de loi. Velasquez (2003) a cru que les actions de l'organisation sont des produits de ses membres et des intentions du chef. Cet article offre une discussion exploratoire entre la responsabilité et la dynamique apparentée des employés en empêchant des méfaits.

Key words: Organi-Cultural Deviance, Corporate wrong-doing, Business Cultural Environment

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ORGANI-CULTURAL DEVIANCE

Introduction

Corporate social responsibility is often taken to mean the inputs and outputs of an organisation. That is, how a company extracts and processes the raw materials required for the production of its products and services. Outputs refer to the nature of the product: environmental impact and treatment of employees. Moreover, in terms of output from a corporation, corporate social responsibility is also taken to mean a corporation's active participation in the community, usually through charitable donations and community partnerships.

The authors argue another key component of corporate social responsibility are the internal human dynamics within the company. Wrong doing can occur in all types of organisations, including not-for-profits, corporations, privately held enterprises, and government institutions. As the focus of this conference is on social responsibility and business ethics, the human interactions within a corporate environment will be discussed. Most of the human or relational dynamics that lead to wrong doing can and do occur outside of corporate settings. With that said, the authors will discuss in greater detail the types of internal human interactions within a corporate setting. The authors argue internal human interaction of a corporation must be taken into account in terms of corporate social responsibility.

All organisations are dependent on human interaction for their functioning. This pertains to both formal organisations, such as a publicly held company, as well as informal organisations, such as a family. This equally applies to lawful human organisations, such as charitable organisations, as well as unlawful organisations such as mafias. This paper focuses on certain deviant aspects or human dynamics within lawful organisations, specifically legally-constituted corporations. It will be argued that part of corporate social responsibility is to monitor, detect, and correct internal negative dynamics within the organisation. Negative interactions within the corporation are defined as a series of behaviours by an individual, or a group of individuals, whose intent is to commit harm, wrong doing or crime.

In *Systematic Differentiation Between Dark and Light Leaders: Is a Corporate Criminal Profile Possible* the concept of situational influences resulting in deviant behavior within organizations was explored. Husted (2008) coined this concept "Organi-Cultural Deviance" to explain the social, situational and environmental factors that give rise to corporate deviance. Organi-Cultural Deviance is a term coined by Husted to describe a corporate culture which has been socialized to engage in deviant acts. For the purposes of this paper deviant acts are defined as criminal acts under existing legislation. The authors define "Organi-Cultural Deviance" as individual or group behaviour within a specific organisation that may lead to wrong doing or increase the likelihood of occurrence of wrong doing. Organi-Cultural Deviance may be present in not-for-profit organisations, government institutions and agencies, for-profit organisations, privately held or publicly traded companies.

The term corporate, as used throughout this article, is defined as acts "done by or characteristic of individuals acting together; 'a joint identity'; 'the collective mind'; 'the corporate good'" (Corporate, 2009). The term corporate criminal has been used to describe a myriad of deviant acts in the course of business. For the purposes of this article, the terms white collar crime, deviant corporate behaviour and corporate criminal are used interchangeably. All three terms for this article will pertain to illegal acts

engaged in by a company. The authors note that these behavioural components can be present in non-business settings, such as not-for-profit organisations and government institutions. However, the focus on this article will be how the Organi-Cultural Deviance is experienced in publicly traded corporations.

An example of Organi-Cultural Deviance is Enron in which the organisational culture facilitated and in fact encouraged rule-breaking and deviant behaviour.

Human Interaction Needs

“The psychological approach to the study of problems in the social world has been impeded by an inability to deal with the facets of social structure and social organization. It is an elementary fact that societies in their very nature represent organized groupings of people whose activities are institutionally channeled. The exercise of power and control in society is in good part a function of its institutional structure. Yet the dominant tradition in psychology has included the implicit assumption that individuals exist in a social vacuum.” (Katz & Kahn, 1967, p. 1)

Human behaviour being the result of individual characteristics or socialized influence has long been debated. The debate intensifies in its application to understanding deviant behaviour. However, some, like Alison, Bennell & Mokros (2002), have proposed a resolution to this debate. Alison et al. identified the need to approach behaviour using a holistic approach; focusing on the interaction of the Person x Situation¹. This perspective argues that a person's behaviour is not only dependent on fixed personality traits but also on the specific interactions of a specific environment. They are strong advocates of developing a framework, which addresses the complex interplay of situational, trait and behavioural components in understanding behaviour.

Traub & Little defined deviance as “behavior which violates institutionalized expectations, that is, expectations which are shared and recognized as legitimate within a social system” (Traub et al, 1975, p. 9). Society on the whole determines what is right and wrong through moral consensus. However, what one society, culture or sub-culture views as right or wrong may differ from another. Looking at this from a macro-environmental to a micro-environmental level: what society as a whole deems to be right or wrong may not be reflected within the organization; what the organization views as right or wrong may not be reflected within the individual units of the organization; and what is viewed as right or wrong within the individual units of the organization may not be reflected within the individual person.

Edwin Sutherland (1949) coined the term “white-collar crime”, defining it as a criminal act of respectable individuals in the course of their occupations (Schlegel & Weisburd, 1992, p. 3). “All white-collared crimes are, by definition, violations of the law” (Coleman, 1987, p. 407). Laws are determined through society’s moral consensus. When individuals engage in white-collar crime they are committing acts deemed to deviate from societal norms. However, the authors suggest the term corporate criminal extends to the organisation itself.

“Sociologists have repeatedly noted that close similarities exist between various forms of social marginality. Research directed at these forms has only begun to mark the path toward a social theory of deviance. This slow pace may in part result from the fact that deviant behavior is too frequently visualized as a product of organizational failure rather than as a facet of the organization itself.” (Traub & Little, 1975, p. 8)

Organi-Cultural Deviance is concerned with identifying and correcting organisational culture that ignores, facilitates, encourages or enhances deviant behaviour.

Group Membership Needs

“As traditional sources of social cohesion – the family, the church, civic societies – lose their centrality in life, the corporation becomes the central source for daily social interaction. Specific features of corporate involvement reform workers’ commitments and priorities to the point where, despite their best intentions, they are driven to commit more to the corporation than to any other extra-occupational social tie.” (Terrien, 2005)

Individual based and socio-biological arguments propose group membership and the need for individual acceptance from the group can be traced throughout human history as an adaptive trait. These arguments suggest responding to others stems from our infantile dependence upon our caregiver to provide our basic needs (Wetherell, 1996, p. 12). Culture is a series of values and behaviours particular to a group of people which are consciously transmitted to new members of the group. The difference in behaviours serves to solidify social bonding between individuals belonging to the same group. It is through culture that a situation is interpreted and a solution identified. (William, 1995, p. 83). Corporate culture can fill in the social need of identity, the personal need of belonging to a group, as well as the financial need of earning a living.

These individual based and socio-biological arguments relating to group membership suggest the individual’s membership is an innate response in attempting to satisfy very basic human needs. Abraham Maslow (1954) identified a Hierarchy of Needs in which he listed the following (physiological being the most basic for survival and transcendence being the need individuals strive for but few attain):

1. Physiological
2. Safety
3. Belongingness
4. Esteem
5. Understanding
6. Aesthetic Needs
7. Self-Actualization
8. Transcendence

Human beings are social animals. Humans want to socialize, participate and engage in activities with other individuals. McCabe & Keibe Trevino (2001) argue that a group has internal controls regarding behavior. The group will try to regulate its behavior and develop its own norm. (McCabe & Keibe Trevino, 2001, p. 30). Henggler et al argued that deviant peers have a mutually reinforcing effect. As one peer is deviant, the other peers become increasingly deviant. (Henggler, et al, 1998, p.124-130).

Wetherall (1996) referred to Tajfel and Turner's finding on individual self-identification. Tajfel and Turner found an individual’s motivation, judgements and perceptions are transformed when the

individual becomes a member of a group. Tajfel and Turner believed individual identity is transformed into social identity through the following processes: 1) individual self-esteem becomes the result of the fortune of the group 2) opinions of others outside the group become less relevant to the individual 3) the individual adjusts their personal identity to match the thoughts, behaviors and other attributes of the group through a process called referent information influence (Wetherell, 1996, pp. 34-35). The concept of individual group association satisfying individual needs, as described by Maslow (1953), Wetherell (1996), Norwood (1999) and Huitt (2004) is relevant to Kohlberg's Stages of Moral Development.ⁱⁱ In Kohlberg's pre-conventional stage, individuals see morality as being external to themselves. Kohlberg found these individuals have a sense of right and wrong, believe in reciprocal relationships, view relationships as a means of exchanging favours, lack identification with family and societal value. What is seen as being right to an individual is what satisfies the individual's self-interest. Thus, the individual's desire to satisfy their needs is egoistic. In this stage, the individual is looking to satisfy their need for belongingness, safety, security and esteem through their association with the group. The group reinforces their ego, supports, justifies and encourages the individual's behaviour and provides them anonymity.

Group membership serves to satisfy the individual's need for belongingness, understanding, safety and physiological needs in Maslow's Hierarchy.

"Norwood (1999) proposes that Maslow's Hierarchy can be used to describe the kinds of information that individuals seek at different levels. For example, individuals at the lowest level seek coping information in order to meet their basic needs. Information that is not directly connected to helping a person meet his or her needs in a very short time span is simply left unattended. Individuals at the safety level need helping information. They seek to be assisted in seeing how they can be safe and secure. Enlightening information is sought by individuals seeking to meet their belongingness needs. Quite often this can be found in books or other materials on relationship development. Empowering information is sought by people at the esteem level. They are looking for information on how their ego can be developed. Finally, people in the growth levels of cognitive [sic], aesthetic, and self-actualization seek edifying information. While Norwood does not specifically address the level of transcendence, I believe it safe to say that individuals at this stage would seek information on how to connect to something beyond themselves or to how others could be edified." (Huitt, 2004, p. 4)

The use of information for coping, safety, belongingness and personal empowerment is egoistic in nature. The individual is attempting to satisfy their own self-interest. When the individual seeks information for the purpose of transcendence they are becoming altruistic.

"A discussion on altruism and egoism as it relates to motivation is warranted. Altruism is defined as unselfish regard for or devotion to the welfare of others (Merriam Webster, n.d.). Egoism is defined as a doctrine that individual self-interest is the actual motive of all conscious action (Merriam Webster, n.d.). There is a debate among psychological egoists claiming persons may engage in altruistic behavior, but their motivations are self driven. The researcher offers this example to support the psychological egoists claim: When an individual gives to charity or volunteers their time, they may not be anticipating a material reward for their action. Their action is intended to benefit others. However, the motivation behind the action of charity or volunteering provides the individual with psychological fulfillment or 'good feeling'. Thus, the action is altruistic, but the motivation is driven by self-interest." (Husted, 2008, p. 133)

The concept of individual group association satisfying individual needs as described by Maslow (1953), Wetherell (1996), Norwood (1999) and Huitt (2004) is relevant to Kohlberg's Stages of Moral Development.ⁱⁱⁱ In Kohlberg's pre-conventional stage, individuals see morality as being external to themselves. Kohlberg found these individuals have a sense of right and wrong, believe in reciprocal

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Transactional relationships exist within the pre-conventional stage. Individuals join the group in order to neutralize their behaviour. The group serves to inflate the individual's self-esteem/ego. The group accepts the individual's behaviour. Membership provides the individual power and status. In this stage, there is unquestioning obedience to the group. This is the stage in which cult mentality is believed to take place. Leaders of this group use the group to transact their own personal needs through unquestioning followers.

Ungar researched peer pressure among high-risk adolescents. According to Ungar's research, creating an individual identity is extremely important among adolescents. He further argued that these teenagers used the group as one method of generating an individual identity, as it was one method of enhancing personal and social power (Ungar, 2002, pp. 167, 170-173). A deviant group, regardless of age, does create its own identity. Individuals in the group do participate in the group's identity making, they also incorporate some aspects of the group's identity into their own identity. There are also internal power struggles within the group for higher in-group prestige and status. These need not be leadership-contention struggles, but social vying for greater acceptance, greater influence and greater personal gain.

The next stage of moral development, the conventional stage, begins in the early teens. Individuals see morality as living up to the expectations of family and community. There is a shift from unquestioning obedience to a relativistic outlook and to a concern for good motives.^{iv} The individual attempts to understand the feelings and needs of others. There is a concerted effort to help others (Crain, 1985). The individual becomes altruistic.

In the last stage, the post conventional stage, individuals are attempting to determine what a society should be like. They are working toward a concept of "good society". Kohlberg found these individuals believe just decisions can be reached by looking at a situation through one another's eyes. However, Kohlberg admitted the highest stage of post conventional development is theoretical. Kohlberg found very few individuals attain this high level of moral development.

"Tech start-ups are a good example. "Companies can easily replace families, especially in start-up years when devotion to the corporate family is so important," Arnott explains. "Dot.com companies, for example, have been accused of turning their workers into slave labor." (Weinstein, 2000)

Corporate culture can fill in the social need of identity, the personal need of belonging to a group, as well as the financial need of earning a living. As the functioning of all organisations, including corporations, is dependent on the quality of relationships within the organisation, it is important to note the quality and significance of the types of relationships occurring in the workplace. Again, as this paper focuses on corporate social responsibility, the social dynamics which relate to corporate wrong doing will be discussed. Behaviours which lead to criminal activities or corporate wrong doing will be

discussed. Other types of harmful workplace relationships such as bullying or destructive workplace conflict are outside this paper's scope.

Impacts of the Group on Individual Cognition

Lifton (1961) began exploring the concept known as thought reform.^v Lifton argued that there is a condition called "totalism", in which the individual feels they must be fully committed or disengaged to emotion. In such a mind set, the person is completely committed to an idea, a thought or an action. There is no room for dissenting opinions. (Lifton, 1961, p. 129) Thought reform, or "totalism" as phrased by Lifton, or colloquially "brainwashing", shares many similarities to group think.^{vi} He found a "combination of external forces or coercion with an appeal to inner enthusiasm through evangelistic exhortation gave thought reform its emotional scope and power" (Lifton, 1961, p. 13).

In milieu control, the environment:

"This penetration by the psychological forces of the environment into the inner emotions of the individual person is perhaps the outstanding psychiatric fact of thought reform. The milieu brings to bear upon the prisoner a series of overwhelming pressures, at the same time allowing only a very limited set of alternatives for adapting to them. In the interplay between person and environment, a sequence of steps or operations -- of combinations of manipulation and response--takes place." (Lifton, 1961, p. 66)

In thought reform, coercive power and transactional relationships are utilized. Unquestioning obedience and cognitive dissonance are institutionalized. This is transactional and coercive behavior which is consistent with Husted's findings in 2008. Husted (2008) found leaders who engaged in corporate crime were hedonistic. They were narcissistic personalities, lacking empathy, with an inability to delay instant gratification. They were transactional leaders, using coercive power to achieve and maintain their status. Their motivation was to satisfy their own self-interests/egoism. Husted found leaders had a transactional nature in asserting their authority. This transactional nature, coupled with decentralization was believed to reduce the likelihood of an effective checks and balances system to deter illegal and/or unethical behaviour from occurring within the organization. These situational factors are believed to lead to an organizational culture of what Husted calls "Organi-Cultural Deviance". Husted suggested the leader's and follower's influence upon one another resulted in socialization into a culture of deviance based on transactional relationships, peer pressure and coercive power.

Conger (1990) suggested that followers contribute to the leader's delusion. As they become more dependent upon the leader, they begin to idealize their leader, ignore negative aspects and exaggerate the leader's good qualities. Leaders will surround themselves with "yes people" and encourage "group think."

"Groupthink can occur where the leader's advisors delude themselves into agreement with the leader. Research in impression management indicates not only that one's self-descriptions are effective in deceiving an audience, but also that they may deceive the presenter as well. This is especially true when the audience reinforces and approves the individual's image." (Conger, 1990, pp. 50-51)

An assumption exists within the collectivist view that the corporation acts individually and is distinct from its members. However, Velasquez argues every collection of objects has properties that can be attributed only to the collection as a whole. Thus, corporate organizations are conglomerations of

individual characteristics. Katz & Kahn (1967) believe organizations are “the epitome of the purposes of its designer, its leader, or its key members” (p. 15). They believed a fallacy exists when equating the purpose and goals of the organization with the purpose and goals of its individual members. “The organization as a system has an output, product or an outcome, but this is not necessarily identical with the individual purpose of group members” (p.15). The current authors purport individual member characteristics, when combined with other member characteristics, result in distinct corporate organizational characteristics. Therefore, the corporate organization can be considered a conglomerate, with similar characteristics of its members but maintaining its own distinct characteristics in its own right.

There are several ways and situations in which cognitive errors can impact the entire organisation. An example of such errors is provided by Worldcom.

“[Ebbers] accused employees of stealing coffee bags from company break rooms. At the same meeting, he allegedly told workers that the Mississippi company would cut its costs by turning up office thermostats in humid summer” (Konrad, 2002).

“Theoretically, he said, WorldCom's board of directors should have been more critical of senior management's financial estimates long before it recorded \$3.8 billion in expenses improperly booked as capital expenditures. But such criticism is often lacking because CEOs generally handpick board members based on existing friendships--not necessarily their business acumen, he said.” (Konrad, 2002)

In the example of Worldcom, there were several cognitive errors. The first quote in relation to Worldcom illustrates Ebbers' attention on reducing costs however, the proposed method of reducing costs was not appropriate given the circumstances of the company. While cost savings can usually be made in regular purchases, such as coffee bags, there were other activities which were not to the benefit of the organisation that were not being questioned. These unquestioned activities, such as hand picking board members creating an uncritical board, also contributed to cognitive errors at Worldcom.

Organi-Cultural Deviance

The authors reiterate that the totality of interactions described can and do occur in different organisations, including government institutions and not-for-profit organisations. The focus of this paper is on corporate deviant behaviour and as such, this paper will discuss in greater detail how Organi-Cultural Deviance impacts corporations and their business practices.

Within organisations, specifically corporations, there are some relational dynamics which must be monitored for, detected and acted upon as soon as they are noticed. Some of these relational dynamics include: validation, group think, and gang or cult mentality. Moreover, one or more of these deviant relationships can combine to create “Organi-Cultural Deviance”. As the outcome of these relational aspects tends to be negative or harmful, it is therefore argued that they need to be included in the definition of “corporate social responsibility”.

The authors suggest that the corporation's progression through the Stages of Moral Development is dependent upon the leader's stage as well as the member's stage of moral development. The authors propose the following: If the leader is egoistic, looking to satisfy their own interests, and the members are in the pre-conventional stage of moral development, the individual members will have unquestioning obedience and loyalty to the leader, becoming “yes people”, engaging in “group think”.

The group will justify and neutralize behaviour by requiring its members to engage in cognitive dissonance. The leader will use the group to transact tasks in order to satisfy the leader's own personal needs and self-interests. The members engage in this transactional relationship because they too are looking to satisfy their personal needs, such as belongingness, and safety. As the members begin to transact deviant behaviour, there is more and more pressure to conform to the group. There is safety from incrimination as long as the individual does what is expected of him/her by the group. Thus, coercive power is utilized. The individual's association with the group inside the corporation provides the individual anonymity, protection from detection and some immunity from prosecution since there continues to be debate in corporate culpability. The decrease in perceived threat of prosecution further relates to pleasure/pain^{vii}, deterrence theory^{viii} and social control^{ix}.

“Interactionists believed individuals are motivated and deterred by society's impression of the acts they engage in. The public's apathy towards white-collar crime results in low social control. Agnew (2001) believed low social control was one factor likely to result in criminal behavior” (Husted, 2008, p.41-42)

Moore (1992) began a discussion on corporate character theory and its relation to corporate culpability. She suggested a need to develop a concept capable of assigning fault not only to individuals involved in committing the act, but to the corporate rules, policies, structures and/or procedures that give rise to deviant acts. Moore believed rules, structures, policies and procedures are instituted to replace decisional autonomy with organizational decision-making processes. The intent of these processes is to create a distinctive corporate culture and corporate character governing the behaviour of the members within it. Organizational culture has been defined as “written and unwritten expectations of behaviour (rules and norms) that influence members of the organization”. (Ross, 1995, p. 346)

Moore (1992) argues deviant behaviour within the organization is not merely the result of individual choice, it is driven and controlled by rules, policies, procedures and goals within the corporate culture which govern the behaviour of its members. More specifically, chain of command, delegation of authority, operating procedures, communication, and training are central elements in creating an environment which encourages or deters deviant behaviour. Tittle argues that deviance results from the convergence of four variables. The person must have a predisposition to deviant behaviour. A situation must arise in which the individual can exploit the situation to engage in deviant behaviour. Third, an opportunity must present itself for the individual to engage in the deviant behaviour. The fourth condition pertains to constraints. Should an individual engage in deviant behaviour, how likely is the environment to constrain that person's actions. (Tittle, 1995, p. 142).

McKendall et al.(2002) maintained there are three factors that must be present for crime to occur: (a) the presence of motivating tension to break the law in order to achieve goals and success; (b) an opportunity must exist to engage in illegal behaviour; (c) there is an absence of effective controls to prevent and discourage illegal behaviour.

According to Ainsworth (2001), the inclusion of opportunity in understanding criminal activity introduces environmental and situational factors into criminal profiling. This is a shift in focus from the traditional individual trait ideology. However, Ainsworth warned this shift should not be interpreted as seeing the study of individual traits as irrelevant. Instead, Ainsworth claimed the shift in focus suggests a combination of factors should be explored. “The debate today is not so much about which aspect is the more important, but rather is concerned with the relative influence of various factors and, most importantly the way in which the factors interact”. (Ainsworth, 2001, p. 24)

Piquero and Piquero (2006) looked at the balance of control within the organization. They believed levels of control are “reflected by the control experienced across any number of situational and global domains” (p. 399). They also believed there are imbalances in control. This takes the form of control surplus and control deficit. In control surplus, there is more control exercised, more control than the group or individual is subject to. Piquero and Piquero believed control surplus resulted in autonomous forms of deviance-not requiring direct confrontation. “There is ample rationale for why control balance should relate to specific, mainly autonomous, forms of deviances. Control surplus results in predation because it is a relatively safe means of achieving the goal (Piquero & Piquero, 2006, p. 403).

Piquero and Piquero’s (2006) research of control balance theory was the first research to link control balance ratios to corporate crime.

“The control balance ratio is intimately related to deviant and criminal activity...Tittle argued that central imbalances are related to specific types of deviance (1995). For example, control deficits will be most associated with repressive deviance-which involves directly confrontational actions that are openly associated with the person doing them (2004: 399). Specifically, when control deficits emerge, individuals with minimal control deficits will engage in acts of predation...those with moderate deficits will engage in acts of defiance, and individuals with large control deficits will engage in acts of submission” (1995: 137-40, 188-92).

“The same can be said for control surpluses, which are believed to be related to autonomous forms of deviance-which are more indirect and do not require direct confrontation with victims or other objects of deviant action nor does it require the perpetrators openly associate with the actions or behaviors. Minimal control surpluses lead to acts of exploitation, moderate control surpluses lead to acts of plunder, and large control surpluses relate to acts of decadence. Individuals with control deficits are always looking to gain more control and move toward a balanced surplus control ratio, whereas those with control surpluses are always looking to expand their reach of control...Control imbalances, then, help predispose a person to become motivated for deviance.” (Piquero & Piquero, 2006, p. 399-400)

Supervision -Too little

Lack of supervision has been cited as one of the reasons contributing to corporate scandals. (Csorba, 2006). As recently demonstrated by the “rogue trader” at Société Générale, poor middle and upper management supervision and internal controls led to more than a \$7.1 billion USD loss for Société Générale. (Barr, 2008) Lack of proper supervision often leads to opportunities which individuals or groups of individuals exploit to commit crime. Supervision has many levels, it can mean any combination of the following: i) the workers were not adequately supervised by their managers, ii) interdepartmental communication has broken down and one department has in effect taken control over the entire company, and/or iii) the CEO was not adequately supervised by their board members.

In the situation of poor oversight over the executive, Cady and Soukup (2008) argue that the quality of the relationship between the executive and the board members is one indication as to whether or not the company is well run. The causes which led to the poor oversight in the Worldcom and Enron cases, according to Cady et al., were poor interpersonal relationships between the executive, particularly the CEO, and board members. Cady et al identified four types of relationships: i) minimizing in which the CEO maintains as little contact with the board as possible, ii) controlling in which typically the CEO sets out the direction of the company, and seeks a “rubber stamp” decision from the board, or there is one dominant person or small group which override the consensus of the majority, iii) optimizing in

which relationships are collaborative, but it can easily lapse into micro-management and, iv) in which all parties seek to focus on their strengths and work collaboratively through open and transparent communication to achieve common goals. (Cady et al, 2008, p. 48)

The selection of board members is heavily based on compatibility between the CEO and potential board members. When there is a strong emphasis on compatibility, consensus and cooperation, there is a high likelihood that the CEO has captured the board. In other words, there is a greater likelihood that the CEO will be able to manipulate and control the board. (Marnet, 2005, p. 620).

“Box even suggests that managers need not be coerced into illegality. Corporate officials are frequently placed in a position where they are required to choose between impairing their career chances or being a loyal organizational person. That the latter seems to be chosen overwhelmingly testifies not to the existence of coercion, but to careful selection procedures for placing persons in corporate positions coupled with successful methods of persuading them that their interests and the corporation’s interests happily coincide- or at least, that that is the most sensible, pragmatic way of looking at it... (1983: 42).” (Piquero & Piquero, 2006, p. 406)

Board members are often confused as being shareholders. The dynamics of the relationship between CEO and board members and between the CEO and shareholders is qualitatively different. Shareholders are characterized as being independent and critical. During board meetings, there tends not to be a high level of criticism directed at the CEO. In shareholder meetings, on the other hand, shareholders tend to be very critical of the CEO. (Marnet, 2005, p. 620-621) The danger in this scenario is that share holders are also board members. When this happens, the criticism and independence of the role of shareholders tends to be reduced, and the role of accommodating and cooperating with the CEO tends to be adopted.

“Felo (2001) indicated corporate governance structure can lead to conflicts of interest when directors have direct affiliation with the corporation and/or its management team. Their relationship with the corporation and/or management team may result in the director’s reluctance in confronting and disciplining ineffective managers. Directors having financial interest in the organization may be reluctant to confront wrongdoers for fear of losing the organization’s business. The lack of director oversight and confrontation with wrongdoers relates back to the situational factors of low social control and deterrence theory.” (Husted, 2008, p. 156)

“Felo’s (2001) findings suggested the need to look at the organization’s checks and balances system; specifically, whether the checks and balances systems are inside or outside the control of the organization. Felo’s findings suggest the need to look at the leader’s organization and whether or not the accountants provide consulting services to the firm and/or directors had an affiliation with the firm or its management team other than as a director...” (Husted, 2008, p. 156)

Another issue with a poor constructive working relationship between the organization and the stakeholders was identified by Herring Stanford (2004). When the trust between stakeholders and the organization is broken due to misconduct, it can have adverse consequences on the organization's culture. (Stanford, 2004, p. 15). The impact on the organizational culture can increase its sense operating with little to no oversight, in turn, giving the impression that its behavior is ethical.

Koniak (2003) argued that in the case of Enron, the numerous teams of lawyers (representing Enron, representing Arthur Andersen, representing J. P. Morgan, and so on), were central to corporate wrong doing. Koniak argued further in stating that few if any corporate frauds could be committed without the knowledge and assistance of lawyers. Koniak supported this argument by stating that no major

corporate transaction occurs without a lawyer first approving, no securities documents are filed without a lawyer first seeing them, and no memoranda are issued without a lawyer first having written it. (Koniak, 2003, p. 198-201) A lawyer's ethical obligation is to their client within the limits of the law. It is not allowed for a lawyer to know of a crime in progress, even one committed by their client, and not report the crime. A lawyer is not legally permitted to destroy evidence of a crime, to fabricate evidence to implicate someone else, or to falsify documents to protect their client. Koniak has argued in favor of Security and Exchange Commission (SEC) rule changes which would require all lawyers who come across evidence of material violation of the law to report the suspected wrong doing to executive management or the board of directors. The lawyer would then stop representing the client, inform the SEC that they were no longer representing the client, the reasons why they were no longer representing the client, and would disclose any materially false or misleading documents.x

Supervision -Too much

In large scale fraud situations, many in the organization were believed to have known that there was something wrong, criminal or corrupt happening. "In 1998, Enron corporate executives, including Lay, led Wall Street analysts through the company's trading floor. Employees were on the phone trading. However, this tour was all a charade. Enron had filled a previously empty room with employees who were told to look busy when the analysts walked through" (Reference for Business, n.d.) . This suggests the presence of "Organi-cultural Deviance" within Enron.

Leaders of organizations engaging in misconduct tend to be charismatic authoritarian and use coercive power to manipulate others into transacting what it is the leader desires.

"In one instance, prosecutors charged that Kumar paid off a customer who threatened to tell the government about a bogus software deal" (Ex-CA Chief Sanjay Kumar, 2006, p.10). "Lay raised his profile, crafted an image as a thoughtful, visionary leader, a caring community leader and philosopher..." (McLean & Elkind, 2003, p. 85).

"Lay was viewed as he'd always wanted the world to see him-as a Great Man" (McLean & Elkind, 2003, p. 3).

Tied into the perception of authoritative and charismatic leadership, are other human responses to authority. The Milgram Study indicated that intelligent individuals who thought they were administering deadly electric shocks onto a subject, continued to administer perceived deadly shocks at the prompting of an authority figure. There was no violent coercion in this experiment. However, the presence of a person who was perceived to be in authority, was sufficient for most test subjects to continue administering perceived deadly electric shocks. (Berkowitz, 1999) This phenomenon, of yielding to perceived authority for moral judgement, was also observed during the Nuremberg Trials, in Germany, immediately following the Second World War. Many German soldiers defended themselves by stating that they were following orders "*Bevel ist bevel*". The individual's ability to claim they were only "following orders" allows the individual to justify and neutralize the behaviour they have engaged in.

In terms of organizational culture, too much oversight leads a group to being micro-managed. In the process, critical thinking and constructive criticism get stamped out. Too little oversight, and there is a high likelihood of abuse of power or abuse of privilege.

Organizational Processes

Validation Yes Men

One aspect of potentially harmful validation is the development of “Yes Men”. Rey (2002) argues that the culture of critical and open thinking starts at the top. It is up to executive management to set the vision for the company. In addition to vision setting, the executive management must cultivate an organisational culture in which all employees openly share ideas, possible solutions and methods of implementing those solutions. Without that creative dynamic, of being able to openly constructively criticize, an environment of fear, antipathy and stagnation sets in. When this environment sets in, red-flag situations are not addressed. A red flag situation is when a decision or strategy is known to be false, illegal or technically not feasible. No objection or criticism is raised because of the environment of fear. Individuals who would normally speak out do not, out of fear of being reprimanded or they simply have psychologically distanced themselves from the situation. When this distancing occurs, the responsibility for the decision is placed squarely onto the shoulders of another, and it becomes a situation of “I was following orders”, without any second or critical thought to the meaning and outcome of those orders.

The term “Yes-Men” refers to a situation in which members of the group continuously agree to the decisions of a leader. Little to no objections, ethical, technical or feasibility issues are raised. The Yes-Men may be extremely competent in the subject matter, and from the onset of a plan, they probably know that there are technical or ethical issues with it. That said, given the group dynamics, the plan is implemented. The leader and the leader's plan can not be criticized in any way, or the person will risk being a group outcast.

An example of “yes men” is provided by Worldcom.

“Mr. Ebbers and other senior officers at the company "had a surprising degree of influence over the compensation of many management employees who did not report to them," the report says, noting that the situation WorldCom potentially vulnerable to abuse. The board's compensation committee never critiqued or challenged Mr. Ebbers's decisions, the report says, and never sought the advice of independent experts to determine whether his plans were consistent with industry standards.”. (Eichenwald, 2002)

In the case of Worldcom, as in the case of many situations of “yes men”, the leader intentionally hand picks individuals who agree with them and intentionally excludes individuals who can competently and effectively critique the leader. In so doing, debate and alternatives are excluded from the conversation. It closes down dialogue and removes the opportunity for constructive criticism. This creates situations in which minor deviances from normal behaviour, procedures or professional standards are not immediately corrected. What may have started a slight deviation of behaviour, increasingly becomes intentional wrongdoing.

Group Think

A second aspect of potentially harmful or negative validation is “group think”. Group think occurs in a

situation in which a group is extremely cohesive, with a strong desire to reach consensus among members. In the process, critical thinking and decision making become distorted. The processes tend to ignore evidence and lean increasingly towards reaching a decision which pleases all members of the group. (Chen et al, 1996, p. 582) There are eight symptoms of group think:xi i) illusion of invulnerability, ii) collective rationalization, iii) illusion of morality, iv) excessive stereotyping, v) pressure for conformity, vi) self-censorship, vii) illusion of unanimity, viii) mindguards: some members appoint themselves to protect the group from outside information, information which may cause damage to the group.

Group think within an organisation can reduce opportunities for employees to raise concerns about a certain course of action, specific practices or their effects. In terms of corporate social responsibility, the ability of the employees to effectively raise doubts or concerns about the ethics of a practice, the potential harm of a product or practice, is crucial to the organisation being held both internally (to its employees) and externally (shareholders, stakeholders, broader public) accountable. Once a decision has been made, there is strong commitment from the group to see it through, regardless of any new evidence. This can be considered a form of group level cognitive dissonance^{xii}. There is an acute failure of the group to incorporate new information into the decision making process. Moreover, the group becomes highly guarded against outside criticism. The group members begin engaging in cognitive dissonance. Within the business environment, Alhakami and Slovic found that if the benefits of an activity were considered good, the risks were considered low. If the benefits of a particular activity were judged to be low, the risks were deemed to be high. (Marnet, 2005, p. 616)

Former Enron CEO Jeffrey K. Skilling created a performance review committee. Every six months, 15% of the “underperformers” were let go from Enron. As a result, the remaining traders and employees turned into “Yes Men”, which were focused entirely on numbers, not how the numbers were achieved (Zellner, 2002). In this scenario, the benefits of increasing sales by any means were equated with doing good. The risks of achieving those sales were considered low, as the company had been able to illegally manipulate energy markets for a number of years (Ackman, 2003). Listening to the transcripts of Enron traders, there was clear evidence that they believed Enron to be invulnerable. Moreover, the transcripts of conversations between Enron traders revealed that there was a strong feeling of unanimity among the traders, that their practices and methods were sound. The perceived the greater good of making Enron money, led the traders to develop various market manipulation schemes, which were high risk and illegal.xiii

A third aspect of potentially harmful validation is justification. That is, other employees and companies are engaging in the same behaviour, therefore it must be proper or ethical to engage in the same behaviour. A common justification used for unethical and often criminal behaviour, is that others (competitors) are also engaging in the same behaviour. Failure to engage in the same unethical / criminal behaviour would lead to a fall in stock prices, which in turn, would lead to a reduction in company worth. This in turn would lead to fewer returns for the investors. (Gray et al, 2002, p. 49-51)

Throughout the 1980s and 1990s, many American investors were wondering why the executives of a firm which went bankrupt, were receiving very generous severance packages. The company they had led had to close its doors, leaving many people unemployed and the investors without a return. In efforts to couple executive pay and company performance, investors shifted towards a system of executive remuneration which was linked to the company's stock price. The higher the stock price, the higher the executive pay. This distorted the incentives of many CEOs in many cases. The pay of the

CEO was not based on units sold, value-added to the product, or innovation. The pay of the CEO was largely dependent on stock prices, which could be artificially inflated. These perceptions were largely based on accounting, which as several scandals revealed, could be manipulated to artificially inflate the stock price. (Gross, 2002) These corporate scandals include, but are not limited to: Enronxiv, Tycoxv, Worldcomxvi, Arthur Andersenxvii. This creates situations in which the accounting method is legal, however creates the illusion that the financial health of the company is better than what it actually is. This deceives investors, the public as well as the employees.

In a 2006 PBS episode of *Frontline*, Henrick Smith believed there was unprecedented stress placed on corporate financial reporting safeguards in the 1990's. "American capitalism was in overdrive. Companies offering their CEOs stock options lead to the CEOs attempt to boost the company's stock, beating analysts' predictions and Wall Street expectations" (Smith, Schaffer, & Schaffer, 2006). Smith et al. (2006) contended the corporate watchdogs with official responsibility to insure the honesty and integrity of corporate financial records - "the first line of defense" worked for industry executives and not for common shareholders. He claimed Congress and accountants weakened protections and tied the hands of regulators. James Hooten, Former Chief of Arthur Anderson's World Wide Auditing stated:

"It was the first time accounting principles became influenced by commercial and political interests. If you move accounting standards into the political environment, then you have lost control over whether those standards are the best. That ruling moved control away from principals and professional standards and more to the commercial side or client side of business. The goal became to present the transaction in the best way to present it for the client, to show the company's side of the story, as opposed to the professional side." (Smith et al., 2006)

Arthur Levitt, Former Chairman of the Securities and Exchange Commission (SEC) from 1993-2001, stated there was a "Culture of Gamesmanship where it was considered ok to bend to the pressures of analysts. A culture which believed it was ok to tweak the numbers and bend the rules and to allow discrepancies to slide" (Smith et al., 2006).

According to Richard Breedan, Former Chairman of the Securities and Exchange Commission (1989-1993), "The size of stock option packages created temptation for economic gain. This temptation is very coercive and will lead some people to be willing to lie, cook up false income, and not tell the truth about negative factors" (Smith et al., 2006).

Gang or Cult Mentality

Another relational aspect which figures into Organi-Cultural Deviance is the development of a gang or cult mentality. Richardson refers to Robbins and Anthony's definition of cult as a group having manipulative, authoritative leadership and coercive power. Cults were described as being very likely to have authoritarian leaders, totalitarianist in their organization, with a specific form of indoctrination. (Richardson, 1993, p. 351) The quality of the relationships is often different. In gangs and cults, there are many relationships which are coercive in nature. These are groups with a strict hierarchical arrangement in which force is used to gain higher status. The current authors find parallels in gang/cult mentality to what they call a "business cult environment". The current authors define a business cult situation as a business which engages in gang/cult mentality. This business cult environment is one of the factors the current authors believe leads to Organi-Cultural Deviance.

In a business-cult environment, many of the relationships are also transactional. That is, both parties are interested in financial gain only. The trust and honesty between the parties is either extremely low or non-existent. Transactional relationships do not evolve or change beyond the meeting of financial interests whereas relational relationships do change and evolve. Relational relationships are based on trust and a form of friendship. The bond between individuals goes beyond immediate financial gain. The relationship is flexible and grows, as each party shares non-work experiences with the other. There is a mutual interest in the other party's well being as well as a shared sense of support for the other. (Grimmer et al, 2007, p. 157-158).

Pavlos argued that cults look inward and express deviant behaviour. Within the cult, there are expected norms of behaviour, even if they differ from mainstream society. Each cult has a specific culture. The living leader may inspire individuals to join the cult. Often coercion is used to keep members in the cult. Should an individual wish to leave, group members and the leader may use coercive means to keep the individual as a member. The member may be made to feel unwanted by the outside world, may be made to work harder as punishment for having thought of leaving, and in some cases may face physical repercussions for having expressed a desire to leave. Cults create a unique sub-culture in which transactional relationship and coercive power are often used. There are ten points which identify a cult: (Pavlos, 1982, p. 4). The authors of this article find parallels between cult, gang, and business behaviour believed to be associated with Organi-Cultural Deviance. These parallels include: I) high levels of dependency on a charismatic leader, ii) intentional omission of other sources of information, iii) isolation of group from others, iv) strong reprimands for questioning the leader or the actions of the group, and v) members of the group tend to strongly identify with the group.

Kaplan argued that individuals who join gangs, suffer from low self-perception, that is low self-esteem. The willingness to join a gang in large part stems from the belief that the individual could enhance their self-esteem through the performance of deviant acts. Deviant acts in most cases involve some level of criminality, from petty vandalism to felony murder. (Wang, 1994, p. 280) The deviant behavior is reinforced by other gang members and the gang leader. As the deviant behavior progresses, from petty vandalism, to drug dealing then onto violent acts, the rewards from the group increase. The person's status within the group is elevated, the person may receive greater monetary reward and status.

How groups, particularly cults, gangs and certain corporate cultures, get their members to participate to extremes (break the law, give more and more, isolate themselves from other peer groups and the outside world) is quite similar. In situations in which there was corporate crime, such as Enron, there was a strong charismatic leader who could rally the people behind him. These characteristics are also found in cults and gangs, in which the word of the leader is law. In a corporate situation, the term is referred to as being surrounded by 'Yes-Men'. There are individuals who know that the actions of the group are not feasible or ethical, but still go along with the plan despite their own objections - "to go along to get along".

In many ways, group think closely parallels cult activity. Once the leader of a business or cult has decided on a course of action, there ceases to be any discussion on whether or not it is the appropriate course of action. This involves heavy levels of self-censorship and "going along to get along". Moreover, the strong presence of a dominant leader creates circumstances in which many of the group members believe the course of action to be just and ethical, even when most outsiders would disagree. The leader is able to shelter or isolate the group from outside forces which would put a stop to the

unethical behaviour. Moreover, the flow of information is closely monitored, to ensure that the group remains intact and focused on their goal. In turn, this feeds into greater isolation, greater concentration on their objective, and in the case of business, has a high likelihood of leading to greater corporate wrong doing.

The current authors argue the inter-personal dynamics discussed above (validation, group think, and cult or gang mentality) tend to be present in situations of organisational wrong doing. As such, the authors argue that the organisations, including corporations, adopt internal policies and strategies for the detection, monitoring and addressing of these potentially negative relational dynamics.

Why Gangs and Cults Deviate from the Norm

Kaplan argued that individuals who join gangs, suffer from low self-perception, that is low self-esteem. The willingness to join a gang in large part stems from the belief that the individual could enhance their self-esteem through the performance of deviant acts. Deviant acts in most cases involve some level of criminality, from petty vandalism to felony murder. (Wang, 1994, p. 280) The deviant behavior is reinforced by other gang members and the gang leader. As the deviant behavior progresses, from petty vandalism, to drug dealing then onto violent acts, the rewards from the group increase. The person's status within the group is elevated, the person may receive greater monetary reward and status.

Terrien (2005) argues that in the United States, there is a greater likelihood of individual workers falling prey to a corporate cult. Two phenomena are contributing to this. According to Terrien, the first is the decline of traditional social outlets and networks such as religious organizations and the family. As these institutions are losing their membership or degree of participation, more individuals are interacting on a social basis through their work. Also, employers are demanding more commitment from their employees, including time commitments. This places additional stress on the worker who has to devote more time to work related activities, even when at home, and less time socialising with the family and others outside of work. As a consequence, more of the workers' identity is consumed by work relationships. As the worker focuses more on their work relationships, their identification with their family, others outside of work, and institutions such as religion, diminishes. (Terrien, 2005, p. 3-6)

How groups, particularly cults, gangs and certain corporate cultures, get their members to participate to extremes (break the law, and/or produce more and more, break off ties with other friends and groups) is quite similar. In situations in which there was corporate crime, such as Enron, there was a strong charismatic leader who could rally the people behind him. These characteristics are also found in cults and gangs, in which the word of the leader is law. Moreover, in all three situations, the instructions or commands of the leader are not to be questioned. The cult leader will not tolerate objective thinking any more than the gang leader. In a corporate situation, the term is referred to as being surrounded by "Yes-Men". There are individuals who know that the actions of the group are not feasible or ethical, but still go along with the plan despite their own objections—"to go along to get along". All three situations create environments in which there is strong trust from the member to the leader, and low trust between the members themselves. The low trust between members stems from the perception that other members may be vying for control, may be undermining the mission or goal, may not have full faith or confidence in the leader, and / or may be an outside threat. In the case of gangs, it may be a rival gang member who has infiltrated the group or an undercover police officer. In the case of a cult, it may be another member who believes that God speaks more often to them, not the current leader. It

may be a cult member who wishes to see change within the group, either through a change in beliefs or an opening up of the group to the broader community. In the case of the company, it may be a belief that other members will inform the police about potential criminal activities, and subsequently stop the lucrative compensation for many other members. Also, some members may be facing prison should someone inform the police. The strong personal identification with the group (gang, cult and company) combined with the possibility in many instances of facing prison, all combine to create strong incentives to conform with the desires and vision of the leader.

Combined with a strong, charismatic leader, is the presence of a culture of rule breaking. The gang and the cult members do not identify with mainstream society. Instead, they identify with particular sub groups, who may or may not be engaged in lawful activities. In more broad terms, the cult is breaking the rules of society by not believing or following mainstream religion. They may be breaking the rules by intentionally isolating themselves from the larger community. In terms of the gang, they are breaking the rules because they are not participating in activities which most other individuals their age engage in. The company in this profile, is breaking the rules by not doing business in the same way that other companies in the same sector are doing business. In and of itself, this is not necessarily illegal. Legitimate innovation comes from deviating from normal business, into something not yet tried. When this becomes criminal deviation, is when there is foreknowledge that these particular business practices breaks existing law. Rule breaking in the corporate sense, as argued by Barefoot, is the combination of an extremely passive board, who doesn't enforce the company's own ethics policy. (Barefoot, 2002, p. 50)

Conclusion

This paper opens the door to new areas of study. It proposes corporations are subcultures influenced by similar social dynamics and environmental forces that have commonly been associated and confined to the area of social science. This paper suggests that other fields of social sciences can be applied to the fields of business management and business administration. The authors also argue corporate social responsibility must be expanded to include internal relational-dynamics within a company. All organisations are subject to negative human interactions that can lead to organisational wrong doing. As such, corporate social responsibility must be expanded beyond how a corporation sources the materials required for production and its environmental footprint, to include the people-processes and internal people-centered policies. Instead of trying to reinvent the wheel, the authors suggest looking at the transferability of the knowledge, practices and tools used in the areas of social science to recognize Organi-cultural Deviance and prevent corporate wrongdoing.

Dr. Christie L. Husted is a leading researcher in corporate criminology. Dr. Husted graduated with a Master of Science and PhD from Capella University. Her specialization is in organizational behavior. Dr. Husted, in her work titled *Systematic Differentiation Between Dark and Light Leaders: Is a Corporate Criminal Profile Possible?*, found it possible to profile corporate criminals and developed a preliminary framework to explain the causation of corporate crime. Dr. Husted's findings suggested personality characteristics by themselves do not lead to the manifestation of corporate crime & misconduct. Environmental and situational factors, combined with personality characteristics give rise to a propensity towards these undesired behaviors. Dr. Husted delved into the qualitative aspects of social theory to determine situational cause and effect relationships between leaders and their environments. Dr. Husted's methodology utilized psycho-biographical observation and narrative analysis to form a framework to understand, explain and predict patterns of criminal behavior in corporations.

SBM Consulting Services was established by Dr. Christie L. Husted, in 2008, to safeguard businesses from corporate crime & misconduct. SBM Consulting Services provides a wide array of services to employers, employees and legal counsel. Dr. Husted provides specialized assistance in the prevention and detection of white collar crime, corporate misconduct, employee theft and other undesirable behaviors in business. Dr. Husted offers research, consulting services, investigative/forensic services, guest lecturing, and training to individual employers, employees, legal counsel in compliance with regulations.

Dr. Husted believes businesses with an ability to assess their current infrastructure, policies, environment, economy, composition of Boards of Directors, check and balances systems, and other person x situational factors will be able to devise policies and procedures for oversight to avoid placing themselves in a situation that gives rise to corporate crime & misconduct.

In 2010, Dr. Husted began pursuing her Juris Doctorate through Northwestern California University School of Law. This degree compliments Dr. Husted's PhD in Organization & Management/Organizational Psychology and undergraduate work in Administration of Justice and Social Science. Dr. Husted wishes to use this additional degree to advocate for individuals who have been victimized by corporate/organizational misconduct. Dr. Husted's intent is to use this additional degree to advise corporations in preventing, and litigating cases relating to corporate wrong-doing.

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Renée is an Associate of the Canadian International Institute of Applied Negotiation (CIAN), a not-for-profit organisation dedicated to the prevention of violent conflict. CIAN offers wide range of training programmes and mediation services. Among the work Renée does with CIAN, she facilitates leadership training, conducts specialised research, undertakes policy analysis, and coordinated the Dialogues Project.

Renée is an expedition guide for The Canada Expedition, the eco-economy pillar. The Canada Expedition seeks innovative and meaningful solutions to the economic, social, and environmental challenges of the 21st century.

Renée conducts research on several topics, including information communication technology and mediation, the North Caucasus, state building and organisational development.

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ⁱ <http://www.incscid.org/abstract-lalison3.html>

ⁱⁱ Lawrence Kohlberg, in his 1958 dissertation, established the pre-conventional, conventional and post conventional stages of moral development.

iii Lawrence Kohlberg, in his 1958 dissertation, established the pre-conventional, conventional and post conventional stages of moral development.

iv A relativistic outlook considers more than one side to a situation, weighs options

v Psychological techniques used by the Chinese to effect changes in political views and self-concept.

vi Group think is a social phenomenon in which members of a group do not raise objectives in efforts to maintain social cohesion

vii Choice, with all other conditions equal, will be directed towards the maximization of *individual* pleasure, (6) Choice can be controlled through the perception and understanding of the potential pain or *punishment* that will follow an act judged to be in violation of the social good, the *social contract*, <http://www.umsl.edu/~keelr/200/ratchoc.html>

viii People will engage in criminal and deviant activities if they do not fear apprehension and punishment. <http://www.umsl.edu/~keelr/200/ratchoc.html>

ix It proposes that exploiting the process of [socialization](#) and [social learning](#) builds self-control and reduces the inclination to indulge in behavior recognized as antisocial. It was derived from [Functionalist](#) theories of crime and Ivan Nye (1958) proposed that there are four types of control:

- Direct: by which [punishment](#) is threatened or applied for wrongful behavior, and compliance is rewarded by [parents](#), [family](#), and [authority](#) figures.
- Internal: by which a youth refrains from delinquency through the conscience or [superego](#).
- Indirect: by identification with those who influence behavior, say because his or her delinquent act might cause pain and disappointment to parents and others with whom he or she has close relationships.
- Control through needs satisfaction, i.e. if all an individual's needs are met, there is no point in criminal activity http://en.wikipedia.org/wiki/Social_control_theory.

“Social control theories of crime and delinquency attribute law-breaking to the weakness, breakdown, or absence of those

social bonds or socialization processes that are presumed to encourage law-abiding conduct.”

(<http://sitemason.vanderbilt.edu/files/1/13Bguk/soccon.pdf> ¶ 1)

x <http://www.newswise.com/articles/view/33354/>

xi <http://www.hillconsultinggroup.org/assets/pdfs/articles/8-symptoms-group-think.pdf>

xii A psychological phenomenon which refers to the discomfort felt at the discrepancy between what you already know or believe and new information or interpretation (Atheron, 2005, p. 1).

xiii Statement of Senator Dianne Feinstein, United States Congressional Record, Proceedings and Debates of the 108th Congress, Second Session, Vol. 150, <http://feinstein.senate.gov/04Speeches/enrontapes.htm>

xiv <http://www.forbes.com/2002/07/25/accountingtracker.html>

xv <http://www.msnbc.msn.com/id/3721909/>

xvi <http://www.time.com/time/business/article/0,8599,266287,00.html>

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