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Although employee theft is claimed by many authors to be a significant problem in America with corrosive and damaging effects upon business and society, very little research has been done to establish the causes of such behavior. The purpose of this thesis was to identify, discuss, and critically evaluate theories that might have the potential to explain the etiology of employee theft. To discover the most promising theories necessitated searching the literature of several disciplines, including criminology/sociology, business, and economics. A surprisingly small amount of literature that could be considered of a serious or research nature that was concerned specifically with employee theft could be uncovered. It became necessary to broaden the search to include major theories on the etiology of crime in general and to determine their applicability and value in the study of employee theft.

Differential association theory, alienation theory, labeling theory, and cost/benefit analysis were identified as having potential value despite their cited shortcomings. The final chapter compared the approaches of the theories, discussed how current research methodology is deficient, and suggested areas for future research.

EMPLOYEE THEFT: A STUDY  
OF THE MAJOR SOCIOLOGICAL,  
ECONOMIC AND BUSINESS  
CAUSAL THEORIES

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EMPLOYEE THEFT: A STUDY OF THE MAJOR  
SOCIOLOGICAL, ECONOMIC AND BUSINESS CAUSAL THEORIES

CHAPTER I

INTRODUCTION

In 1967, the President's Commission on Law Enforcement and Administration of Justice, when speaking of white-collar crime, stated:

Most people pay little heed to crimes of this sort when they worry about "crime in America,"...however, these crimes are the most threatening of all--not just because they are so expensive, but because of their corrosive effect on the moral standards by which American business is conducted. (President's Commission--Challenge 1967:4-5)

The Commissioners concluded that

white-collar crime...(is a) subject about which the criminal justice system, and the community as a whole, have little knowledge. Acquiring such knowledge in a systematic way is an extremely high priority. (President's Commission--Challenge 1967:5)

White Collar Crime Versus Employee Theft

White-collar crime is not a recent phenomenon: a large number of cases of employee theft were reported throughout the late 1800's and early 1900's. However, serious study of this type of crime dates back only to 1939 when Edwin H. Sutherland first articulated the concept of "white-collar crime." It was only after Sutherland's speech to the American Sociological Society of that year that criminologists and sociologists came to recognize the criminality of respectable citizens as true crime. (Gibbons 1977:324) Prior to this time "criminological literature dealt with ordinary crimes--crimes most prevalent among

persons in the lower socio-economic classes." (President's Commission... Task Force Report 1967:102)

Since Sutherland's introduction of the phrase "white-collar crime," researchers have been attempting to clearly define what acts and which perpetrators are encompassed within this category of crime.

Herbert Edelhertz stated the problem thusly:

the term "white-collar crime" is not subject to any one clear definition. Everyone believes he knows what the term means, but when definitions are compared there are usually sharp divergences as to whether one crime or another comes within the definition. (Edelhertz 1970:3)

Herbert Bloch and Gilbert Geis stated that one of the major difficulties encountered in studying white-collar crime is that the term covers too wide a range of offenses. They felt that it would be better to distinguish between white collar crimes committed

(1) by individuals as individuals (e.g., lawyers, doctors, and so forth), (2) by employees against the corporation or business (e.g., embezzlers), (3) by policy-making officials for the corporation (e.g., in antitrust cases), (4) by agents of the corporation against the general public (e.g., in advertising fraud), and (5) by merchants against customers (e.g., in consumer frauds). (Block and Geis 1970: 307)

Gerald Robin more simply made a distinction between employee theft and white-collar crime. He argued that while the concepts of white-collar crime and employee theft are related, and indeed have often been treated as one concept, "they should be conceptualized and analyzed as (two) distinct forms of occupational crime." (Robin 1974:251) He based the distinction upon whether the crime violates business regulatory laws or criminal laws. Violations of regulatory laws such as price fixing and graft would be white-collar crimes. Acts such as embezzlement, pilferage, and falsification of work records so as to be paid for time not worked, violate criminal laws and would be white-collar crimes.

It is crimes such as Robin's "employee theft" and Block and Geis' offenses committed "by employees against the corporation or business" that will be the concern of this thesis. More specifically, this thesis will be concerned with occupationally-related crimes that come under the following definition:

An illegal act or series of acts committed against an employer by an employee or employees without the use of force but by concealment or guile, to directly or indirectly obtain money and/or property for personal advantage.

Caldwell states the commonly accepted definition of an "illegal act": "the commission or omission of an act which criminal law forbids or commands under pain of punishment." (Caldwell 1968:379) Under this definition, the question of how much an employee steals or what types of things are stolen is a moot point. (Depending upon the value of the stolen items or money, the crime can be classed as theft in the first degree, a felony, or theft in the second degree, a misdemeanor. Regardless of the degree, theft is still considered to be a crime. (Harding 1976)

The rank of the employee thief is a moot point as well. As the Chamber of Commerce of the United States stated,

embezzlement of \$100,000 by a white-collar vice president who manipulated accounts payable records is not substantively different from pilferage of \$100,000 worth of merchandise by a blue-collar warehouse clerk who tried to cover up by falsifying inventory records or engaging in other forms of concealment. (Chamber of Commerce 1974:3-4)

Morality and ethics should not be confused with law. It may be a "normal" or acceptable practice, for instance, for a businessmen to take his wife on a business trip at company expense despite rules against such practices. However, if the company wished to press charges and

could establish that the prohibited charging of expenses had been done, the businessman could be convicted of theft.)

### X The Incidence and Costs of Employee Theft

The U.S. Chamber of Commerce, after a survey of "several hundred published articles, reports, hearings and books and...dozens of coast-to-coast interviews with those in business, the professions, and law enforcement," (Chamber of Commerce 1974:1) concluded that "no one has ever really computed even a reasonably accurate figure" as to the cost of white-collar crime. (Chamber of Commerce 1974:5) Based upon their extensive research, they estimated the annual cost of some white-collar crimes and stated that embezzlement and pilferage alone cost approximately \$7.0 billion a year. (Chamber of Commerce 1974:6)

Several other statistics indicated just how damaging and widespread employee theft is thought to be:

- Employee theft from department stores totaled about \$200 million in the late 1950's or more than one-half the net profits. (Gibney 1960:163)
- About 50 percent of those who work in plants and offices steal to a greater or lesser extent. (Chamber of Commerce 1974:39)
- Fifteen percent of the price you and I pay for goods and services goes to cover the cost of dishonesty. (Why Employees... 1972:58)
- Stores' own employees steal three times as much as do shoplifters. (Zeitlin 1971:22)
- If we divide the total amount of merchandise lost through employee theft by the total number of people employed in retail establishments, the amount stolen per person is approximately \$300 a year. (Zeitlin 1971:22)
- Total loss from burglaries, armed robberies, auto thefts, and incidents of pickpocket activity was only about \$440,000,000 in 1956. Employees stole at least twice this amount from their employers (in the same year). (Gibbons 1977:337)

These statistics reflect only the direct economic impact of employee theft. Many indirect economic costs and non-economic problems can also result from internal theft. A partial listing can include:

- X --Costs of security measures implemented to protect one's firm against theft including hiring security guards, installing closed-circuit televisions, implementing more stringent auditing practices, and so on
- Value of the work lost while employees used their energies and imagination to steal
- Loss of one or more trained employees if they are discharged for theft
- Costs of training replacement employees
- Damage to the firm's prestige
- Customers lost as a result of inventories being short-stocked due to theft
- Theft insurance costs increase
- Difficulty of reconstructing records that were destroyed or altered to cover thefts

Some authors also claim that employee theft is contagious and that another cost is "the contamination of other employees." (Curtis 1973:4) Even if other employees do not turn to theft, their morale can be damaged and their respect for leadership can be lost. (Carson 1977: 41) Some claim that the moral base of law is eroded; organized crime is encouraged; public confidence in business, industry, and the professions is lost and U.S. economic growth is retarded. (Chamber of Commerce 1974: 6-8)

Curtis pointed out that even an apparently small theft can have sizable consequences:

Even the smallest employee thefts are costly. For example, a supermarket with yearly sales of \$2 million may suffer theft losses of \$16,000 on approximately .8 percent of sales. If the store makes a

net profit of 1.8 percent (which is typical in supermarkets), this means that \$880,000 worth of merchandise must be sold without one cent of profit in order to replace the \$16,000 that has been lost through internal theft. (Curtis 1973:4)

✓ Also of concern are the following statistics which indicate that there has been an apparent increase in the incidence of theft and illustrate that the problem might be growing:

- In 1936, the cause of seven percent (7%) of all business failures could be attributed to employee theft. (1001 Embezzlers 1938:32) In 1973, nearly a third of all business failures each year are brought about by employee theft. (Curtis 1973:4)
- One thousand recent shopping tests were compared with one thousand similar shopping tests made ten years earlier. The results showed that the incidence of cash register theft by employees increased by 86%. (Curtis 1973:3)
- The incidence of industrial theft is escalating annually by 15% to 20%. (My People... 1973:44)
- Fidelity insurance losses increased by about 250 percent between 1946 and 1956, although insurance in force grew only by about 70 percent. (Embezzlers 1957:142)

#### Establishing the Causes of Employee Theft

Despite the prevalence and probable negative impact of employee theft on business and society, very little research has been done to establish the possible causes of such behavior. In discussing research efforts, Mack states:

criminologists since Sutherland have by and large neglected the study of rational-economic crime, and have in particular left almost entirely unexplored the rapidly developing activities of business-type criminal operators. (Mack 1975:155)

Karl Schuessler attributes the neglect of the study of occupational crime to three factors. First, the field received its greatest attention immediately following the depression. At that time, people were suspicious of business and were angered over the abuses that were



committed by members of the business community. Today, American society is quite affluent, which has resulted in "flagging interest in the subject." Second, the subject now requires "a competence in law that few sociologists possess" because of the increasing complexity of our legal system and the different handling of occupational crime from state to state. Third, Schuessler claims that many feel that such crime is not really crime and that to investigate it is "regarded by some as a veiled attack upon business with the aim of reforming it, rather than a serious sociological enterprise." (Sutherland 1973:xix-xx)

One can seriously question Schuessler's reasons. In regard to the first reason given, the Chamber of Commerce of the United States indicates that "three different surveys have indicated that public esteem for business, its practices, and its leadership is at an all time low." (Chamber of Commerce 1974:7) Thus, interest in the subject should not be flagging for the first reason. Second, the need to possess legal knowledge is no greater for the study of employee theft than it is for juvenile delinquency, abortion, or any number of other subjects that are receiving a great deal of attention. Third, to say that many feel occupational crime is not crime can also be countermanded. Newman states, for instance, that "the majority opinion of sociological writers seems to be that white-collar criminality is a legitimate area of criminological research." (Newman 1958:736)

Mack provides two reasons that are more widely accepted than Schuessler's to explain "research backwardness" in this area:

It (i.e., employee theft) involves no physical violence against either person or property. It is not surprising that a hard-pressed police and judicial system should appear to regard its problems as

less urgent than the more dangerous crimes; and criminologists order their research priorities in line with the needs and demands of the practical world. (Mack 1975:24)

It appears to be practised to a large extent by people not unlike ourselves ....As a result many of those who set the tone in government circles, in administrative circles, in business and industry, and in society generally, tend to deplore the blurring of the conventional distinction between crime and non-crime that a close study of this subject would appear to involve. (Therefore, research is discouraged.) (Mack 1975:25)

Because of scarcity of research, for whatever reason or reasons, there is very little understanding of what causes employees to steal. Without this understanding, current programs of "prevention" must concentrate on detecting theft and/or controlling the behavior of employees. Thus, emphasis must be on the symptoms of the problem rather than the problem or problems themselves.

To obtain some understanding of the problem, Caldwell advised that "on the subject of white-collar crime...we should use all available resources in every field of knowledge and organize them in a coordinated attack." (Caldwell 1968:385-6) At present, there is no one source which brings together major theories from several disciplines that may provide some insight into the etiology problem. This thesis' unique contribution is that it does examine research that has been done by several disciplines including criminology/sociology, business and economics. Also, it does not limit itself to only the scanty research specifically on employee theft or white-collar crime. Theories on the etiology of crime in general are evaluated and their applicability to the study of employee theft is determined.

Coverage begins in 1473 when the taking of goods from an employer by an employee first became defined as an illegal act, proceeds

to the early studies of employee theft, concentrates on the longest lived and most influential theory (the theory of differential association), and then briefly discusses and evaluates major sociological, business, and economic theories that might have applicability to the problem. The final chapter compares and contrasts the approaches of the several theories to the problem, evaluates the research contributions to date and indicates possible areas for future research.

## CHAPTER II

### EMPLOYEE THEFT: 1473 - 1939

#### The Development of the Law

Prior to 1473, the incidence of employee theft was so small that no need was felt to develop laws which would prohibit such activities. Due to changing social conditions<sup>1</sup>, the increasing amount of employee theft that accompanied those changes, and the increasing value of the items stolen, the need developed to modify the laws concerning theft so that employers could be protected from their employees. Until the Carrier's Case of 1473, British common law stated that in order for a theft to take place, one must take property from someone who is physically in possession of it. Thus, if an employee was in physical possession of the employer's property, technically, theft could not take place. The law implied that the owner of the property was responsible for protecting himself by employing trustworthy persons. (Hall 1952:30)

It was under such law that the Carrier's Case arose. The case developed when a person was hired to transport some bales of goods. Instead of fulfilling his obligation, he picked up the bales, took them to a spot where he broke them open, and stole the contents. The man was arrested and charged with a felony. The defense claimed

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<sup>1</sup>The old feudal structure resting on an agricultural economy was giving way to a new order based upon industry and trade. (Hall 1952:20)

that legally no theft had taken place because the defendant had been given physical possession of the bales in order to transport them. Since the bales were in his physical possession at the time he appropriated the goods to his personal use, he did not commit theft according to his attorneys. Prior cases and common law backed up that claim. The judges, however, departed from precedent and ruled that the defendant only had physical possession of the baling material and not the contents of the bales and, therefore, theft did take place.

By 1506, British common law evolved to the point that items in or about the property of a master or business owner were considered to be in his physical possession. Employees were considered to only have custody of the property even when goods were in their physical possession. Thus, employees could be found guilty of a felony if they converted goods in or about their boss' property to their own use. However, a loophole existed in British common law that was detrimental to employers suffering from employee theft. That is, property or money received from a third person for the master was not considered to be in the employer's possession until physically handed to him. As a consequence, an employee could not be found guilty of a felony if he converted such property to his own uses. (Hall 1952:35)

Because of this loophole, employers had no legal recourse if, for example, an employee would accept money from a customer in payment for goods and then pocket the money since, in such a case, the employee had physical possession of money obtained from a third party and his boss never did.

In 1799, the situation reached a climax in the case of *The King vs. Joseph Bazeley*. Bazeley was a bank teller who embezzled deposits that he had accepted from customers on behalf of the bank. The case received a great deal of publicity and when the charges were dropped against Bazeley because the money was considered to never have been in the bank's possession, many were incensed.

As a direct result of that case, in the same year, the first British general embezzlement statute was passed. Since United States law is basically an outgrowth of British common law, these early developments were incorporated into U.S. law. (Vetter 1976:85)

#### The Development of Research on the Etiology of Employee Theft

Public interest in the subjects of embezzlement and fraud resulted in many popular articles being written on the subjects in the 1800's and early 1900's in British and American newspapers and periodicals. The articles usually dramatically described a particular theft in detail. Much less frequently did authors attempt to guess the causes of the phenomena. In 1905, Edward Moxey, a bank examiner for the United States Department of Justice, wrote about the causes of bank defalcations as he perceived them. The causes he listed included: to fund personal financial enterprises; to speculate in the stock or commodity markets; to gamble; to advance political ambitions and/or to fund extravagant living. (Moxey 1905:32-42) His analysis was more thoughtful than the average writer's of the period, but, as is obvious today, he dealt more with how the stolen money was used than with the actual causes of stealing.

Although employee theft was of interest to popular writers, very little interest was shown by members of the relatively young disciplines of sociology and criminology. Criminologists in the early 1900's concentrated on crimes that led to incarceration. Because most crimes committed in connection with a persons' occupation were never processed through the courts, the crimes usually did not lead to incarceration. Thus, the study of occupational crime was generally ignored. (Reid 1976:218-219)

The earliest major statement made by a sociologist regarding the kinds of behavior which would later come to be classified as "white-collar crime" was by Edward A. Ross. He identified a class of people that he referred to as quasi-criminals or "criminaloids."

By this we designate such as prosper by flagitious practices which have not yet come under the effective ban of public opinion...The law-maker may make their misdeeds crimes, but, so long as morality stands stock-still in the old tracks, they escape both punishment and ignominy. (Ross 1907:45)

Ross included in his category of criminaloids prominent or conspicuous persons such as:

the director who speculates in the securities of his corporation, the banker who lends his depositors' money to himself under diverse corporate aliases, the railroad official who grants a secret rebate for his private graft... (Ross 1907:45-46)

He felt that the public showed "shocking leniency" in judging these types of acts committed by this class of people because society was still incensed only by those crimes that the Bible felt deserving of fire and brimstone. Concerning embezzlement, fraud, and related crimes, "there has not yet been time enough to store up strong emotion about them." (Ross 1907:45)

As to what causes people to commit such acts, Ross stated "they want nothing more than we all want--money, power, consideration--in a word, success; but they are in a hurry and they are not particular as to the means." (Ross 1907:46) What he left unanswered is, why, if we all have the same drives, are some people "not particular as to the means" while others seek success through legal methods? Rather than providing a clue as to the cause of such behavior, he merely described a common characteristic of the perpetrators. That is, most perpetrators, in his opinion, had moral insensibility.

For 27 years, the subject of occupational crime received the attention of "popular" writers but almost no serious attention from criminologists and sociologists. Then, in 1934, Albert Morris, a criminologist, identified "the criminals of the upperworld" as a separate class of criminals. (Morris 1934:153)

Included in his long listing of types of criminals of the upperworld was a wide range of "criminals and near criminals" who were habitual offenders. He included working girls who added to their earnings by prostitution; manufacturers who took advantage of their monopoly control to gouge consumers; theatre managers who allowed children to enter without paying; government officials who used false propaganda to stir people to action; usurers who charged illegal interest rates; investment bankers who sold property for more than it was worth; and so on. Not represented on his list at all were employees who stole from their employer.

As to the causes of this type of crime, Morris only stated that these people were "ethically less sensitive at certain points due possibly to nature and their persistent closeness to their own particular type of



crime." (Morris 1934:157) He did not expand upon this statement and thus it is uncertain whether his reference was to human "nature," the individuals' "nature," or the "nature" of the situation. The latter part of the phrase concerning "persistent closeness" is equally unclear. Thus, Morris shed little light upon the problem.

He concluded that "criminals of the upperworld" are numerous and that "they may well turn out to be more of a menace to society in every way than their less pleasant counterparts, the underprivileged criminal class." (Morris 1934:158) He further stressed that the subject "deserves serious study as an authentic part of the crime problem." (Morris 1934:158)

His plea for further research was largely ignored by his fellow criminologists until 1939. During this lull, the only apparent research was done by the United States Fidelity and Guaranty Company, a surety company. It conducted a study of 1001 embezzlers in order to determine the characteristics common to the embezzlers and the causes of their acts. The study received a great deal of publicity, and facts such as the following, which were cited in many sources, served to shock the public:

Embezzlers cost American business more than \$200,000,000 annually.  
(Embezzlers...1936:46)

The typical embezzler is 36 years old, has a wife and two children...He has held his position for five and one-half years and is regarded by all as a trustworthy and regular fellow. (Why of Embezzlement 1937:121)<sup>2</sup>

As to what causes people attributed their defalcations, in most cases, specific problems or incidents were pointed to. The study concluded that:

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<sup>2</sup>Such a description is still accurate today. (Jaspan 1974)

The typical embezzler is often overtaken by domestic troubles which lead him to spend beyond his means. He may have a spendthrift, nagging, or invalid wife. He may have ailing children or an ambitious family whose demands cannot be met by his income...His sons or daughters may have become pressing social or financial problems. His wife may be unfaithful or he himself may fall victim to a consuming infatuation for another woman...On the other hand, he may succumb to an over-indulgence in liquor--to gambling or speculation... In ninety-nine times out of one hundred he is 'temporarily borrowing' and would indignantly deny that he is a thief. (1001 Embezzlers 1938:32)

This U.S. Fidelity and Guaranty Company statement bore a striking resemblance to many statements made today by business writers who attribute employee theft to pressures originating outside of the job, which is discussed later. In the majority of cases, the act of embezzlement was attributed to the "flesh being weak" and other emotional factors.

Since the "causes" were provided by the people who perpetrated the crimes, one might question whether the individual really knew what caused the acts, and, if he/she did, whether he/she would report them. Also, the reasons provided might serve to merely justify the act in the eyes of the perpetrator or others.

As stated by Geis, "lacking...an explanation that rationalizes or neutralizes his behavior and provides an explanation for his offense satisfactory to himself and to his presumed or real accusers...the offender may be forced to regard himself as an alien and abject creature, unable to control his behavior and incapable of acting in a manner which he has introjected as desirable." (Geis 1968:12) Thus, to avoid having to regard himself/herself in such a way, the offender may consciously or unconsciously fabricate explanations which remove blame from himself/herself.

Another problem is that this study leaves unanswered why others facing similar situations do not resort to the same solution. All men whose wives nag or are unfaithful do not embezzle. These and other questions were raised by the study, but inspired little serious research.

## CHAPTER III

### EDWIN SUTHERLAND'S CONTRIBUTIONS

#### Introduction

It remained for Edwin H. Sutherland to stimulate interest in the subject. On December 27, 1939, Sutherland, in his presidential address to the American Sociological Society, articulated the concept "white-collar crime." (Sutherland 1940:1-12) His speech served to shake the foundations upon which criminological research had been built. He claimed that the currently accepted conceptions and explanations of crime were "misleading and incorrect."

Criminologists have used the case histories and criminal statistics derived from...agencies of criminal justice as their principal data. From them, they have derived general theories of criminal behavior. These theories are that, since crime is concentrated in the lower class, it is caused by poverty or by personal and social characteristics believed to be associated statistically with poverty, including feeble-mindedness, psychopathic deviations, slum neighborhoods, and "deteriorated" families...Crime is in fact not closely correlated with poverty or with the psychopathic and sociopathic conditions associated with poverty. The conventional explanations are invalid principally because...they have not included vast areas of criminal behavior of persons not in the lower class. One of these neglected areas is the criminal behavior of business and professional men. (Sutherland 1940:1-2)

The types of behavior that Sutherland considered white-collar criminality consisted primarily of violations of delegated or implied trust. Included were many of the types of behavior found among Morris' "criminals of the upperworld" who committed crimes to forward the interests of their bosses or their own businesses. But, Sutherland also included individuals who committed occupationally related crimes

to forward their personal interests.

More specifically, Sutherland gave as examples of white-collar crime the following:

misrepresentation in financial statements of corporations, manipulation in the stock exchange, commercial bribery, bribery of public officials directly or indirectly in order to secure favorable contracts and legislation, misrepresentation in advertising and salesmanship, embezzlement and misapplication of funds, short weights and measures and misgrading of commodities, tax frauds, misapplications of funds in receiverships and bankruptcies. (Sutherland 1940:2-3)

There is uncertainty as to what caused the flood of interest that followed 1939. Perhaps, as Gilbert Geis contends, interest was aroused by virtue of Sutherland's "position in American sociology, by the attractiveness of his terminology and the illustrations he employed to support his views." (Geis 1977:8) Perhaps thought was stimulated by the continuing feelings of distrust for business and businessmen fostered by the Depression. Perhaps the press' frequent reporting of abuses of trust by businessmen would have inspired research without Sutherland having to supply any impetus.

Whatever the reason or reasons, the fields of white-collar crime and employee dishonesty began to receive a great deal of attention, as did Sutherland's theory of differential association. Because the theory has "generated more comment, research, and writing than any other criminal theory," (Fox 1976:111) this thesis will discuss, in detail, its propositions, and the criticisms and modifications which have resulted.

#### Theory of Differential Association

In the 1939 edition of Principles of Criminology Sutherland introduced the theory of differential association. (Sutherland 1939)

This theory is considered to be the first "serious" theory to deal with the cause of all criminal behavior including employee theft. (Although it is more accurate to describe this theory as a hypothesis, common terminology will be used in this thesis.)

Sutherland attempted to develop "a theory of criminal behavior which will explain both white-collar criminality and lower-class criminality." (Sutherland 1947:6-8) His basic assumption was that both types of crime could be explained with one theory since

(white-collar) criminal behavior differs from the criminal behavior of the lower socio-economic class principally in the administrative procedures which are used in dealing with the offenders; and that variations in administrative procedures are not significant from the point of view of causation of crime. (Sutherland 1949:9)

In other words, he felt that the causes of both types of crime were very similar despite the differing treatments received by different offenders because of their socio-economic status. Specifically, Sutherland drew four parallels between white-collar crime and professional criminality.

First, the criminality of both groups "is persistent." Second, in both instances, "illegal behavior is much more extensive than the prosecutions and complaints indicate." Third, "the businessman who violates the laws which are designed to regulate business does not customarily lose status among his business associates." Neither does the professional criminal lose status among his underworld peers. Fourth, "businessmen customarily feel and express contempt to law, for government, and for government personnel...professional thieves...feel contempt for law, policemen, prosecutors and judges." (Sutherland 1947:218-220)

Reiterated through the years was the feeling that "if we can

secure a more adequate understanding of the genesis of all criminal behavior, both lower class and upper class, we can develop wiser and more effective policies for control of that behavior." (Sutherland 1941:115) It troubled him that some criminologists concentrated their efforts on studying only one type of criminal behavior or criminal. Such limited research, he felt, would have to result in inaccurate conclusions. He stated that it would be just as logical to select only blue-eyed criminals for study and then conclude that blue eyes were the cause of crime since that was the only characteristic shared by everyone in the sample. (Sutherland 1941:116)

Thus, Sutherland devoted his energies to developing a theory that would explain the causes of all crime. After the introduction of the theory of differential association in 1939, it was expanded and revised until 1947, when it appeared in the fourth edition of Sutherland's Principles of Criminology. Later editions of the Sutherland text written by Donald R. Cressey after Sutherland's death do not vary the wording of the theory in any substantial way. The theory's nine statement's are:

1. Criminal behavior is learned...not inherited...the person who is not already trained in crime does not invent criminal behavior...
2. Criminal behavior is learned in interaction with other persons in a process of communication (both verbal and non-verbal communication)...
3. The principal part of the learning of criminal behavior occurs within intimate personal groups....Impersonal agencies of communication, such as newspapers, play a relatively unimportant part in the genesis of criminal behavior.
4. When criminal behavior is learned, the learning includes (a) techniques of committing the crime;...(b) the specific direction of motives, drives, rationalizations, and attitudes.

5. The specific direction of motives and drives is learned from definitions of legal codes as favorable and unfavorable....An individual is surrounded by persons who invariably define the legal codes as rules to be observed (and) by persons whose definitions are favorable to the violation of the legal codes.

6. A person becomes delinquent because of an excess of definitions favorable to violation of law over definitions unfavorable to violation of law....When persons become criminals, they do so because of contacts with criminal patterns and also because of isolation from anti-criminal patterns. Any person inevitably assimilates the surrounding culture unless other patterns are in conflict....Associations which are neutral so far as crime is concerned (e.g., learning to brush one's teeth) have little or no effect on the genesis of criminal behavior...

7. Differential associations with criminal and anti-criminal behavior may vary in frequency, duration, priority, and intensity...."Frequency" and "duration" need no explanation. "Priority" is assumed to be important in the sense that lawful behavior developed in early childhood may persist throughout life, and also that delinquent behavior developed in early childhood may persist throughout life...."Intensity" has to do with such things as the prestige of the source...of a criminal or anti-criminal pattern and with emotional reactions related to the associations. In a precise description of the criminal behavior of a person these modalities would be stated in quantitative form and a mathematical ratio be reached....The development of such a formula would be extremely difficult.

8. The process of learning criminal behavior by association with criminal and anti-criminal patterns involves all of the mechanisms that are involved in any other learning....The learning of criminal behavior is not restricted to the process of imitation...

9. Though criminal behavior is an expression of general needs and values, it is not explained by those general needs and values since non-criminal behavior is an expression of the same needs and values ....Attempts to explain criminal behavior by general drives and values, such as the happiness principle, striving for social status, the money motive, or frustration, have been and must continue to be futile since they explain lawful behavior as completely as they explain criminal behavior. (Sutherland 1947:6-8)

In other words, stated briefly, the theory holds that criminal behavior is learned during interactions with people in one's primary group and that behavior is not the result of biology, heredity, or other non-social factors. If one's exposure to criminal behavior and



values, in terms of frequency, intensity, duration, and priority, is greater than one's exposure to non-criminal behavior and values, then one can be expected to exhibit criminal behavior in those situations that one has learned to perceive as the proper settings for such criminal behavior.

Newman stated that this theory views employee theft as a natural product of conflicting values (criminal versus non-criminal)...and the white-collar criminal as an individual who, through associations with colleagues who define their offenses as "normal" if not justified, learns to accept and participate in the antilegal practices of his occupation. (Newman 1958:748)

It is true that in certain occupations and businesses where stealing is normative, and there is little or no exposure to non-stealing behavior, individuals learn attitudes, values, motives, rationalizations and techniques favorable to stealing. However, because the amount and type of learning from primary groups as well as the work group also have an effect upon whether or not one will resort to criminal behavior, not everyone in the same situation will steal. Let us consider the following hypothetical situation. A large company employs three bookkeepers whom they trust implicitly. Because of this level of trust, the company does not audit the books very carefully. Thus, the bookkeepers know that it would be a simple matter for each of them to steal \$100 weekly without much chance of detection. One of the bookkeepers, A, has had an excessive amount of exposure to criminal values because his father and friends are all bookkeepers who steal. The second bookkeeper, B, has several friends who are bookkeepers and some of whom steal. Bookkeeper C comes from a family that prides itself on its honesty and his best friend is an auditor who is scrupulously

honest. The theory of differential association would predict that, even though all three have the knowledge necessary to commit the crime and all see the situation as a potential crime-committing situation, probably A would be anxious to steal, B could be easily convinced to steal, but C would remain honest. Such predictions are logical conclusions based upon the theory's premise that the greater one's exposure to criminal behavior and values is, the more likely one is to participate in criminal behavior. Also, the priority of one's experiences affects the degree of impact that those experiences have upon behavior. In C's case, because his early exposures with family were non-criminal and his best friend values honesty, his exposure to criminal behavior on the job would not have a great enough effect to make him steal.

#### Evaluation of the Theory of Differential Association

The theory of differential association has been attacked, supported, modified, and criticized through the years. However, many researchers express sentiments similar to Fox's and Schuessler's. Vernon Fox stated that "differential association has become basic to the thinking of American criminologists and other researchers in crime." (Fox 1976:102) Karl Schuessler believed that "no plausible alternative (theory) of comparable scope has been advanced" and that the theory "has no close rival." (Sutherland 1973:xvi)

Even most critics preface their comments with praise for the theory and its continuing value to research. After just such an expression of niceties, Vold launched into one of the major criticisms of the theory. He stated that "one of the persistent problems that has always

bedeviled the theory of differential association is the obvious fact that not everyone in contact with criminality adopts or follows the criminal pattern." (Vold 1958:194) Sheldon Glueck, a strong critic of the theory, similarly stated that the "biggest criminals of all would be professors of criminology, prison guards, and prison chaplains" because they associate a great deal with criminals. (Glueck 1956:97)

Donald R. Cressey, who authored the fifth and subsequent editions of Sutherland's Principles of Criminology after Sutherland's death, is the staunchest supporter of the theory. Concerning Vold's and Glueck's statements, Cressey indicated that both "overlook or ignore the words 'differential' and 'excess' in the theory, which states that a person becomes delinquent because of an excess of definitions favorable to violation of law over definitions unfavorable to violation of law." (Sutherland 1970:78) It could also be pointed out that the theory states that differential associations vary in intensity with intensity having to do with "such things as the prestige of the source of a criminal or anti-criminal pattern" (Sutherland 1947:8) and the priority of experiences with early experiences having greater effect than later ones. Thus, it might be surmised that criminals have little effect on guards, chaplains, and professors of criminology, because criminals are not held in high esteem by such people, just as employee C in the example cited above was not greatly influenced by employees A and B. Also, influence can be slight because exposure to criminals follows earlier law-abiding experiences.

Another criticism points to an apparent inconsistency that is just the reverse of the first criticism. That is, some people become

criminals even though they have had very little association with criminals. Cressey indicated that such a criticism results from oversimplifying the theory into a "bad companions" theory. Whether or not someone has had companionship with criminals is not the point, Cressey says. The crux of the matter is whether or not one has been exposed to criminal behavior patterns. He stated, "one can learn criminal behavior patterns from persons who are not criminals, and one can learn anti-criminal behavior patterns from (criminals)." (Sutherland 1970:79)

An example might be that of a computer programmer who works with "honest" people and was raised by "honest" people. If he hears throughout life that big business exploits the poor or sees his father using company supplies for personal reasons or is told by friends not to remind the credit card company of a bill it forgot to charge against his account, then he has been exposed to criminal behavior and values. If exposed to an excess of such behavior and values, Sutherland would predict that he might tamper with the computer files and steal.

A third criticism is that the theory purports to be an explanation for the etiology of all criminal behavior and yet certain types of crimes are exceptional to the theory. It has been claimed that the theory does not apply, for example, to crimes of passion, compulsive crimes such as kleptomania and pyromania and "occasional" criminals. As Nettler stated, "the proposals of the differential-association theory seem to fit better those behaviors that are routine, characteristic, and patterned." (Nettler 1974:197) Vold stated, "much of criminal behavior is impulsive and irrational...differential association theory should not be stretched to include psychologically irrational and impulsive behav-

ior." (Vold 1958:197-8)

Cressey acknowledged that differential association theory's point is that

all criminal behavior is learned in the process of social interaction...(and) the discovery of cases of criminal behavior whose genesis and development has not followed such a process would call for either a modification of the generalization or a redefinition of the concept of crime. (Cressey 1954:29)

He did not acknowledge, however, that it has been proven that there are types of criminal behavior that fall outside of the theory.

To support his statement, he pointed to one of his own studies of compulsive crimes and indicates that although such crimes are considered by many to be exceptions to the theory, he was able to prove that they were "not necessarily exceptional at all." (Sutherland 1970: 83) What Cressey did not indicate is that to reach such a conclusion, he had to do a lot of fancy semantic footwork that adds up to the following and that raises doubts as to the correctness of his conclusions:

- A. Behavior that is motivated, can be called crime and behavior that is not motivated must be called insanity not crime.
- B. The theory only attempts to explain criminal behavior and not insanity.
- C. Kleptomania may be motivated and rational rather than automatic and non-motivated and thus may not necessarily be an exception to the differential association theory. (Cressey 1954:29-40)

Cressey also cited five research studies done concerning five types of criminal behavior that the theory of differential association could not explain. Cressey merely stated that "these instances need to be given careful attention." (Sutherland 1970:83)

One of the five research studies cited by Cressey concerns embezzlement, a type of employee theft, and concludes that the theory

cannot account for many of the individual cases of embezzlement. As Korn and McCorkle stated, "some of the violators work entirely alone and in secret, have lived law-abiding lives up to the time of their crime, and rarely number criminalistic persons among their association." (Korn 1959:299) They concluded that the theory inadequately accounts for many crimes of financial trust violation.

A study done by Cressey himself of hundreds of embezzlers concluded that "trust violation is both a cultural and a psychological phenomenon (emphasis mine)." (Cressey 1953:139) Also, the idea that "criminality and non-criminality depend upon a ratio of contacts with criminal and anti-criminal behavior patterns (as Sutherland's theory claims) is open to question in cases of crimes involving violation of financial trust." (Cressey 1952:51) Despite all of the evidence, Cressey does not conclude that such findings indicate that the basic premise of the theory might be faulty, especially in cases of embezzlement.

A fourth criticism is that the theory's terminology is so vague as to be untestable. Reid stated, "one of the basic problems with Sutherland's theory...is that it is difficult, if not impossible, to test empirically...because of the problem of operationalizing terms." (Reid 1976:213) In this connection, Glueck facetiously inquired:

Has anybody actually counted the number of definitions favorable to violation of law and definitions unfavorable to violation of law, and demonstrated that in the pre-delinquency experience of the vast majority of delinquents and criminals, the former exceeds the latter? (Glueck 1956:96)

Glaser stated that if the theory is untestable, then it would be unacceptable "since it is a canon of science that any theory must be capable

of being subjected to empirical tests that could conceivably prove it false." (Glaser 1962:430) However, he noted that Sutherland's theory is an abstract theory and such theories are not tested directly by empirical observation, but rather by tests of operational hypothesis that are deduced from the theory. He felt that "the theory may be considered testable if operational indices of association and of criminal behavior can be deduced." (Glaser 1962:430) He concluded that testable hypotheses can be created and that the testability criticism is invalid.

Concerning the impreciseness of the terminology, Sutherland provided a defense when he stated,

all sciences...have begun as common-sense knowledge with concepts defined in common-sense terms and have grown by the interplay of theory and observation. The precision of definitions of concepts, of formulation of problems, and of findings is an outgrowth of the previous work. In a young science concepts cannot be defined scientifically. (Cohen 1956:236)

Thus, he expected that precision would come as a result of research and maturation of the theory. Due to the vagueness of the terminology, however, it is almost impossible to identify the precise mechanisms by which a person does become a criminal. Thus, for instance, it is not feasible for business to utilize the theory to predict who among their employees might steal. Since it is a causal theory, its inability to be used as a predictor of behavior is an important weakness.

A fifth criticism is that it is a learning theory that is invalid since Sutherland's statements of learning principles have proved to be inaccurate and incomplete. C. R. Jeffery, who studied under Sutherland, stated in 1965 that "the theory of differential association is not valid in its present form because, though it is basically sound in asserting that criminal behavior is learned, it does not make use of

the learning principles which are now available." (Jeffery 1965:294) Especially important in the learning process, and overlooked by Sutherland, are such things as stimulus/response factors and conditioning. The oversights combined with misunderstandings of the learning process result in inaccurate predictions of behavior. This is discussed in more detail later in this chapter.

A sixth criticism concerns Sutherland's attributing all criminal behavior to one's history of associations. Sutherland stated, differential association (is)...both the necessary and the sufficient cause of a person's entrance into the closed system of criminal behavior....Variations in other social conditions and in personal characteristics (are) regarded as factors in the causation of criminal behavior only as they affect differential association with criminal and anti-criminal patterns." (Cohen 1956:30-31)

Most critics feel that the theory ignores a number of other factors that are equally important in explaining the causes of crime such as opportunity and individual personality differences.

Concerning opportunity, the theory ignores the fact that the same tempting situation can face an individual and, depending upon whether or not other opportunities exist for a person to satisfy his/her desire for the item or money that might be tempting him/her, the individual may or may not steal. Because the theory "regards opportunity as a constant," (Nettler 1974:196) it can not explain why the person's response would vary. Guenther stated that there is increasing evidence that proves that criminal behavior occurs in part as a function of differential opportunities to commit criminal or noncriminal acts as alternative means to a given end. "Not everyone has access to noncriminal means to attain his ends....(Evidence shows) that large segments of the population shift to economically oriented crime primarily when oppor-



tunities for legitimate (goal attainment) diminish." (Glaser 1962:429)

The obvious implication that many draw from such research is that an employer can prevent internal theft by providing employees with remuneration that is adequate to help individuals attain their material goals. Obviously, however, such employees as the bank teller who stole \$30,000 per day (Alexander 1974:144) will have goals that management cannot afford.

Concerning individual differences, just as Sutherland believed that psychological and biological factors alone cannot explain the etiology of criminal behavior, apparently neither can the study of associations alone. The theory tends to view people as passive collectors of criminal and anti-criminal associations who then act criminally or honestly as a result of the mixture. Such a model is much too simple, and as Newman stated, "to comprehend (white-collar crime), a fundamental knowledge of class structure, values, roles, and statuses, and the many other essentially social processes and concepts is needed." (Newman 1958:750) To this could be added that an understanding of psychological, biological and economic, etc. factors would be helpful as well. As Fox stated, "there is no doubt that individuals become what they are largely because of contacts they have, but constitutional...as well as other psychological factors erode the impact of association with criminals." (Fox 1976:103)

Reed Adams reviewed 140 empirical studies that had been done that contrasted the effects of social and nonsocial variables on criminal behavior. He concluded:

Differential association assumed that the "causative" variable in the determination of crime is social in nature. It ignores the

fact that such "nonsocial" things as sex, drugs, and money reinforce and maintain behavior....Sutherland's theory is deficient because it concerns only social reinforcement...(and it) cannot be expected to adequately explain or predict criminal behavior. (Adams 1974:2,8)

By not considering the non-social variables, it is claimed that the theory cannot adequately explain why, for instance, two people with entirely different histories of associations and experiences (criminal versus non-criminal) might both steal in a particular situation. Or, conversely, why two people with very similar exposure to criminal behavior and values might respond differently, one stealing and one not, when placed in the same situation. Other factors besides associations must come into play, say the critics.

Thus, although the theory of differential association has been instrumental in providing a better understanding of some criminal behavior, in its present form, it has limited value as a practical or predictive tool in the area of employee theft.

#### Modifications of the Theory of Differential Association

Over seventy articles had appeared in the scholarly and professional journals by 1970 about the theory of differential association. (Fox 1976:102) The majority of the articles, however, only discussed or criticized the theory and did not offer modifications or test new ideas that might have made the theory more valuable. However, a few researchers have recognized some of the theory's weaknesses and have made efforts to revise and/or modify the theory of differential association so as to make it more accurate, explicit, and verifiable. The revisions considered to be of most value have been attempted by Jeffery, Burgess and Akers, and Glaser and have dealt mainly with correcting and ex-

panding the theory's learning principle aspects. (Gibbons 1977:225, 228; Fox 1976:105-107)

Since the theory is basically a learning theory that had not been modified since 1947, many of the recent findings of learning principles research were not reflected in the theory and thus misstatements were made that affect its validity. Jeffery realized the necessity of up-dating the theory to reflect the recent research findings. He hoped that his up-date would also put the theory into terminology which would make it more easily empirically testable. In a 1965 article, Jeffery stated: "cases of criminals without criminal associations or non-criminals with criminal associations...cannot be explained by the theory of differential association (alone)....They can be explained by differential reinforcement." (Jeffery 1965:296) He felt that operant behavior, including criminal behavior, is maintained or discouraged by its own consequences, both social and material.

To substantiate this point, he indicated that stealing is reinforcing in and of itself and that one does not need associations with criminal behavior to steal or to know a technique to steal. He illustrated this point in the following way:

If a boy asks his mother for a cookie and she refuses his request, he learns (by himself) he can raid the cookie jar when the mother is not looking. Stealing a cookie is reinforced by the cookie.... This child has had no contact with a delinquent pattern, and yet learning has taken place which later on can generalize to other situations. (Jeffery 1965:296)

Taking the situation a bit further than Jeffery did, the principles of operant conditioning would predict that, if the mother discovers the theft and spansks the child, then taking cookies will have resulted in an aversive stimulus (i.e.,spanking) and a positive rein-

forcement (i.e., cookie). If the aversive stimulus is greater than the positive reinforcement, in the child's opinion, then cookie theft under the same conditions would tend to be discouraged.

Obvious parallels can be drawn with employee theft. A person could steal without having had excessive exposure to criminal behavior and values: the idea of stealing can be a natural progression from earlier learned behavior. The act of stealing is reinforced by many factors, among which gaining possession of goods or money is a primary reinforcer. If the act does not result in an aversive enough stimulus that outweighs the reinforcers, stealing will continue.

Such thinking helps to explain why employee theft is so prevalent. Most cases of employee theft go undetected and, even if discovered, go unpunished. (Bryant 1974:168) Thus, the positive reinforcements generally outweigh the aversive stimuli and repetition of the act is encouraged. For those few employee thieves who are convicted and sentenced to jail, further stealing is unlikely (Gibbons 1977:339) since the negative reinforcers outweigh the positive.

Although Jeffery's article marked "a new departure in the abundance of thinking" on the theory of differential association "by discussing learning theory and criminal behavior together," his contribution was limited. (Burgess 1966:130)

He introduced the idea that many variables can affect a person's behavior, but he did not specifically indicate which variables can affect criminal behavior and in what ways. Also, although his goal was to update the theory of differential association, he did not make a formal restatement of the theory. Thus, it is unclear how he intended the

differential association theory to reflect the newer findings.

Burgess and Akers, realizing the value of what Jeffery had proposed to do, continued efforts along the same lines. Their stated goals included:

- (1) making explicit the learning process, as it is now understood by modern behavioral science;
- (2) fully reformulating the theory "in light of the current knowledge of this learning process";
- (3) restating the theory in such a way as to make it empirically testable. (Burgess 1966:131)

Sutherland's nine propositions were analyzed in terms of behavior and learning theory and were restated as seven new propositions. The reformulated theory again repeats Jeffery's point that criminal behavior is maintained or discouraged by its social and material consequences, as is other operant behavior, but then proceeds to delve deeper into learning and behavioral science. Contrary to Sutherland's contention, Burgess and Akers contended that learning of criminal behavior can occur outside of primary groups, including learning from the mass media. Whether learned behavior will be practiced depends upon the reinforcement system under which a person lives. For example, if a work group applauds the intentional damaging of a certain percent of the goods being produced while it deplores someone producing high quality goods at a rapid pace, under such a reinforcement system, a person could be expected to adopt the attitudes of the group and damage goods in order to gain their approval. The authors more formally stated the idea as follows:

The specific class of behaviors which are learned and their frequency of occurrence are a function of the reinforcers which are effective and available, and the rules or norms by which these

reinforcers are applied. Criminal behavior...takes place when such behavior is more highly reinforced than noncriminal behavior. The strength of criminal behavior is a direct function of the amount, frequency and probability of its reinforcement. (Burgess 1966:142-144)

Burgess and Akers did not explain why different individuals subjected to the same situation and same reinforcement system may react differently, for example, with a person refusing to damage goods in the above situation. Also, they acknowledged that different reinforcers have different values for different people but did not indicate what caused these different values for individuals nor did they tell how one can predict what reinforcers will be valued by a particular person. Thus, without further elaboration or research, it would be difficult to apply this theory in a practical way so that desired behavior can be elicited with the proper application and proper amount of rewards and punishments to serve as reinforcers.

Despite these criticisms, the Burgess and Akers contribution is considered to be substantial by many researchers. Even Cressey acknowledged that their contribution is

the most promising lead...in formulating a theory of criminality... by specifying that the conditions and mechanisms through which delinquent and criminal behavior are learned are those variously referred to as "reinforcement theory"; "operant behavior theory"; and "operant conditioning theory." (Sutherland 1970:87)

Eleven years have passed since the appearance of the Burgess and Akers article but no one has tested its propositions or empirically examined its soundness and thus they remain promising educated guesses but only guesses. It is easy to commiserate with Adams when he frustratedly stated, "possibilities for the resolution of the theory's (i.e., differential association's) methodological problems and for direct empirical testing of the theory were suggested by Burgess and

Akers...(however) there have been no attempts to empirically test their suggestions." (Adams 1974:2)

Daniel Glaser attempted to resolve the many problems that revolved around the unclearness of Sutherland's term "associations." If one interpreted the term, as most researchers feel Sutherland apparently intended, as identifiable, physical group contact in which individuals are enmeshed, then much of criminal behavior is unexplainable. Especially problematic is why some people without criminal associations become criminals, while others with excessive criminal associations overcome their surroundings and become honest citizens.

Glaser felt that many of the problems could be resolved if the theory was reformulated as a "differential identification" theory. The basis of the theory is that all persons identify with others and view their behavior from the perspective of others. Moreover, "most persons...identify themselves with criminal and non-criminal persons.... Criminal identification may occur during direct experience...through roles portrayed in mass media, or as a negative reaction to forces opposed to crime." A person chooses the people with whom he/she will identify based upon his/her "economic (background), prior frustrations, learned moral creeds, group participation, or other features of an individual's life." Glaser contended that to say that these variables alone cause or prevent criminality "without specifying the intervening identification, evokes only a disconnected image of the relationship between life situation and criminal behavior." (Glaser 1956:440)

"The theory of differential identification, in essence, is that a person pursues criminal behavior to the extent that he identifies

himself with real or imaginary persons from whose perspective his criminal behavior seems acceptable." (Glaser 1956:440) Conversely, a person can have upright and honest citizens as his/her reference group (i.e., a group of people with whom he wishes to identify) even if prior associations and exposure has been with dishonest people.

In a later article, Glaser indicated how this theory could be applied to explain why "a highly conventional person placed in a position of financial trust suddenly violates such trust and commits embezzlement." (Glaser 1958) He stated that Cressey's examination of cases of embezzlement revealed that trusted persons committed embezzlement only when faced by a financial problem which they could not divulge to others. The general reluctance to tell others of the problem was a result of not wanting to lose the acceptance or respect of those with whom one wished to positively identify even if such a revelation might have resulted in financial aid.

Cressey also found that the offense was never committed until the embezzler had developed a rationalization which legitimated the offense to him. Glaser concluded from this that "a shift of perspective, often by taking the standpoint of new reference groups, was needed to change the trustworthy person into an embezzler." (Glaser 1958:692)

Another situation that was problematical to the theory of differential association but which supposedly could be explained by differential identification is the fact that an employee may steal in the presence of certain people in a particular setting but refrain from stealing if surrounded by other individuals even if these people will not report the theft. A simple example might be a grocery stock boy



who will eat unpaid-for candy bars in the presence of some co-workers but abstain in the presence of other peers. Differential association would predict that the person would eat the candy in both instances regardless of who is present if the threat of exposure is the same in both cases. This prediction would be based upon the fact that a person will commit a criminal act in a specific situation as a result of an excess of past exposures favorable to the violation of law.

Differential identification, on the other hand, recognizes that behavior can change in response to the presence of others. If the stock boy sought acceptance of both groups, he would alter his behavior so as to act in a way that he thought would meet with the surrounding group's approval. If with co-workers who think stealing small items is acceptable behavior, then the stock boy would do so while refraining from such behavior when working with honest employees.

Glaser's reconceptualization of the theory of differential association does help to explain some occupational criminal behavior better than Sutherland's original propositions. However, it is uncertain whether it can account for all such behavior. It would seem that by ignoring all factors but differential identification in the etiology of crime or considering them only to the extent that they affect one's choices of reference groups would result in a theory that is also too limiting. With such a narrow focus, it would be difficult to explain, for example, why a purchasing agent for a company accepts expensive Christmas gifts in exchange for purchasing the salesman's line of goods even when the price is not competitive. Has the purchasing agent identified with the salesman and thus tried to act in

a way that would result in the salesman's acceptance of him? Not likely. Does the purchasing agent identify with a reference group that has a better life style than his own and so accepts expensive gifts in order to approach that life style? Possibly, but a few expensive gifts will not greatly affect the purchasing agent's overall lifestyle. Without reference to values, greed, and other factors, such behavior can remain an enigma.

If one states Glaser's theory in negative terms, one would attribute employee theft to an individuals' not identifying with the company. However, cases can be found in which the thief was a perfect employee in all respects but one (i.e., stealing) and was extremely loyal to the company and hard-working.

The fact that most employee thieves upon being caught contend that they were borrowing the money (Cressey 1953:137) and not stealing seems to illustrate, contrary to Glaser's contention, that the thieves identify with honest reference groups. If this is indeed true, Glaser's theory of differential identification is not adequate to explain all occupational crime.

Although support for Glaser's theory has come from empirical studies of juvenile delinquents (Matthews 1968), no one has attempted to apply differential identification to occupational crime. Thus, another promising theory is left to whither and perhaps die.

Gibbons, after a brief discussion of the attempts to "clean up" the differential association theory, concluded:

Although it is too early to evaluate these efforts in behalf of differential association, to date it does not appear that much progress has been made. I predict that insofar as this formulation is rendered testable by these revisions, the ultimate effect

will be to demonstrate its inadequacy as a causal argument. Some new ways of looking at criminality are called for, rather than revisions in differential association theory. (Gibbons 1971:264)

## CHAPTER IV

### OTHER SOCIOLOGICAL THEORIES

#### Introduction

Even before Guenther made the suggestion that "new ways of looking at criminality" were called for, many criminologists had begun to shift their attention away from grand theories of crimes such as Sutherland's to studying specific crimes and/or specific suspected causal factors. (Encyclopedia of Sociology 1974:121) With this shift in emphasis, however, occupational crime has received scant attention. Gibbons noted that although a great deal of research has been done on juvenile delinquency, "no major contribution to the sociological study of adult criminal behavior (including occupational crime) has been made in over two decades since Sutherland's untimely death." (Gibbons 1977: 221)

Despite the dearth of recent research specifically on the subject of occupational crime, there exists research in other areas that might provide some insight into the etiology of the employee theft question. Gilbert Geis, after considering the many theoretical perspectives that exist concerning criminology and motivation, felt that alienation research and labeling theory were the most promising areas and deserving of exploration by those interested in occupational crime. He stated,

these approaches have provided considerable insight into other forms of criminal behavior; if they are not appropriate for the investi-

gation of (occupational) crime, this ought to be made known; if they are, they ought to be employed. (Geis 1977:17)

A tremendous amount of literature has been written on alienation and its effect upon behavior. A lesser amount but still a large body of literature also exists on labeling. This thesis briefly reports selected research findings in these fields that have some bearing upon employee theft and evaluates each area's potential contribution to the study of employee theft.

### Alienation

The concept of alienation covers two different categories of phenomena: societal conditions and psychological processes. On the societal level, there are two major schools of thought that will be discussed in greater depth in the chapter "Economic Theories." Very briefly stated, there are those, such as Marx and Engels, who believe that the nature of an economic system, and especially the capitalist system, makes workers feel like "have-nots" and alien. Not too far removed from such thinking are those who claim that people who live under conditions of poverty or relative poverty tend to identify less with the greater society (i.e., are alienated from it), and therefore feel fewer compunctions about committing crimes against those that they view to be part of greater society including businesses.

Of more concern, at this point, is the study of alienation on an individual/psychological level. It is from this perspective that most recent empirical studies of alienation in the work place have been done. The object of investigation is usually the individual's experience or perception of his own work situation. (Israel 1971:207)

Blauner felt that interest in alienation from this perspective has increased because "in the advanced industrial societies an absolute increase in wealth and a relatively more equal distribution of income... has shifted (the focus) from a concern with economic and social justice to a concern with the quality of the inner life." (Blauner 1964:1)

Blauner studied alienation among factory workers. He identified four "types" or "modes" of alienation: powerlessness, meaninglessness, isolation/normlessness, and self-estrangement.

Concerning powerlessness, Blauner stated:

A person is powerless when he is an object controlled and manipulated by other persons or by an impersonal system...and when he cannot assert himself as a subject to change or modify this domination. The non-alienated pole of the powerlessness dimension is the state of freedom and control. (Blauner 1964:32)

Blauner stated that

A person experiences (meaninglessness) when his individual acts seem to have no relation to a broader life program. Meaninglessness also occurs when individual roles are not seen as fitting into the total system of goals of the organization....The non-alienated state is understanding of a life plan or of an organization's total functioning and activity which is purposeful rather than meaningless. (Blauner 1964:32)

Isolation/normlessness was defined as follows: "Isolation... means that the worker feels no sense of belonging in the work situation and is unable to identify or uninterested in identifying with the organization and its goals." (Blauner 1964:24) Included in the concept of isolation is the concept of "anomie" or of normlessness which results from a conflict between the norms of the worker and the norms of the informal or formal organization and/or society. Integration occurs "when there is consensus between the work force and management on standards of behavior, expectation of rewards, definitions of fair

play and justice..." (Blauner 1964:25)

Self-estrangement was said to occur when work becomes a means to an end rather than an end in itself. This instrumental orientation causes a heightened time-consciousness and feelings of boredom and monotony result. Such a type of alienation results when needs for control, meaning, and belonging are felt but not fulfilled. "Self-estrangement also entails a separation between work life and other concerns...(and) occupation does not contribute in an affirmative manner to self-esteem." (Blauner 1964:30) The opposite of self-estranged work is self-expressive and self-actualizing activity.

Paralleling the study of alienation in industry has been the study of alienation among criminals. The alienation theory of crime stated that "crime rates are high in groups where social interaction is characterized by isolation, anonymity, impersonalization and anomie/normlessness" such as exist in slum or ghetto areas. (Jeffery 1959: 538) The result of such conditions upon an individual, Jeffery stated, is that "he is lonely, isolated emotionally...is insecure, hostile, aggressive, feels he is not loved or wanted, and has an inadequate sense of belonging." (Jeffery 1959:538-539)

The parallels between Blauner's dimensions of alienation and the alienation theory of crime are quite apparent even if the subjects of the alienating conditions differ. In both, isolation, belonginglessness, meaninglessness, powerlessness, normlessness, impersonalization, and anonymity to a great extent negatively affect how an individual feels about himself/herself. In the crime theory as presented by Jeffery, such negative feelings lead only to behavior that is hostile

or aggressive. Merton believed that four types of deviant behavior could develop from anomie/alienation depending upon the individual: innovation, ritualism, retreatism, and rebellion. This is more helpful in explaining why people exposed to the same alienating conditions react differently, with some responses being non-hostile and some aggressive.

"Innovation involves preserving the culturally-prescribed goals, but deviating from approved means in pursuing these goals." (Glaser 1958:693) This could characterize employees who seek the traditional reward of recognition by the company and thus falsify sales records or inventory numbers to make their performance seem better than it is. It could also characterize an employee who seeks the goal of financial success, but who cannot realize the goal relying solely upon his/her salary. Thus, he/she resorts to the theft and resale of company property to supplement his/her income.

Glaser, when discussing Merton's concept of ritualism, stated:

Ritualism is overconformity to culturally-approved means....It produces the person who "never sticks his neck out" where regulations are involved...such a rigid person may be unable to meet unanticipated problems....This description characterizes many of the trusted persons whom Cressey studied who suddenly innovated by embezzlement at a late stage in their careers. Perhaps they were caught in financial dilemmas...which they did not know how to solve legitimately precisely because their prior life had been so ritualistic. (Glaser 1958:694)

"Retreatism is the rejection of both culturally-prescribed goals and of approved means." (Glaser 1958:694) Vice-Presidents who quit their jobs at mid-life to become farmers are an example of this reaction.

Finally, Glaser commented on the rebellious deviant response as follows:



Rebellion involves partial or complete innovation of goals and means....(For example,) the goal of independence from conventional authorities becomes a major alternative to conventional success goals. This accounts for the apparently senseless destruction of property by (employees), their theft of goods that they do not intend to use and their...deviancy for deviancy's sake. (Glaser 1958:694)

Of course, all employees do not resort to deviant behavior in response to alienating conditions. Harvey pointed out several studies that indicate that people's previous experience, background, and personalities are factors that can affect the way people perceive their experiences. These perceptions either maximize or minimize feelings of alienation and affect one's type of response to alienating conditions. He cited one study where "it was found that although the majority of employees on the assembly line disliked the mechanical pace of their jobs, for some workers the line offered a source of competition and challenge." (Harvey 1975:232)

However, the evidence indicates that although levels of alienation vary according to individual personal factors and to the type of job a person has, (Kirsch 1972) alienation is a common problem among blue-collar workers and a growing problem among white-collar and managerial employees. Concerning blue-collar workers, Walton said in Work and the Quality of Life: "Managers don't need anyone to tell them that (blue-collar) employee alienation exists. Terms such as 'blue-collar blues' and 'salaried dropouts' are all too familiar," and he warned that "alienation is not merely a phase that will pass in due time." (Walton 1974:227)

Concerning white-collar and managerial workers, researchers agree that there is a growing trend towards alienation. Managers are

reporting that their jobs do not challenge them to make full use of their capabilities and that they do not have adequate authority to carry out their responsibilities. (Lawrence 1976; Uytterhoeven 1972) Feelings of insecurity are growing among white-collar workers who often worry about unexpectedly being fired. (Cuddihy 1974) Managers feel that increasingly routine jobs are being assigned to them and that many of their skills are unnecessary in their machine-efficient environments. (DeMaria 1972) Managers report feeling like a man alone in the middle: not one of the workers or one of the executives. This creates feelings of isolation and doubts about what behavior is appropriate. (Uytterhoeven 1972) For many white-collar workers, "feelings of personal reward and personal achievement seem to be diminishing, and, for some, self-actualization seems entirely out of reach." (DeMaria 1972:13)

Specialization of task rather than specialization of persons... has subjected white-collar workers to repetitive tasks, the lack of opportunity to learn about other operations of the organization, and the proliferation of tasks which are too simple in relation to the abilities of the worker. (Kirsch 1972:181-182)

These studies, which are indicative of the findings of many other studies, illustrate that meaninglessness, powerlessness, isolation, and self-estrangement are facts of life for some upper-level employees.

Since the above-cited statements indicate that alienation exists among all levels of workers to some extent and since, according to Merton's research, there is a possibility that such feelings can result in deviant acts including theft, damage to property, falsification of work records, embezzlement, and so on, it would seem that the study of alienation by those interested in occupational crime is

warranted.

Such study could include identifying those conditions that might cause alienation; establishing through empirical study whether or not alienation does in fact cause the deviant behaviors discussed; and discovering how feelings of alienation can be mollified or how alienating conditions can be changed to neutral or positive conditions.

### Labeling Theory

The theories discussed up to this point assume that the criminal is different from the noncriminal just as the dishonest employee is different from the honest employee. The causes of the differences have been attributed to such factors as learning experiences and feelings of alienation. Austin Turk and others questioned whether research based upon such assumptions is useful. He stated:

Students of crime have been preoccupied with the search for and explanation of distinguishing characteristics of criminality.... The cumulative impact of the efforts (has been) to force serious consideration of the possibility that there may be no significant differences between the overwhelming majority of legally identified criminals and the relevant general population, i.e., that population whose concerns and expectations impinge directly and routinely upon the individuals so identified (as criminals). (Turk 1964:454-455)

Labeling theory incorporates this thinking and approaches the study of crime from the opposite direction of most other schools. As Reid said, "the question asked is not why a person becomes a criminal but why society labels some people criminals or deviants." (Reid 1976: 231)

"Labelists" tend to believe that through history labeling has been used by those with more power in a society or a group to control the behavior of the less powerful. The powerful do this by defining

certain acts that have the potential of undermining their position of power as deviant or illegal. Thus, norms, rules, and laws are developed to achieve the end of subjecting the less powerful. Howard Becker stated,

social groups create deviance by making the rules whose infraction constitutes deviance, and by applying these rules to particular people and labeling them as outsiders. From this point of view, deviance is not a quality of the act the person commits, but rather a consequence of the application by others of rules and sanctions to an "offender". The deviant is one to whom that label has successfully been applied; deviant behavior is behavior that people so label. (Becker 1963:9)

Rules and laws concerning employee theft at first seem to have been made to protect the powerful. They do not appear to directly benefit the majority. Labelists would claim that industrialists and business owners, the powerful minority in British society, pressured the British courts to declare employee theft illegal in the 1473 Carrier's case to protect their own self interests. However, Aubert claimed that upon close examination we find that laws against employee theft do not just serve the powerful. Laws against occupational crime "are largely an outcome of the increased complexity of modern industrial society, a complexity which requires legal control of activities with long range and often very indirectly damaging effects." (Aubert 1952:266) If an employee pilfers, the immediate effect upon the company might be slight and the direct effect upon the general public might be non-existent. However, eventually prices will rise to cover the costs of the total pilfering which takes place and the long range effects upon the general public will be damaging. Thus, laws concerning employee theft do benefit more than the powerful in society.

However, the facts that the effects of employee theft are often

not obvious and the thief often does not appear to be any different from the majority of society result in negative labeling often not occurring, even though one would expect it to be the result of the application of the law. As a matter of fact, "the white-collar criminal (often) finds support for his behavior in group norms." (Aubert 1952: 265) This indicates that there is a conflict or "a gap between the letter of the law and the requirements of the informal norms of the daily interaction between members of society." (Aubert 1952:266)

It is useful to keep this discrepancy in mind when discussing another major tenet of the labeling school. That is, the effect of labeling upon individuals is thought to be significant from two points of view: how one is perceived by others and therefore treated by them, and also how one perceives oneself and thus acts. Dealing with the former effect, Reid stated, "Labeling theory is based on the assumption that people respond to other people in an informal and unorganized way until they are placed in categories...which then causes corresponding responses." (Reid 1976:233-234) For example, if a child is labeled "juvenile delinquent" or "slow learner," people will respond differently to that child than if he/she were labeled "good kid" or "bright". This first effect, the fact that people treat other people differently due to labels or stereotyping, causes the second effect. That is, labelists predict that if someone is treated as a juvenile delinquent or a slow learner, he/she will begin to think of himself/herself in this way and this, in turn, will affect his/her behavior. In effect, the label becomes a self-fulfilling prophecy.

How does labeling pertain to the study of the etiology of

employee theft? Geis, the one who recommended that labeling theory be applied to the study of employee theft, admits that labeling theory, when brought to bear on the causes of such crime, "seems awkward." (Geis 1977:3)

The labeling school has done very little research into the etiology of criminal acts. Schur stated, "adherents of the labeling orientation are really less interested in the causes of individual deviation than in the consequences for the individual, and for the social system." (Schur 1971:156) And Reid stated, "criticisms of labeling theory have, of course, been raised. Perhaps most crucial is that it avoids the question of causation entirely." (Reid 1976:235)

Perhaps Reid's comment is an overstatement since labeling theorists have studied certain types of criminal behavior (e.g., juvenile delinquency) and found that the behavior is partially caused by the individual being perceived and labeled criminal by others, which results in his/her acting in a criminal way. On the surface it would appear that labeling theory would not pertain to employee thieves since, although legally negatively labeled as a criminal act, employee theft is not socially negatively labeled. (Reid 1976:221-222) If an employee, by stealing, will not be negatively labeled, labelists would predict that he/she cannot be driven to criminal behavior due to negative labeling.

Perhaps, as Sagarin stated, one of the faults of labeling theory is that "labeling focuses on official reaction, whereas a great deal of social stigma is unofficial." (Sagarin 1975:141) Although society may not view employee theft negatively, and the low rate of prosecutions

indicates that few people are officially legally negatively labeled, the possibility that employers' negative perceptions of employee honesty might have the power of being a self-fulfilling prophecy should be considered.

Most business writers claim that they believe that employees are basically honest. For example, Hemphill stated, "on the whole, employees are conscientious, honest individuals who have the firm's best interests at heart." (Hemphill 1975:2) However, management's actions, policies, and statements often indicate the opposite belief. For example, managers of one chain of 27 supermarkets assumed that cash register shortages were caused by employee theft and demanded that any shortages over \$.25 be made up by the cashiers. They did not recognize that errors could be unintentional. Shortages stopped, but profits fell. An investigation revealed that almost all the clerks had begun stealing after the initiation of the program, but stole in such ways that the register tapes did not reveal the thefts. The employees generally expressed the sentiment, "if management feels I am dishonest, I might as well be dishonest." (Curtis 1973:243-244)

The increasing use of internal security systems and the prevalence of statements such as "They'll steal you blind" (Employee Theft... 1972:26) in the articles concerning employee honesty can create atmospheres where employees feel as if they are perceived as thieves by their employers. If this is indeed the case, perhaps employee theft could be caused, in part, by such perceptions. No research has been done to test such a hypothesis.

Also not researched is the possibility that labeling theory

might provide some insight into why some employees will not steal even in the face of great temptation. Perhaps labeling can act as a deterrent in two ways. First, the individual may fear that if caught he/she may be prosecuted, fired, or both, and be labeled an employee thief. Although companies rarely state openly that a person is being fired for stealing, and even less frequently prosecute, (My People...1973:45) the possibility of either of these events taking place does exist and might deter theft for some. Second, as indicated above, laws and informal norms are in conflict concerning employee theft. Thus, individual loyalties "may be divided between the laws and traditional beliefs." (Aubert 1952:266) Individuals who are more loyal to the laws would probably reject theft even though such behavior may be "normative" in their particular setting. To participate in such behavior might force the individual to label himself/herself "employee thief", and this would cause an internal conflict that such a person might want to avoid. No research has been done to test this idea, either.

In conclusion, labeling theory, which traditionally focuses on the effects of formal negative labeling upon behavior, seems to offer little in the way of explaining the etiology of employee theft, since employee thieves typically are not legally or socially negatively labeled. More promising, but unresearched, are such ideas as: (1) unofficially labeling an individual as dishonest might contribute to dishonest behavior (as this thesis writer postulated was the effect of management's negative perceptions of employee honesty); and (2) labeling might deter employee theft in some cases.

Research along such lines might provide some insight into the



etiology problem. Thus, this thesis writer concurs with Geis in believing that labeling is deserving of attention by researchers concerned with occupational crime.

## CHAPTER V

### RELATED ECONOMIC THEORIES

The study of the economic causes of crime dates back to Xenophon, Plato, and Aristotle, who discussed how economic conditions could generate crime. (Schafer 1969:256) Research has continued along similar lines up to the present day with the study of the effects of economic conditions (including poverty and economic systems) upon crime. Such an approach can provide some insight into what societal economic facts foster or deter certain types of occupational crime.

Very recently another school of economic thought has emerged. Its concern is with studying crime as a result of an individual rationally calculating the costs versus the benefits of certain behavioral options including criminal behavior. This approach may be of more value for our purposes since it is more concerned with the etiology of employee theft on an organizational and/or individual level. Thus the majority of the chapter discusses and evaluates the potential of cost/benefit analysis to explain employee theft.

#### The Economic Conditions Perspective

##### Poverty

Economists vary in their views as to whether or not economic conditions can cause crime in general. Fox stated that "American studies of economic conditions and crime have not been fruitful", and wondered "whether there is realistically no connection between poverty

and crime." (Fox 1976:72) Schafer, on the other hand, stated that "the statistical correlation between poverty and crime has been proved beyond doubt." (Schafer 1969:255) Perhaps the safest approach is taken by Reid, who thinks that people should not totally subscribe to poverty explanations for the etiology of crime, nor should they ignore poverty. (Reid 1976:175)

When discussing occupational crime in particular, the possibility that poverty affects such behavior is fairly remote. "Because the standard of living in America is sufficiently high, the majority of the population (and especially those who work) do not live on a marginal standard." (Fox 1976:72) Studies of the characteristics of employee thieves reveal that poverty is probably a non-existent factor. A study of 845 male embezzlers found that the typical embezzler's yearly income was in the top forty percent of the nation's income distribution. Although many of the 156 female embezzlers who were subjects of another study were in the bottom third of the nation's income distribution, most were married and, therefore, combined family income was well above the poverty level. (Jaspan 1960:23-25)

Of course, studies deal only with those who have been caught or admit to stealing. It is possible that the blue-collar pilferer or the low-level white-collar thief are ignored and go uncaught because their individual thefts are not as costly as upper level embezzlement usually is. However, even if all levels of workers are studied, it would be very difficult to find many employees who live under what can be called poverty conditions. Thus, a correlation between poverty and employee theft cannot be established. Carson discussed the role that

financial need plays in employee theft and stated, "Employees caught stealing will usually claim financial need as their motive. Most cases, however, indicate that these people confuse need with greed.... Need alone causes few thefts." (Carson 1977:14)

### Economic Systems

Karl Marx advocated that the sole determinant of crime was the economic system. "He saw the mode of production as the causative element in all social, political, religious, ethical, psychical and material life" including crime. (Reid 1976:173)

He further felt that societal alienation is inherent in the capitalist system of industrial production.

Because control, planning and organization of production is the prerogative of the owner, the worker is degraded to the level of a mere productive force, separated or alienated from his knowledge, judgment and will....Neither the tools that the worker works with nor the products that he produces are his property. Therefore, in the very process of production, the worker becomes alienated from his work because it is not in his own interest. (Harvey 1975:216)

As a result of being "denied their individual rationality and the collective product," Marx contended that workers "would not only find their work degrading and suffer psychological deprivation, but would also...direct their discontent toward the capitalist system as a whole, in the form of a proletarian revolution." (Harvey 1975:216)

Willian Adrian Bonger (1876-1940), a Dutch criminologist, also predicted that capitalism would result in dire consequences. He felt that man was not basically egoistic, but that capitalism, which stresses personal rewards, makes people concentrate upon themselves and this leads to selfishness. Such selfishness "makes man capable of becoming criminal." (Reid 1976:174)

Obviously, a large scale revolution of the type pictured by Marx has not taken place in the United States. Perhaps, however, a more invidious revolution is underway in which people are covertly rebelling against a system which prevents them from achieving their self interests.

Maccoby believes that our education system, culture, affluence, and technology are increasingly creating people who value "autonomy, democracy and meritocracy." These values are in conflict with the traits required by industrial society, which are "compulsive order and obedience." The result is that many workers from all levels of work in society are suffering high degrees of alienation. "Alienation," we are warned, "implies deep dissatisfaction with the society, often to the degree that the individual seeks radical change in the status quo." (Sheppard 1972:xxviii-xxxi)

Frustrated with society and their jobs, because self interests are not fulfilled, some workers are perhaps consciously, but more likely unconsciously, undermining the economic system through acts of industrial sabotage, pilferage, embezzlement, absenteeism, tardiness, and so on.

Today's schools of thought, variously called "new criminology," "critical criminology," "radical criminology," or "Marxist criminology," draw heavily from Marx' and Bonger's thinking. (Gibbons 1977:204) David Gordon, in a paper which presents this type of thinking, contended that "many kinds of crime represent perfectly rational responses to the conditions of competition and inequality fostered in capitalism." He went on to say,

Capitalist societies do not guarantee economic security to most of its individual members. Individuals must fend for themselves,

finding the best available opportunities to provide for themselves and their families....Driven by...a competitive desire to gain some of the goods unequally distributed throughout society, many individuals will become criminals. (Gordon 1973:174)

He felt that white-collar crime, organized crime, and ghetto crime are natural and logical responses to capitalist conditions. He concluded that "we cannot realistically expect to 'solve' the problem of crime in the United States without first effecting a fundamental redistribution of power in our society." (Gordon 1973:172)

Smigel echoes some of these sentiments when discussing occupational crime in particular. He predicts that if "the concentration of the society's wealth in bureaucratic hands continues, this is likely to be accompanied by a continuing growth of property crimes against bureaucratic victims." (Smigel 1970:6)

Perhaps one should not totally subscribe to the thinking of Marx, Bonger, or the neo-Marxians. Crime did and does exist in pre-capitalist societies and cases of theft do occur in Marxist societies. (Horton 1973:14) For example, writing about crime in Russia in 1933, Krylenko stated "it is impossible to find anywhere a single co-operative or government store free from pilferers, marauders, thieves, speculators, rascals, embezzlers, etc." (Hall 1952:301) Even though employee theft was viewed as an act of treason, embezzlement was still a serious problem in Russia in 1950. (Hall 1952:301-302)

It should be noted, however, that the nature of capitalism might have some effect upon the phenomenon of employee theft. A system which emphasizes personal wealth and self-interest and then creates a rich class and a large class of relatively poor people who will not be able to legitimately achieve great wealth might affect people's attitudes

toward the industrial bureaucracies and might conceivably predispose them to steal from these bureaucracies.

### The Costs Versus Benefits Perspective

Crime has recently come to be studied from the unique economic perspective of cost/benefit analysis. One obtains an indication of how recent interest from this perspective is by noting some landmark dates. What has been called "the first major statement on crime by the current generation of economists" (Sullivan 1973:140), Gary Becker's "Crime and Punishment: An Economic Approach," appeared in 1968. It was not until 1971 that a major indexing and abstracting service, the Journal of Economic Literature, established the subject heading "Economics of Crime" to cover the literature generated by this approach. The first conference which concentrated on the study of crime from this point of view was held in July 1972.<sup>3</sup>

Robert Hann, who has taken part in the Economic Analysis of Crime and Criminal Justice Project at the Toronto Centre of Criminology, provided an economic definition of crime from the cost/benefit perspective.

A crime (is) any activity that causes uncompensated external diseconomies. That is, if one of a thief's activities, e.g. a particular theft, appears in some other individual's, i.e. his victim's, utility with a negative effect and the victim is not compensated, then that theft is a criminal activity. (Hann 1972:22)

In other words, if taking something from someone results in an uncompensated net loss to the victim, the theft is a crime. However, if

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<sup>3</sup>The Economics of Crime and Punishment (A Conference Sponsored by the American Enterprise Institute for Public Policy Research), Washington, D.C., 1972

something is stolen, e.g., an outdated piece of office equipment, that is of no value to the owner and perhaps the theft even saves him the cost of having to dispose of the item, then the theft is not a crime since it did not result in a real loss to the victim.

Hann further stated that

the definition of crime as proposed may seem to include too many activities. It would include activities such as washing a child's chalk drawing off the sidewalk, giving a speech in favor of temperance near a pub, or coughing during a particularly tender and moving passage of a symphony. That these acts are crimes by our definition cannot be disputed. However...all activities designated as criminal do not have to be completely suppressed. (Hann 1972:22)

Thus, economists, when defining "criminal act," are not concerned with the individual's intent, but are instead concerned with the effects of the act.

Also more important to cost/benefit analysts of crime is discovering the factors that cause the "criminal" behavior, rather than judging the rightness or wrongness of an act. As Rottenberg said,

what is meaningful is to see whether...behavioral implications can be derived, whether the number of implications is many or few, whether those implications are important or trivial, and whether the implications are consistent with observed behavior in the world. (Rottenberg 1973:4)

Thus, as per the definition of crime cited above, employee theft is usually recognized to be a crime since one individual, by maximizing his private utility, usually causes his employer to experience an uncompensated loss. Theft per se is not studied by economists with any more or less enthusiasm than any other crime just because it has an effect upon the nation's economy. It is studied along with other crimes such as homicide and auto theft in the hope that an economic theory of all criminal behavior can be developed and verified.



Cost/benefit analysts hope to develop explanations of behavior that are replicatable and verifiable. It is their belief that testability of a theory is enhanced by considering factors that are quantifiable. Thus, great attention is paid to quantifying factors and developing equations and models.

### The Basic Assumptions

The basic assumptions concerning human nature that underlie the costs versus benefits perspective are the same that underlie most economic research. First, people are believed to be rational creatures who choose certain forms of behavior for rational reasons. Second, behaving "rationally" implies that whenever faced with a situation where several opportunities are available, people will choose that behavior which is "more gainful than any other in the opportunity set open to the relevant individual." (Rottenberg 1973:3)

Concerning the choice of criminal behavior over non-criminal behavior, economists feel that "far from being the result of sickness or mental disorder, in most cases (the decision) is simply a business oriented activity which is undertaken for much the same reasons as other types of economic activity." (Meiselman 1973:vii) That is,

persons, when settling upon whether they would engage in criminal careers or undertake specific criminal acts, are governed by the same principles as those that applied when people make legal occupational choices;...criminals do not choose by random methods nor seek to diminish their well-being but, rather, they seek to enhance their welfare. (Rottenberg 1973:2)

"The basic argument in an economic (or utility maximization) approach is that an individual decision maker explicitly or implicitly considers all benefits and costs which he expects to result from a

decision" (Cobb 1973:19-20) supposedly including tangible (financial) and intangible (non-pecuniary) costs and benefits. The values assigned to each factor, whether they be positive or negative, are determined by individuals, and thus are very subjective and vary from situation to situation.

The list of potential factors that individuals may consider while deciding between alternative courses of action can be astronomical. Examples of some of the major factors which are thought to be considered when one is choosing between a legitimate activity, such as working, and an illegitimate activity, such as stealing, might include such monetary factors as: (1) the potential dollar earnings to be derived from the various alternatives: wages versus money obtained from fencing stolen items; (2) the time that must be devoted to committing the crime and the value of that time if devoted to lawful activities; (3) the probability of being caught and punished for the illegal act and the costs of the potential punishment including lost time, lost wages, fines and so on. Also thought to be considered by the individual are such emotional factors as the effects of one's choice upon reputation, self-respect, group approval, and so on.

### The Methodology

The methods that economists use to attempt to isolate the factors which are operating to cause theft under certain conditions are quantitative in nature. As Cobb said, "economists have become infamous through their attempts to convert non-pecuniary costs and benefits into dollar equivalents." (Cobb 1973:19)

As a result of these efforts, the field has generated many

empirical statements such as Gary Becker's, which attempts to predict the number of offenses a person will commit during a particular period. One functionality statement that he has created is:

$$O_j = O_j(p_j, f_j, u_j) \quad (\text{Becker 1968:177})$$

$O_j$  is the number of offenses a person will commit during a period of time;  $p_j$  is the probability of conviction per offense;  $f_j$  is the punishment per offense; and  $u_j$  represents all other influences, including, but not limited to, income available to the person in legal and other illegal activities, the frequency of nuisance arrests, and the person's willingness to commit an illegal act. (Becker 1968:177)

This functionality statement implies that there is a relationship between the number of offenses that a person will commit and the three other variables ( $p_j, f_j, u_j$ ). Becker states that

an increase in either  $p_j$  or  $f_j$  would reduce the utility expected from an offense and thus would tend to reduce the number of offenses....(Also, changes in  $u_j$ , such as) a rise in the income available in legal activities or an increase in law-abidingness due to "education" would reduce the incentive to enter illegal activities and thus would reduce the number of offenses. (Becker 1968:177)

Models are also used by economists to graphically represent the criminal versus legal decision-making process. For example, Richard McKenzie and Gordon Tullock used supply/demand models similar to Figure 1. (McKenzie 1975:129-135)

Figure 1 represents a situation in which a particular individual's costs of committing a crime increase with the number of crimes committed while the benefits decrease. If the situation or the persons involved were to change, a new model would be needed.

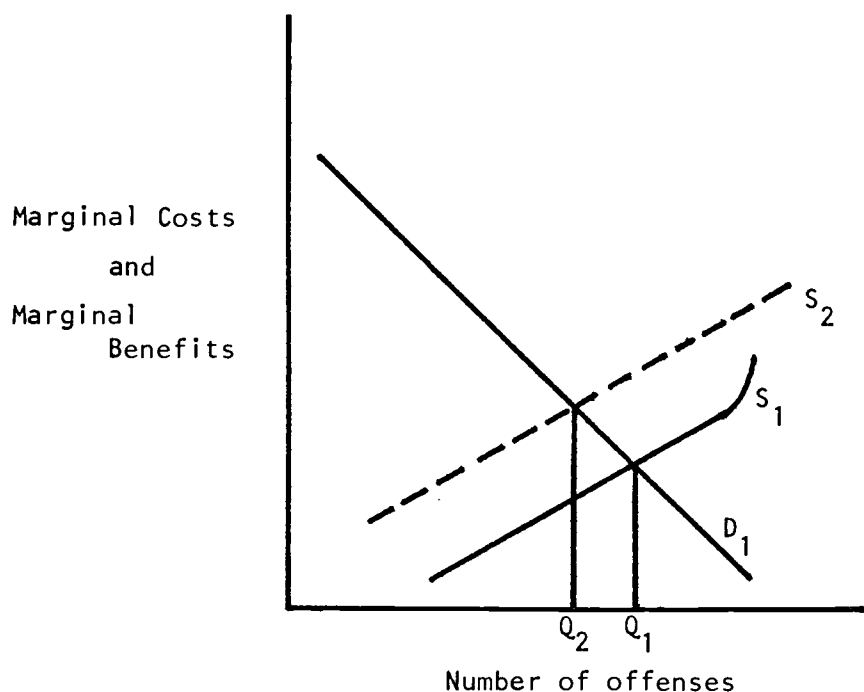


Figure 1. Supply/Demand Model of Criminal Decision-Making.

The downward sloping line ( $D_1$ ) represents the benefits to be derived from criminal activity. The line may be so low and so downward sloping for a variety of reasons. Let us assume, for instance, that the crime is stealing office equipment. Perhaps, as more acts of theft are committed, the psychic thrill gained from stealing decreases. Or, the money obtained from fencing the items might decline as the fence becomes overstocked with office equipment. Also, even if the firm replaces the stolen equipment, they might safeguard the equipment more, for instance, by chaining it down. Thus, there would be less easily stealable equipment as the number of crimes increases.

The upward sloping curve ( $S_1$ ) represents the cost of committing the crimes. Such factors as the increasing chance of detection and the

probable increasing penalty as the number of crimes committed increases can contribute to the level and angle of the  $S_1$  curve.

The  $S_2$  curve represents a situation where the costs of committing the crime are greater than in the  $S_1$  situation. Increasing the punishment for the crime, increasing the chances of detection, and a large number of other factors can raise the costs of crime to an individual.

If the costs are  $S_1$  and the benefits are  $D_1$ , the maximum gain from criminal activity would result if the thief does not exceed  $Q_1$  crimes. Up to  $Q_1$  crimes, the additional benefits derived from the criminal activity outweigh the additional costs. Beyond  $Q_1$  crimes, each subsequent crime incurs more additional costs than benefits.

If the costs are  $S_2$  and the benefits are  $D_1$ , by the same logic, the maximum gain from criminal activity would result if the thief does not exceed  $Q_2$  crimes. Although the model does not assign exact values to the cost/benefit curves and one cannot establish exactly how many fewer crimes would result from increasing the costs of crime, economists feel that it is apparent from such models that increasing the costs of crime will decrease the incidence of crime.

The President's Commission on Law Enforcement and Administration of Justice apparently concurred that criminal sanctions can have a deterrent effect, at least with white-collar criminals:

There is, unfortunately, no hard evidence available regarding the deterrent effect of criminal sanctions....Despite the lack of hard evidence, common sense notions about how people behave support the thesis that the condemnatory and deterrent aspects of criminal sanctions are likely to be peculiarly effective in the white-collar area. Persons who have standing and roots in a community, and are prepared for and engaged in legitimate occupations, can be expected to be particularly susceptible to the threat of criminal prosecution. Criminal proceedings and the imposition of sanctions have a much

sharper impact upon those who have not been hardened by previous contact with the criminal justice system. Moreover, white-collar crimes as a class are likely...to be preceded by some deliberation; there is therefore more often an opportunity to calculate the risk objectively. (President's Commission...Task Force Report 1967: 104-105)

### Evaluation of Cost/Benefit Analysis

Instead of criminologists/sociologists welcoming economists into the field of criminological research, there has been an outcry from many that criminologists/economists and their research methods are not welcome.

Sullivan feels that part of the antagonism is due to there being a limited amount of money available from the government and foundations for research. Since

of all the social scientists, the economists have been the most successful in selling the idea that they are the most scientific... economic researchers have always been able to obtain a very large share of foundation grants and government research money. (Sullivan 1973:139)

Whatever the cause of the dispute, Charles Logan, a sociologist at the University of Connecticut, stated a common feeling of sociologists. He not only saw no value in the economic study of crime, but felt that such a perspective can be harmful. "I have never understood why economists...insist on transforming ordinary prose into symbolic formulas, which are harder to type, take longer to read, and often... add nothing in the way of precision." Logan went on to state that "a more serious consequence of reducing our thinking to manipulation of the terms of economic equations is that it produces dangerous simplifications." He further felt that nonmonetary costs and benefits do not fit neatly into economic models or equations. (Logan 1973:55)

It is valuable to examine each of Logan's criticisms. Specifically, consideration should be given to whether there is any value to avoiding the use of prose; whether the field of criminology is an appropriate field of study for economists and if the subject is amenable to economic methodology; and whether cost/benefit analysis results in "dangerous simplifications."

In discussing the hazards of prose, Samuelson warned that especially in the social sciences, we must watch out for the "tyranny of words." The world is complicated enough without introducing further confusions and ambiguities as (a) two different names unknowingly being used for the same thing; or (b) the same word applied to two different things....Similarly, words may be treacherous because we do not react in a neutral manner to them....One does not have to be an expert in semantics...to realize that scientific discussion requires us to avoid such emotional terminology wherever possible. (Samuelson 1976:10)

While this thesis writer feels that certain benefits accrue from the use of algebraic notations over the use of prose, the benefits do not include the avoidance of confusion, ambiguity, or emotionalism as Samuelson claimed. Algebraic symbols must be defined by words or else they are meaningless. Is something that must be defined by prose less ambiguous or confusing than the prose itself? If the concept being represented by an algebraic symbol is an emotional one, does it become any less emotional because of the way the concept is abbreviated?

However, there are some advantages to using algebraic notation. First, it is more concise than prose and acts, in effect, as a type of shorthand. For instance, it took 28 words to define Becker's symbol ' $u_j$ '. Once it was defined those 28 words did not need to be repeated for the remainder of the article.

Second, it provides a more graphic way of evaluating the

potential effects of different decisional alternatives. Because of the nature of algebraic representations, the relationships between concepts are clearer and the effects of changing any of the items or the values of items in an equation are more apparent than if one were to study the effects of manipulating several variables in prose format. Also, models which are simplified representations of some problem under consideration direct attention to only a few important concepts at one time. This allows one to focus one's attention better than prose does. Thus, such methods of expression may aid researchers in their thinking through problems.

Third, when symbols are used, attention is directed more toward the concepts presented and are less affected by the researcher's writing skill or lack thereof. Thus, ideas can be weighed on their merits rather than accepted or rejected in part because of the way the writer expressed them.

It seems that a large part of Logan's concern with "symbolic formulas" is due to discomfort with them caused by a lack of familiarity with such a method of notation rather than being a result of any substantive difficulty. It is algebra's very conciseness, usefulness in illustrating possible relations between variables, and inability to be stylistically embellished that can aid in employee theft research.

This brings us to another of Logan's concerns: are criminology or such crimes as employee theft appropriate subjects for economists? McKenzie and Tullock stated "at one time, (one) could think of economics as being neatly contained within the sphere of 'commercial life' and (it) ...traditionally revolved around such topics as money, taxes and tariffs,



stocks and bonds, and the operation of the market." (McKenzie 1975:3)

Crime seems a logical candidate for study, even based on economics' traditional areas of concern.

It is becoming increasingly difficult for anyone to ignore the fact that crime is imposing heavy costs on U.S. society....(Although) statisticians make no allowance at all for illegal transactions when they estimate GNP, it is by no means inconceivable that figures on total output would be as much as \$50 billion higher than they are. (Kaplan 1976:4)

Employee theft is estimated to cost over \$30 billion, with theft from retail stores alone costing \$6 billion per year. (Tatham 1974:54-55)

Even if one continued to question the appropriateness of economists studying employee theft from the point of view of economics' traditional subject matter, McKenzie and Tullock pointed out that,

In recent years, economists have greatly expanded their field of concern, and, as a result, the boundaries of economics as a discipline are rapidly expanding outward, encroaching on areas of inquiry that have historically been the exclusive domain of other social sciences....(Today, economics) is, in short, a thought process, or the manner in which economists approach problems, rather than an easily distinguishable group of problems that sets an economist apart from others....Economists...are no longer inclined to debate the issue of what is or is not economic in nature. They merely ask, 'what can economics contribute to our understanding of this or that problem?' (McKenzie 1975:3-5)

Many economists believe that economic methods of analysis can add much to our understanding of crime. Criminologist/economists attempt to apply scientific methodology and empirical research methods to the study of the social phenomenon of crime. It is because of the very complexity of human motivation and behavior that many economists feel that the application of scientific methodology is essential. Samuelson stated it thusly: "If data and observations are to be significant, descriptions must be...fitted into a systematic pattern; i.e., constitute true analysis." (Samuelson 1976:7) Sullivan stated:

Economists' methods of building models, their adaptations of mathematical and statistical analysis, and their procedures for testing hypotheses more closely approximate those of the physical sciences, and where they do not, economists design analytic and predictive techniques that facilitate our understanding of how society works. (Sullivan 1973:139)

Hann warned, however, that a methodology which is so oriented will tend to concentrate on those variables which can be more easily quantified while giving less or no attention to less easily quantified variables which might be equally important, such as psychological needs, emotions, and personal beliefs. He stated,

since they (i.e., economists) adopt a framework which emphasizes an optimizing calculus, the variables economists are likely to emphasize in their models...are, for want of a better word, of a more "economic" nature...we are thus likely to see emphasized explanatory variables such as wage rates, incomes, unemployment rates for legitimate activities, the probability of conviction, available wealth and expected sentences of illegitimate activities. (Hann 1972:28-29)

A look at today's cost/benefit analysis literature on theft and other "economic" crimes indicates that Hann's fears have some basis in reality. Generally avoided in discussions or studies of the 'economic' crimes are the many non-economic factors that might be acting to cause a person to commit theft. Vague statements such as "we try to maximize our satisfaction in keeping with our preferences and tastes. Preferences and tastes differ among individuals" or "we choose activities that can provide us with...the greatest combination of monetary income and nonmonetary rewards" (Sullivan 1973:141) are common in the literature. However, economists, while acknowledging the importance of non-economic factors such as "preferences," "tastes," and "nonmonetary rewards" do not generally attempt to identify what is subsumed under these labels or to quantify these factors. The hypotheses put forth hold these variables constant and test how variations in the more "economic"

variables affect the incidence of criminal behavior. Such research may be valuable up to a point. However, in order to discover what makes employees steal, eventually, non-economic factors that might cause such behavior will have to be considered.

In order to understand complex matters, some simplification, abstraction, extraction, and examination of the important pertinent factors is necessary. Otherwise, one would have trouble seeing the forest for the trees. However, perhaps economic research to date has attempted to treat a very complex problem too simplistically.

As mentioned above, economists do not have a grasp of what tastes, preferences, etc. motivate particular individuals in particular settings, and researchers have not attempted to identify these factors. Also not considered is the matter of individual perception of situations. This is also critical, but even more complex. The way persons perceive their situation, and therefore the alternatives that they consider, may be different from what an outside observer perceives and different from the reality of the situation. For example, a person may think that the chances of being jailed for stealing office equipment are very slim. That perception may be incorrect and thus the individual's decision to steal may seem irrational to outsiders. Such a misperception may have been due to the employee thief having misinformation or insufficient information. But, considering the information available to the employee thief, a rational decision was made. However, if researchers cannot determine what an individual values, what factors will motivate a person to steal, and how that particular person is perceiving the situation, whether the decision is rational or not, prediction of behavior is almost

impossible. If a causal theory cannot predict, it is of extremely limited use.

Rudnitsky, an industrial security specialist and licensed criminal investigator who specializes in employee theft, felt that the vast majority of the thousands of employee thieves that he has encountered fell into five categories:

- (1) the person who steals because those around him steal and without getting caught;
- (2) the person who steals to impress friends. The "stick with me buddy and I'll get it for you cheaper than wholesale" person;
- (3) the person who steals to finance an overextended life style or to pay emergency expenses.
- (4) the person who steals to get even with the company for some perceived wrongdoing;
- (5) the person who steals just to accumulate goods; akin to kleptomania. (Rudnitsky 1961:5-6)

Obviously, unless economics expands its study to the less obvious non-economic factors, it will have a difficulty explaining some of the above types of employee theft.

It is not economic methodology that causes the oversimplification: an equation or model can deal with as complex or simple an idea as its creator wishes. The fact that the equations or models put forth to study and explain crime appear overly simplistic is the fault of the researchers, not the method. Sullivan's criticisms stated in 1973 still ring true today: "Many econometric studies adhere too simplistically to the Becker model. The relations postulated are too simple--they relate the number of petty thefts to the length of prison terms for petty theft...--and rely primarily on global statistics." (Sullivan 1973:142)

This is not to say that economics does not have promise in employee theft research, but two things must be acknowledged. First, scientific methodology has its limitations. The laboratory is not the real world and variables such as the length of imprisonment cannot be manipulated like the temperature in a furnace in a laboratory can be. Second, our knowledge has not progressed to the point where the variables which cause employee theft have been identified, nor have methods to measure them been identified.

Because of economists' unique methods of analyzing data and viewing behavior, economically based research has the potential to add to our understanding of certain types of crime. Whether it can increase our understanding of employee theft in particular, which many feel often has an emotional base, will depend upon how the field develops. If it maintains its simplistically narrow outlook, research of value can be hampered. Hopefully, the future will find economists, sociologists, and members of other disciplines cooperatively studying the problem with each helping the others to "comprehend reality in a new and different way." (Samuelson 1976:12)

## CHAPTER VI

### BUSINESS THEORIES

#### Introduction

A survey of the business literature indexes and other bibliographic tools<sup>4</sup> indicates that over 100 articles and books have been written by and/or for businessmen within the last 15 years on the subject of employee theft. The preponderance of the literature treats the subject of employee theft superficially. The typical treatment of the subject is either the relation of details of specific sensational cases (Gellman 1974; Dirks 1974) or descriptions of practices, procedures, and devices designed to detect, discourage or control internal theft (Rogers 1962; Astor 1972). Occasionally, the subject is treated in a tongue-in-cheek manner. (Allen 1975; Hernon 1975)

Common to all of the publications are attempts to impress upon the business community that employee theft is at an all-time high and that if present trends continue, it will have a major negative impact upon business and society. Statistics, whose sources are almost never cited, are quoted to substantiate these claims.

Management is warned that increased vigilance is required and is urged to deal forcefully with the problem. Recommended actions include

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<sup>4</sup>Work Related Abstracts (formerly Employment Relations Abstracts) 1969-1977; Business Periodicals Index, 1965-1977; Wall Street Journal Index, 1970-1977; Personnel Management Abstracts, 1967-1976; Management Contents, September 1974-1977; Oregon State University Library card catalog; Books in Print

prosecuting thieves to make examples of them to others (Rudnitsky 1961: 22); installing security systems (Lipson 1975; Curtis 1973; Surveillance 1976); establishing new accounting systems (Cardwell 1960); and establishing new personnel procedures designed to identify or discourage potential thieves (Gorrill 1974).

Of increasing concern to management, as evidenced by the quantity of literature, is the effect of computerization upon employee theft. The number of ways accounting procedures can be manipulated increases from about 400 with conventional systems to an almost unlimited number with computers. (Kay 1965:46) Because "paper trails" are not available to be audited, such theft is more difficult to detect. (Alexander 1974) Also, the average amount stolen by computer is much greater: in 1971, average losses by computer embezzlement were ten times greater than non-computer embezzlement. (Parker 1976)

Of relatively minor concern and often only mentioned in passing are the factors that cause employees to steal. This author extracted from the literature all the statements provided as explanations for the etiology of employee theft. These statements were organized into groups of statements with like thoughts. When divided this way, eight causal areas were identified as the most commonly cited. These are:

- (1) declining morality/increasing lawlessness
- (2) pressures originating outside of the job ✓
- (3) perceived need ✓
- (4) benefits of theft exceed costs
- (5) influence of supervisors/managers
- (6) alienation
- (7) poor management
- (8) mental illness

## Discussion of Common Causal Explanations

### Declining Morality/Increasing Lawlessness

The Uniform Crime Statistics, which indexes "major" crimes, are frequently cited to prove that criminal activity is increasing. Gibbons stated "these data do suggest that criminality has been growing at an accelerated pace in the past decade or so." (Gibbons 1977:117) (See Table 1)

References to examples of widespread dishonesty are common. For instance, Benson stated that dishonest reporting of personal property for tax purposes is common. (Benson 1975:67) Mack stated that major scandals affecting high political and administrative figures are common. (Mack 1975:22) The President's Commission on Law Enforcement and the Administration of Justice reported that:

when dividend and interest reporting by banks and corporations to the Internal Revenue Service was instituted in 1964...there was a 45 percent increase in this type of income reflected on tax forms. (President's Commission...Task Force Report 1967:103)

Many authors conclude that the increasing incidence of crime and the apparent pervasiveness of dishonesty are indications that America is experiencing a decline in moral standards. "Morality has become a relative thing. Dishonesty and acceptance of dishonesty are widespread." (Jaspan 1974:19)

This decline is said to have created a moral climate in America that is conducive to employee dishonesty. Gibney, for example, stated, "the 'operator' can thrive only where he is tolerated." (Gibney 1960:7) More recently, Mack stated, in regard to employee thieves, "there is a vigorous proliferation in companies of individuals and groups who



TABLE I

## NATIONAL CRIME, RATE AND PERCENT CHANGE

	<u>1976</u>		<u>Percent Change From</u> <u>1967</u>	
	<u>Number</u>	<u>Rate per</u> <u>100,000</u>	<u>Number</u>	<u>Rate</u>
Total Violent Crimes	986,570	459.6	+97.3	+81.5
Total Property Crimes	10,318,200	4,806.8	+91.0	+75.7
-----				
Murder	18,780	8.8	+53.4	+41.9
Rape	56,730	26.4	+105.4	+88.6
Robbery	420,210	195.8	+107.1	+90.5
Assault	490,850	228.7	+90.9	+75.7
Burglary	3,089,800	1,439.4	+89.3	+74.1
Larceny-Theft	6,270,800	2,921.3	+101.5	+85.4
Motor Vehicle Theft	957,600	446.1	+45.1	+33.5

SOURCE: Uniform Crime Reports for the United States, 1976,  
Washington, D.C., Government Printing Office, 1977

would not in the past have been accepted or regarded as being of good standing but who flourish in the more permissive atmosphere of recent years." (Mack 1975:22)

One author stated that theft is not as much of a result of immorality in society as it is of amorality. Benson believed that "society in the United States ignores individual ethical instruction." (Benson 1975:1) He went on to state:

Criminologists assume that youth is taught these (i.e., ethical) standards. The writers suspect that many...have not received from school, from church or from their parents any reasoned analysis of what is wrong with killing, assaulting or stealing...(people have) not been adequately educated in doing right (or knowing right from wrong). (Benson 1975:50-51)

Whether authors believe that it is "society's immorality" or amorality, most feel that management cannot entirely counteract the forces of society, and thus they consider theft to be an unavoidable "cost of doing business." (Gorrill 1974:2)

Hemphill, who also felt that society is suffering from declining morality, disagreed that employee theft must be an inevitable outcome. He felt that businesses can create theft-free microcosms because "a private business does not face the same uncontrollable factors as does society. The firm can exercise control over who has been hired, the physical environment, and the system and procedural controls under which all must operate." (Hemphill 1975:3)

#### Pressures Originating Outside of the Job

Authors variously refer to "unsharable problems," "personal crises," and "outside pressures." The U.S. Chamber of Commerce included in such categories "unusual and sudden family expenses (extended illness,

for example), unsuccessful stock market speculation, gambling debts, loan shark involvement, problems with a side-business, a drug or alcohol problem, or just plain high living." (Chamber of Commerce 1974:55) To this list can be added illicit affairs, emotional problems due to death or divorce and other situations which emotionally upset a person but which they feel cannot be shared with or solved by others. Some unshared problems cannot be solved by money. When such a problem can be solved by securing additional funds, however, then employee theft may result, according to some authors.

§1 { Probably one of the greatest tragedies found among the dishonest employee group is the person facing an unexpected home emergency. For example, his spouse may be suddenly injured or taken ill (or a woman may be deserted by her husband....As the bills roll in, the problem becomes overwhelming....The pressing need for money may cause the employee to steal as a last resort. (Curtis 1973:41)

Sex (illicit) and business theft often seem to go hand in hand.... When a man feels that he is sinning against and hurting those who love him, he becomes a kind of outlaw. Other laws and regulations pale into insignificance beside the great wrong which he knows he is committing. This man becomes highly vulnerable; if he must steal from the company in order to maintain his relationship or to conceal his transgression, he will do so. (Jaspan 1974:79)

Cressey, in his study of 133 prisoners charged with embezzlement, tested the hypothesis that violations of trust take place when individuals feel that extra funds or property will resolve an unsharable problem. He found that the hypothesis failed the test of evidence.

Persons were found who claimed that while an emergency had been present at the time they violated the trust, other, perhaps even more extreme, emergencies had been present in earlier periods when they did not violate it. Others reported that there had been no financial emergency in their cases. (Cressey 1953:28)

Therefore, apparently the possession of an unsharable problem alone does not always cause theft. Cressey, however, claimed that an unsharable problem in combination with knowing that the problem could

be secretly handled by violation of trust and being able to rationalize behavior before the act resulted in embezzlement in all the cases he studied. (Cressey 1953:19-26)

Cressey's theory has not been and, perhaps, cannot be tested. Schuessler claims that an adequate test of the hypothesis would involve the examination of a cross-section of the general population. (Schuessler 1954:604)

### Perceived Need

Although an author who claims that employee theft is the result of actual need due to low salaries can occasionally be found (My People... 1973; Hair 1976:28), the thinking of the majority of authors is reflected in the following quotations:

In a country which until recently has had the world's highest per capita income, few Americans dare to use poverty as the reason for American ethical troubles. (Benson 1975:47)

82 Experience shows that employees are often tempted to steal to pay their bills...but these bills are more likely to be for color TV sets or other luxury items than for groceries or medical services. (Carson 1977:19)

Most authors feel that needs that might precipitate theft are more perceived needs rather than real needs. The business literature indicates that feelings of need and acquisitiveness are a result of:

- 1) advertising; 2) society's way of measuring achievement; and 3)

man's natural instincts.

Advertising -- Each year more than \$11 billion are spent in the United States on various forms of advertising. A tremendous amount of educated talent is devoted to convincing Americans that life cannot be bearable without the higher-quality dog food, the more influential magazine, the extra car... (Gibney 1960:8-9)

Society -- Society frequently, and unfortunately, measures an individual's achievements by the extent of his acquisitions. (Hemphill 1976:67)

Instinct -- Man seems to have a basic instinct to acquire. (Hemphill 1976:67)

The stress on acquisitions is thought to create certain personal goals. These goals can motivate legitimate or illegitimate efforts to achieve them. "Acquisitiveness has proved the fuel of ambition or the motivation to transgress." (Gorrill 1974:2)

Cloward and Ohlin have found that juvenile delinquents often chose delinquency when legitimate paths to goals were blocked. (Cloward 1960) Perhaps similar research on employee theft would yield similar findings to the effect that theft is, in part, caused by inability to reach economic goals through legitimate means.

#### Benefits of Theft Exceed Costs

No research done to test the accuracy of cost/benefit analysis as it pertains to employee theft was cited in the business literature. However, almost every author made statements that indicated that they subscribed in large part to the basic assumptions of the costs versus benefits perspective. These assumptions are: people behave rationally, and people will attempt to maximize their gain (i.e., have benefits exceed costs).

Concerning the first assumption, in 1947, before cost/benefit analysis of crime was a field of study, Peterson thought that before employees will steal "the motive or desire to steal will consciously or unconsciously be weighed against the risk of detection." (Peterson 1947:100) Thirty years later, Carson wrote "conditioned honesty...is

the result of reasoned fear of the consequences of being caught in a dishonest act. This induced honesty comes from conscious thought, and it requires an intelligent reasoning capacity." (Carson 1977:6) An individual's conditioned honesty in concert with moral honesty (i.e., "the subconscious compulsion to do things honestly") act to determine whether a person will steal. (Carson 1977:5) Thus, the business literature indicates that theft can be the result of rational and conscious thought processes as economists believe. However, unconscious and possibly irrational pressures are not ruled out.

Concerning the assumption that people will attempt to maximize their gain, when consideration is given to ways of preventing theft, methods whose success rely on the rationalness of the theft act are commonly cited. The basic assumption is that employees will steal if the benefits of stealing outweigh the potential costs. Thus, preventive measures designed to raise the costs of theft are stressed, including: (1) increasing the likelihood of detection; and (2) increasing the punishment of those found stealing.

Suggested methods of increasing theft detection range from improving auditing procedures and having supervisors more aware of activities in their departments to installing closed circuit TV surveillance systems (Surveillance...1976) and microwave detectors (Broy 1974:44) or treating tools and merchandise so that concealed theft can be detected electronically. (Twentieth-Century...1976:9)

Most authors believe that if employee theft is ignored or if employee thieves are discovered but go unpunished, that even more theft is a natural response. "A known but unpunished or unpublicized act of

dishonesty conditions toward further dishonesty." (Carson 1977:26)

Without punishment following acts of theft, a person will perceive the costs of theft to be low. Even if restitution for the value of the cash or merchandise stolen is required, a theft will not yield less than a zero return to the employee if no other sanctions are enforced. If several thefts go undiscovered and restitution is sought by a company for only those thefts that they are aware of, then the thief has a positive return on investment. Thus, the common practice of many companies to only demand restitution (Chamber of Commerce 1974: 63-64) makes theft an economically favorable activity.

Tatham states that "approximately 20 percent of the cases (of employee theft) result in no action at all other than a warning. Management must take a long, hard look at a policy that may show employees that it's not serious enough to warrant punishment." (Tatham 1974:55)

Management is urged to increase the costs of theft. They are urged to fire employee thieves to "show (other) employees that dishonesty is likely to cut off their paychecks" (Carson 1977:38) and to prosecute thieves. (Rudnitsky 1961:22) The matter, however, is not entirely under management's control.

When fired thieves have appealed their cases, arbitrators "often mitigate punishment out of humanitarian considerations" and, where there is no possibility of mitigating the punishment, they (arbitrators) often add recommendations that the employee be rehired as a new worker, without seniority." (Stressin 1960:112 and 125)

When management wants to prosecute thieves, the courts will

often not convict them or the punishment will be slight. For example, one woman "admitted embezzling \$84,958....The lady did not go to jail. Judge Murray ordered her to work six hours each week in a Boston hospital for six months." (Who's Entitled? 1977:30)

### Influence of Supervisors/Managers

Related to the theory of differential association is the thinking of some business writers that supervisors can influence employees to steal. Jaspán, for example, claimed "employees are influenced by the good or bad examples of their supervisors." (Why Employees... 1972:58)

Although no author states it outright, the belief of this school of thought is that although management influence does not have "priority" (i.e., influence early in life), it can have "frequency," "duration," and "intensity" (i.e., prestige of the source).

It is because of management's status in the firm and the community that its influence is so strong. "Derelictions by...managers, who usually occupy leadership positions in their communities, establish an example which tends to erode the moral base of law and provide an opportunity for other...offenders to rationalize their misconduct." (President's Commission...Task Force Report... 1967:104) Lipson cites an example of the effect of this influence on one construction worker caught stealing. The worker claimed that seeing the actions of the builders who bribed the police and building inspectors contributed to his stealing. (Lipson 1975:69)

Supporters of the idea that supervisors can influence employees to steal advise management that "every effort should be made to maintain a climate of honesty within the work organization....To set the



example, managers and supervisors,...by the integrity of their own performance, can demonstrate that dishonesty is intolerable." (Hemphill 1975:6 and 55) A climate of management dishonesty can "spawn lesser, but more continuous, employee dishonesties." (Carson 1977:24)

### Alienation

Adapting and paraphrasing alienation theorist thinking, many businessmen believe that modern business creates feelings of powerlessness, meaninglessness, isolation/normlessness, and self-estrangement. Because modern businesses are often very large, they rely on impersonal means of administration. Jaspan claimed that the "increasing depersonalization of all business...(makes) the company become an abstraction; and it is more easily justifiable to cheat an abstraction." (Jaspan 1974: 89) The effect of the alienating environment upon workers is thought by many to be rebellion, development of hostile feelings and destructive or dishonest behavior including theft of company assets and property. Some authors summarized this thinking thusly:

As businesses grow in size...the personal relationship between boss and employee practically disappears....Employees are isolated by the several layers of management between them and executive power.... Employees do not consider themselves part of the company as a whole. Management quits viewing its employees as individuals....The problems of employees become impersonal things to be handled during labor union negotiations. (Carson 1977:26-27)

People feel that their lives are being run by machines; and they don't like it. Much of the resentment focuses on the computer... but there is plenty of animus left over for organizations that seem increasingly faceless and machinelike in their dealings with people ....On too many occasions the businessman learns this unpleasant fact the hard way when a worker commits a grandiose act of destructive dishonesty or sabotage. (Jaspan 1974:66)

The way that the individual confronts bureaucracy...has been characterized as one of alienation and depersonalization....The relationship is also, routinely, one of criminal exploitation on the part of

the individual against the bureaucracy. (Smigel 1970:V)

### Poor Management

Some authors claim that the primary cause of employee theft is management. Even many of the factors discussed above are thought to be within management's power to control, and thus management is viewed as being ultimately responsible for some of these factors existing. For example, the idea that alienating conditions cause employee theft is related to management since management is faulted with having created the alienating environment in the first place. Under differential association thinking, managers are cited as the associates who influence employees to steal. Critics of the declining morality explanation of theft feel that management is not taking advantage of the opportunity to create a theft-free microcosm. Also, it is partially because of management that employee thieves find that the benefits of theft often outweigh the costs, according to some authors, since it often does not deter or prosecute thieves.

Other management actions, policies, or procedures are said to cause employee theft. For example, Hemphill stated that theft is a reaction to authoritarian management where "the worker sees the supervisor as opposing rank-and-file employees." (Hemphill 1975:59) In direct contrast, others claim that theft is the result of management being too permissive. Jaspan and Ross, for example, stated that rapid growth and prosperity have resulted in permissive managements that ignore pilfering and so create a psychological atmosphere in which large-scale theft becomes tempting. (Why Employees...1972; Ross 1960:63) Others claim that management's emphasis on results can contribute to

theft. Jaspan stated it thusly:

Too often pressure for achievement motivates people, not toward greater effort, but toward dishonesty. When an employee is required to achieve a goal, quota, or budget, without having been given the means of accomplishing these ends, he is left with the alternative of failing or resorting to dishonesty. We have seen too many instances of employees being forced to manipulate records to simulate achievement of unrealistic goals. (Jaspan 1974:93)

Some employee frustrations caused by management are also said to lead to theft. These include not matching a person's qualifications and capabilities with the position they occupy or not providing promotional opportunities. 'Employees subject to these conditions "are prime candidates for a breach of company security or dishonest act."' (Gorrill 1974:47)

Authors who support the idea that management is responsible for employee theft usually also feel that management is responsible for protecting their businesses against theft. Amano points out that "many articles on employee theft advocate the employers to take a defensive approach toward employee theft....Basically they are saying that if no opportunity for stealing is created, there will be no theft." (Amano n.d.:3-4) Some feel so strongly that the responsibility for preventing theft is the victim's (i.e., business') rather than the perpetrator's, that Carson, for example, states "the employer must assumed a moral responsibility not to tempt employees to steal." (Carson 1977:4)

### Mental Illness

Those cases of employee theft that are not amenable to simple explanation are often attributed to mental illness. Psychological tests of employee thieves are not cited and apparently do not form the basis for statements about the psychological causes of theft. However,

extreme egoism, psychosis, neurosis, and just plain "sickness" are cited as some of the psychological problems that cause theft.

Many embezzlers prove to be extreme egoists. People with this affliction consider their intellectual capacity so superior that should they plan a transgression, detection by inferiors would seem to them to be impossible. The possibility of transgression escalates when the egoist believes that his rightful promotion is being stymied by incompetents who are jealous of his obvious superior capacity to assume greater leadership. (Gorrill 1974:50)

The psychotic or the "criminally minded" person is the most dangerous because once he becomes a member of the staff, little can be done to prevent him from stealing....A psychopathic's personality is characterized by an abnormal lack of fear. (Curtis 1973:22)

Stealing is a common reaction by people in the depths of a neurotic crisis. Some steal when they become depressed....Some neurotics steal because they have serious guilt feelings and want to be caught and punished. Still others steal in order to gain attention and to acquire status with their peer group. (Curtis 1973:36-37)

Some manifestations of exposed business crime are so blatant, so palpable, that one is inclined to shake his head and ask, "How did he ever think he could get away with it; he wants to be caught".... He is crying for help...his family, the world are out of joint for him; by being caught he not only attracts the attention he is seeking, but brings about a miniature cataclysm in the midst of which he can throw up his hands and say, "Well, they've got me. Now it's up to them". (Jaspan 1974:61-63)

Most workers who steal from their employers are basically honest. However, they are sick....It is a disease. Like gambling, drinking, dope, and lying, stealing follows a pattern of progressive deterioration in the individual. (Rudnitsky 1961:7)

### Evaluation of the Causal Explanations

As stated in earlier chapters, sociological research and publication on employee theft is quite recent and sparse. (Mack 1975:143)

Economic research in the form of cost/benefit analysis of employee theft is only about a decade old and thus publications are few. Interest in internal theft by the business field dates back to the 1800's, as evidenced by newspaper and magazine articles from that period. The publi-

cations on the subject by or for business since only 1960 number over a hundred. This abundance of literature and the long period of interest in the subject give the impression that a great deal of research has been done by members of the business discipline.

In actuality, the treatment of the problem has been very superficial. The preponderance of the literature treats the subject of employee theft in a sensational manner, apparently intended to entertain or in a proselytizing manner designed to warn businessmen that they must mend their ways or suffer the consequences.

Almost no publications are the result of research or scientific/empirical study. Only the rare article or book footnotes the sources of the statistics or quotations which are usually freely cited. Confidence in the accuracy of the figures is eroded when several articles discussing the same phenomenon cite different and conflicting figures to substantiate their claims. For example, one author claimed that internal theft is responsible for 7 percent of all business failures (Kay 1965: 46), while another claimed that theft caused over 30 percent of the business failures each year. (Chamber of Commerce, 1974:4) Neither cited the sources of their statistics nor stated how such figures were determined or by whom. Further research revealed that the 7 percent figure, which was cited as if it were a current statistic for the 1960's, was established as a result of the study of business failures in 1936 and was probably accurate for that date, but not for the 1960's.

Important first steps in causation research are to make observations and then attempt to order what one has observed based upon one's experiences and intuition. However, intuitional knowledge that is appar-

ently true and verifiable by personal observation is not always factually true. Before such knowledge can be accepted as fact, its correctness must be verified empirically. (Cole 1972:21-24)

The problem with business research on the etiology of employee theft is that business authors rarely go beyond ordering what they have observed based upon their experiences, but believe that the intuitional knowledge is so obviously true that no verification is necessary. Despite several authors stressing that internal theft is a complex problem not amenable to simple explanations as to its cause (Smigel 1970:V; Curtis 1973:X), the majority of authors put forth causal ideas that were very simplistic. Just the brief discussion of some of the ideas that preceded this section serves to illustrate this point. Theft was alternately claimed to be the result of (1) too permissive or authoritarian an organizational atmosphere; (2) real need due to low salaries or perceived need because no one is underpaid anymore; (3) declining morality which business can/cannot do anything about; (4) an employee having an unsharable problem that can be resolved by stealing, except when the individual chooses not to steal to solve the problem; and so on.

Donn Parker is one of the few authors who attempted to do "research" on employee theft. His effort to "compile a profile of the perpetrator of computer abuse" is indicative of the lack of sophistication in doing scientific research that plagues the business field. His sample consisted of seventeen alleged or convicted computer thieves and concluded, "perpetrators are usually bright, eager, highly motivated, courageous, adventuresome, and qualified people willing to ac-

cept a technical challenge." (Parker 1976:45) Some obvious problems with Parker's research include the very small size of his sample; his not having a control group; his not defining terms such as "bright," "eager," etc.; and the fact that if he did a profile of a superior computer programmer, he might well compile the same list of traits.

Another difficulty with the business "research" is that when causal ideas are stated, they are usually not formulated as hypotheses, and empirical verification in most cases would be extremely difficult, if not impossible. For example, concerning the declining morality explanation, it is beyond today's research capabilities to establish without doubt that society's morality is indeed declining and then prove that this decline causes employee theft.

What causes businessmen to avoid the scientific study of causation and to focus mainly on creating devices, practices, and procedures designed to detect, discourage, or control theft? Perhaps, businessmen feel that research is unnecessary because they think they know what causes theft based upon their personal observations. Perhaps Mack's idea that theft research is discouraged because the thief is very much like the researcher has some credence. (Mack 1975:25)

Another possible explanation is offered by Amano and Wells. Their unique idea is that the influence of Christianity in America may inhibit the study of theft.

It is 'unchristian' to steal. We speculate that it is this 'unchristianness' which prevents us from tackling the theft problem, especially employee theft problems, directly. Pointing our finger at fellow employees and accusing them of stealing could be construed as attacking our peers as immoral persons. (Amano n.d.:5)

Whatever the reason or reasons, business has concentrated upon

controlling or discouraging theft. Gorrill warned, "If your approach to solving industrial loss problems is confined to finding and apprehending the guilty, then you will never solve the problem. You will be continually treating the symptoms." (Gorrill 1974:vii) All indications are that this is exactly what business is doing at this time.



## CHAPTER VII

### CONCLUSION

The purpose of this thesis was to identify, discuss, and critically evaluate theories that might have the potential to explain the etiology of employee theft. To discover the most promising theories necessitated searching the literature of several disciplines, including criminology/sociology, business, and economics. A surprisingly small amount of literature that could be considered of a serious or research nature that is concerned specifically with employee theft could be uncovered even though a great deal of popular literature on the subject exists. Because of the scarcity of literature specifically on employee theft, it became necessary to broaden the search to include major theories on the etiology of crime in general and to determine their applicability and value in the study of employee theft.

Several theories in sociology and economics were identified as having potential value despite their cited shortcomings. These included differential association and its several modifications, alienation, labeling, and cost/benefit analysis. In the business literature, there is no scarcity of what can be called theoretical statements as to causation, but there are no formal theories and the value of these statements was found to be limited. The business thinking on etiology is very unorganized<sup>5</sup> with each author having his/her own "pet theories"

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<sup>5</sup>As reported in chapter 6, this thesis writer surveyed the literature and attempted to organize causation statements into categories with like ideas.

based upon experience and intuition rather than empirical investigation.

### Comparison of Theoretical Approaches

The theoretical approaches taken by the various disciplines differ in three major ways. The theories were either grand, empirical or middle range explanations; historical or situational explanations; and multiple-factor or single-factor explanations. No one approach is clearly better than any other, and each approach has its supporters and detractors.

### Grand, Empirical, or Middle Range Theories

The Encyclopedia of Sociology states,

social theory is usually considered as falling into one of three types: empirical generalizations, usually based on a few observations, middle range theories that interrelate two or more of these empirical generalizations, and grand theories,...(which) deal with the universal aspects of social phenomena. (Encyclopedia of Sociology 1974:121)

Business theorizing with its reliance on personal observation is a prime example of empirical generalization. Alienation theory and labeling theory can be categorized as middle range theories. In both, researchers observed that certain conditions preceded some cases of criminal behavior. The conditions which preceded the crime (i.e., alienating conditions or negative labeling) were then cited as the possible causes of certain types of crime.

Cost/benefit analysis and differential association theory both attempt to be grand theories. The entire social phenomena of crime is supposedly explained by each theory. As discussed earlier, however, cost/benefit analysis has been found to provide an inadequate explanation of emotionally rather than rationally based crime, and differential

association alone has also been found to be unable to explain several types of crime. Thus, although intended to be all-encompassing grand theories of crime, they are in fact complex middle range theories.

### Historical or Situational

The historical or genetic approach links lawbreaking behavior with "factors operating in the earlier life history of the criminal," while the situational or mechanistic approach ascribes more weight to factors and processes "occurring at or near the moment of the criminal event." (Gibbons 1977:229)

If a continuum were drawn with one end being extremely remote influences and the other end being immediate factors, and the different theories were placed on the continuum, differential association would be close to the remote factors end while alienation and labeling might be near the middle, and cost/benefit theories would be closer to the immediate factors.

Differential association is an historically based theory which emphasizes a person's history of associations and the priorities of one's exposures to criminal versus non-criminal behavior. Cost/benefit analysis, while recognizing that historical factors might have some causal effect in a situation, ascribes much more weight to the mechanistic or situational factors. For example, economists generally state that many factors can affect a person's behavior, including moral upbringing and prior experiences; but they feel that the overriding factor is whether or not costs exceed benefits in a particular situation. Labeling and alienation theorists are concerned with the effects of labeling or alienating conditions upon behavior over time. However,

they do recognize that for theft to take place, for instance, the situational factors must be such that the opportunity to steal exists.

### Multiple-Factor or Single-Factor

Theories can either attribute the behavior that they are attempting to explain primarily to one cause or to several or more causes. Sutherland, who eventually strongly felt that single-factor theories were the only theories that held the hope of explaining all crime, initially wavered between a multiple- versus a single-factor theory. He stated,

(at first), I attempted to review all of the literature on criminology....I organized the results topically--economic factors, political factors, physiological factors....I made no effort to generalize, and consequently I had a congeries of discrete and co-ordinate factors, unrelated to each other, which may be called a multiple-factor theory....I took pride in my broadmindedness in including all kinds of factors. (Sutherland 1973:14)

Sutherland's later exposure to criminals made him wonder why people who were apparently of different backgrounds turned to crime. Specifically, he became concerned with such questions as "Negroes, young adult males, and city dwellers all have relatively high crime rates: what do these three groups have in common that places them in this position?" (Sutherland 1973:15) This concern, combined with his study of scientific methodology, convinced him that "an hypothesis should fit every case in the defined universe" (Sutherland 1973:17) and that a single-factor theory of crime causation is of most value.

While alienation and labeling theory also generally consider criminal behavior to be the result of single factors, other researchers feel that single-factor theories are "not too remote from the assumption that there must be a theory of disease (which has proved false) rather

than distinct theories of disease." (Geis 1968:16) Because such theories usually attempt to explain widely divergent forms of criminal behavior with one factor, some researchers feel that such an approach cannot successfully explain all criminal phenomena.

Cost/benefit economists go to almost the opposite extreme when they indicate that "an individual decision maker explicitly or implicitly considers all benefits and costs (i.e., all factors) which he expects to result from a decision." (Cobb 1973:19-20) In practice, however, economists have not attempted to consider all factors but have concentrated on what they feel to be the more promising factors and the more readily quantifiable ones. Such a limited multi-factor approach promises to be more valuable than a theory which considers the number of factors needing study to be innumerable or a theory that attempts to attribute all crime to one cause.

### Evaluation of the Theories

Regardless of the theoretical approach, all theories' "ultimate goals (are) to describe, explain, predict, and control social phenomena." (McDaniel 1974:14) Or, as Nettler said, causal research is conducted because "the notion of causation carries with it the promise that correcting causes provides cures." (Nettler 1974:250)

Most social scientists concur that the scientific method is "the most efficient technique for arriving at their ultimate goals." (McDaniel 1974:14) Although some authors indicate that there is a step-by-step procedure to be followed in doing scientific research, others feel that methodology need not be so rigid. Most authors agree,

however, that certain basic steps must be completed and certain criteria must be met in order for the research to be of value.

### The Basic Steps

Critical to the resolution or explanation of any problem is defining what the problem is. Problem definition involves two processes: problem identification; and problem distillation.

Drew stated, "Problem identification is usually the result of a gap in the information available in an area....A problem may be identified by the researcher as he asks how or why a given behavior occurs." (Drew 1976:8-9) For example, this thesis reports on research that explores the problem area, "Why do employees steal from their employers?"

Transforming a broad problem into a researchable question is called "problem distillation." This step is "essential to launching an investigation, and usually involves a distillation or definition of the problem into a testable form." (Drew 1976:9) The variables to be examined are determined and all terms and concepts are defined.

The distillation of the problem step closely parallels Doby's "definition of the problem" step, about which he stated, "only when the problem is adequately apprehended is there a possibility for the development of an adequate theory." (Doby 1967:16) It is only after problem identification and distillation that the later steps of hypothesizing, creating test instruments, acquiring data, testing hypotheses, and so on, can effectively take place.

How far has the research on the etiology of employee theft proceeded? Few researchers, when studying adult crime, have progressed

beyond identifying the broad problem area of "what causes all criminal behavior?" Little effort has been made to distill the problem. The rare researcher who studies the more specific problem of white-collar crime is often handicapped by the fact that there is no uniform definition of what types of behavior come under that heading.

For the theories discussed, terms were usually not defined; specific variables needing study were usually not identified; formal hypotheses were almost never formulated; and pertinent empirical data was not gathered. Thus, none of the theories have progressed beyond the first step in scientific methodology: problem identification. Until the later steps take place (i.e., problem distillation, hypothesizing, empirical testing, and so on), serious doubts can be raised concerning the validity of the theoretical statements discussed earlier.

### The Basic Criteria

The minimal requirements that a causation theory must meet are that it be empirical or objective, and that it conform to the principle of efficient causation. (Black 1976:5 and 36)

Concerning empiricism and objectivity, Black stated, empirical research "is based upon observation and reasoning", and is not the result of speculation or intuition. (Black 1976:5) "In order to be considered objective...observation which is made while engaging in research should be verifiable....Verifiability (is) assuring that research endeavors are replicable and findings are factual." (McDaniel 1974:15)

The theories discussed in the earlier chapters were often based upon intuition and not impartial observation. This is especially true

of the business "theories" and to a lesser extent true of the other theories. Alienation theorists, labeling theorists, differential association and the other learning theorists, utilized empirical observation to a greater extent than the business writers did. However, when empirical observations contradicted theory, they were usually ignored (as Cressey did when several types of crime seemed inexplicable by differential association) and not researched any further (as Geis did when he found that labeling theory did not provide an easy explanation for white-collar crime). More often than not, the theorists formulated the theories based upon limited personal observations, stated why such theories could provide breakthroughs, and then did not follow up with empirical research. Jeffery, and Burgess and Akers, for example, did just this.

Cost/benefit economists, more than any other group of researchers discussed, are concerned with objectivity and verifiability. Equations and models are utilized in an attempt to state hypotheses in objective and replicable ways. The terms used are defined, albeit, at times rather ambiguously, as was the case with Becker's  $u_j$ , which represented "all other influences." Variables are quantified whenever possible.

However, even economics, with its seeming objectivity and reliance on empiricism, is based upon intuition. Becker, for example, assumes that the number of offenses a person will commit is based upon the probability of conviction, the degree of punishment, and other factors. McKenzie and Tullock, for another example, assume that, in all cases, the benefits derived from crime will decline as the number of crimes increases. Both assumptions are based primarily upon intuition



as far as can be ascertained from the literature. Unless empirical research is done by economists to test these equations and models, they provide no more insight into the theft problem than any other theory does.

The other basic criterion, the principle of efficient causation, "assumes that one explains a phenomenon only by discovering uniform relations between it and some antecedent or concomitant condition." (McDaniel 1974:15) Doby stated that "operationally this means that the cause constitutes both a necessary and a sufficient condition for the occurrence of the fact or effect (and)...the causal relation has a temporal sequence or character--the cause is said to precede the effect." (Doby 1967:58)

All of the theories discussed do not meet the first part of the criterion. That is, alienating conditions, negative labeling, a history of criminal exposures, and so on, do not always provide a sufficient condition for the occurrence of employee theft. As mentioned several times, many people exposed to the same conditions will not steal while others will steal. It seems that research into the intervening variables which might be acting is necessary, and reliance on only the independent variable to explain the phenomenon of employee theft is inadequate.

Concerning the second part of the criterion, the temporal sequence, little research has been done to verify that those factors which are said to cause theft actually precede the act. In alienation theory, for instance, it has not been proven that feelings of normlessness, meaninglessness, etc., precede theft. Perhaps, it is only after

one is caught stealing and the need to rationalize the act develops that one then attributes his/her behavior to such negative feelings. In cost/benefit analysis, the assumption is that people rationally weigh the costs and benefits of theft prior to the commission of the act. Perhaps if research were done on this point, it would be revealed that such an impression might exist because it is only the employee thieves who are caught stealing that have provided this insight on this matter. They usually attribute their behavior to not thinking that they would be caught and/or punished. If successful thieves were interviewed, perhaps it would be found that such thinking is another rationalization and that the weighing of costs and benefits prior to theft actually does not always precede the act. Although common sense might indicate that this is not likely, the temporal sequence of cause and effect has not been proven.

#### Recommendations for Future Research

As is apparent from the above discussion, if scientific methodology is indeed the best technique to achieve the goals of social science research, then researchers must adhere more strictly to its precepts. Specifically, problem distillation must occur, there must be less reliance on intuition and more reliance on empirical observation and the principle of efficient causation must be kept in mind when a factor is said to cause an occurrence.

Prior to the problem distillation stage, it is necessary to establish that a problem truly exists. The literature is replete with statistics that indicate that employee theft is a serious problem of significant proportions. However, upon close examination, the reliabi-

lity of such statistics can be questioned. Statistics on violent crimes and property crimes are considered by many to be incomplete or inaccurate despite the fact that efforts are made by law enforcement agencies and the federal government to establish the extent of such crimes. Statistics on employee theft have not been sought or systematically compiled and are often non-existent or spurious. In reality, at this time, there is no factual substantiation of the opinion that employee theft is a "substantial" problem and that its incidence is increasing. Thus, a preliminary condition to doing employee theft research would be to establish the extent of the theft problem.

During the problem distillation stage, consideration should be given to further delimiting the size of the problem area. As was pointed out, criminal research has considered as large a problem area as the cause or causes of all crime. Less frequently has attention been given to the smaller area of white-collar crime. This thesis further delimited study to include only employee theft. If one were to find that the same people who pilfer also falsify work records, destroy company property, embezzle, and commit other acts of employee theft, one would have reason to believe that all of these activities are subsets of one and the same activity and that research on the larger category "employee theft" is appropriate. However, in reality, those who embezzle may not destroy company property. Those who pilfer may not tamper with their time cards. This indicates that research should perhaps be directed toward identifying more specific and homogeneous acts and then studying and trying to isolate those factors which contribute to the emergence of these specific acts.

As the following diagram indicates, this author advocates that

the research progress from the study of crime in general to the study of the specific, homogeneous crimes included under the title "employee theft."

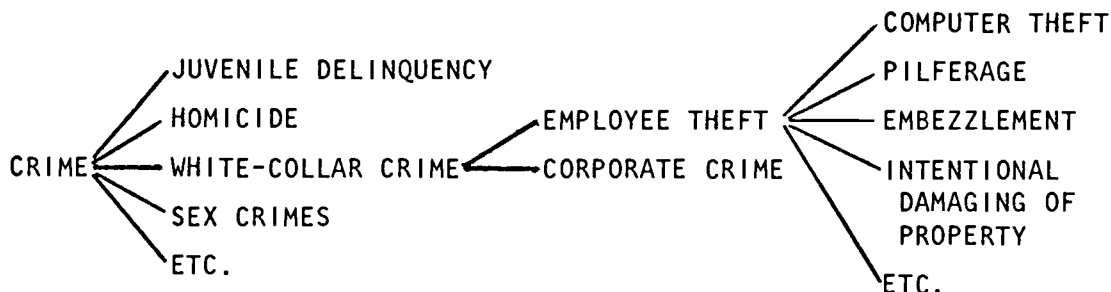


Figure 2. Recommended Delimitation of Research

Finally, and perhaps most importantly, it is necessary that the barriers between disciplines be broken down with a resultant joint research effort by economists, sociologists, and business people. Such a multidisciplinary approach and the accompanying cross fertilization might well provide more insight into the etiology problem.

An important first step would be to organize the existing knowledge and theories on the subject. As this thesis indicates, although a great deal of research specifically on employee theft has not been done, a great deal that is related to the study of the problem has been done but is relatively inaccessible. Much valuable information is buried in the literature of each discipline. There was no one source (until this thesis) that attempted to organize the existing information. By not having an organized body of literature, there has been wasted research effort. Partly as a result of this lack of organized information, "the few specific studies in criminology in recent decades...have been relatively ad hoc in character and unconnected to one another by linkages to

a common theoretical framework." (Gibbons 1971:264)

Once the existing knowledge is organized, research should proceed with a multidisciplinary approach. The problem of employee theft appears to be universal in nature, occurring in many, if not all, countries, in all types of businesses, and among all social classes. The possible motivators appear to be numerous and include economic, social, moral, and psychological factors. The study of such a universal condition with such a multitude of possible causes can best benefit from a broad research perspective that does not view the problem through the narrow disciplinary blinders which have been evident.

With blinders on, researchers have tended to suffer from the same problems that the blind men did when they tried to describe what an elephant looked like by examining only one part of its anatomy at a time. When the elephant's ear was examined, it was thought to look like a leaf from a banana tree. Its leg led them to believe that an elephant looked like a tree trunk. To examine only a person's associations, or their feelings of alienation, or their perceptions of the economics of a situation is not to get an accurate picture of the entire problem.

This thesis has attempted to organize and relate theories in several disciplines to employee theft. Hopefully, it is a valuable step in the direction of providing a better understanding of the problem.

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