

## Unfolding White Collar Criminal Instinct: A Case Study about White Collar Criminal from Pakistan

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### Abstract

The objective of the study is to examine the dynamic linkage between instinct and white collar crimes. Unfolding key factors which effect criminal behaviour is at the heart of criminology. Over the period of time it is now worldwide accepted that the financial cost and physical harm caused by white collar crimes is much more than the impact of street crimes on any society. Studies have provided substantial evidence about society's concerns about white collar crimes. Laws were formulated for penalizing white collar criminals, but the area which still needs much of in depth study is about understanding instinct of white collars criminals. It is always suggested to be proactive rather than reactive. By unfolding instincts of these criminals' societies can have awareness before time from future financial and physical losses. The current study aims to guide researchers in unfolding white collar criminals instinct with the support of literature about corruption and white collar crimes so that they must be in a position to formulate preventive policies.

**Keywords:** Corruption; White collar crime; Instinct

### Introduction

Cordis et al. [1] define corruption as the abuse of entrusted power for private gain, and public corruption as the misuse of public office for private gain, or more broadly as an abuse of public trust. Boles [2] defines corruption as a concealed abuse of a position of trust by an expectation that one will do what one is relied on to do. Transparency International [3] define corruption as the abuse of entrusted power for private gain. Oxford dictionary describes corruption as "Fraudulent and dishonest act by those in power typically involving bribery".

Ahmed et al. [4] describes corruption as one of the most common denting causes in economic underdevelopment in most of the developing countries in 21<sup>st</sup> century. With the expansion of non-financial and financial facilities, a common businessman can also provide many opportunities to facilitate bureaucrats and politicians in their mall practices. These govt. officials manage their illegal earned money by managing off-shore companies and local dummy companies. Corruption is defined by different researchers in different ways. Taghavi et al. [5] defines it as deportation of public concern to private people for their personal benefits, whereas Gadit [6] gives the other variant of corruption as misuse of public office for personal and any form of political gain. Javaid [7] states corruption as misuse of powers which are attached with specific post for any kind of personal benefits or for the benefits of family members and friends is called corruption.

From the above mentioned definition of corruption, it can be clearly viewed that corruption is mostly done by those in power, or holding an office or has social status and there is no violence. This kind of corruption leads to the development of concept of white collar crime. White collar crime as defined by Oxford Dictionary is "a type of crime which is non-violent in nature and involves the abuse of one's expertise or professional status". Investopedia defines white collar crime as "non-

violent crime committed for financial gain". merriam-webster classify white collar crime as "crime which typically involves stealing of money done by people who have important positions in company". Or "a crime committed by salaried professional workers or person in business involves a form of financial fraud or theft".

Mashkoo et al. [8] in their study explains that with the development of modern trends, the nature of corruption has also changed from over the counter bribery to intellectual and white collar corruption, where wrong projects have been sanctioned and developed for personal dividends at public expenditure. Eaten, et al. [9] identified history of white collar crime and can be tracked back to the early 17<sup>th</sup> century, but the foundational concept was publically addressed in 1939 by Sutherland's while addressing American Sociological Society by defining white collar crime as "illegal acts performed by organizations or individuals of higher status within their legitimate occupation". Filstad et al. [10] describes white collar crime as a kind of financial crime which is committed by upper class members of society for their personal or organizational gain. Cliff et al. [11] in their study expresses their opinion about lack of concenses on definition of white collar crime. According to them the concept of White Collar crimes not only expresses different meanings to different disciplines but differs also within those disciplines. Professionals concensus still lacks on a clear unified defination of white collar crime which at times leads to disagreement and confusion, but Barkan [12] supports the definition given by Sutherland. According to Barkan [12] in the course of evaluating core concept of white collar crimes presented by Sutherland, many sociologists added their part but it was mutually agreed by most of the researchers that most applicable definition is of Sutherland's.

Eaton et al. [9] stresses the importance of behavioural monitoring and evaluation of employees rather than internal control. They feel companies pay more attentions for the prevention of fraud by their employees through employing various techniques like internal controls or other monitoring systems for employees but they pay lesser attention on behavioural aspect of their employees to control white

collar crimes. Malkemus [13] explains behaviour as a representation of human instinct. Eaton et al. [9] during 20th century stated that human instinct was in core discussions which fade with the passage of time. Number of profiles highlights multiple characteristics and personality related traits of offenders, but it is impossible to encapsulate all traits of white collar criminals.

Merriam-webster defines instinct as “an unalterable and inheritable tendency of an organism to make a complex and specific responses to environmental stimuli without involving any reason”. Oxford dictionary defines “instinct as a intuitive or natural way of acting or thinking”. Vocabulary.com provided the information of instinct as “something which one do not need to learn, and which happens naturally”. But at the same time, some researchers like Sun et al. [14] do not consider instinct as a fixed unalterable concept rather they consider instinct as something which makes foundation of human personality and react differently in different environment and learn from its surroundings.

Instinct has served in an influential way to understand human behaviour. This concept is used in different ways by different disciplines. Some refers to it as mental impulses whereas others as definite responses. Alcock [15] describes that in current era the concept of instinct is guided by Lorenz [16] original investigations about ethology. They presented instinct as genetically predetermined, inborn pattern of behaviour.

But by following above mentioned definitions and description of instinct, the scope will be confined only as expressions of animate life. It needs to be liberated from narrow scope of inborn genetic explanation towards wider explanation. For this purpose, we will consider instinct as described by Sun & Wilson [14] a major component of human personality which results from basic human motivations supported with related processes within a comprehensive architecture and Malkemus [13] who defines instinct as learned factors.

## Literature Review

Huang [17] in his study quoted World Bank study about corruption and its impact on economic development. As per study of World Bank, the estimates for the extent of corruption is mainly depend upon reports of individuals, govt. officials and business managers. In a study conducted on thirteen Asia-Pacific countries for finding impact of corruption on economic development found that it has negative relation with economic development. Mashkoo et al. [8] called corruption as an abusive behavior. They further discusses that public offices are used by corrupt individuals for their private gains and benefits. Quah [18] quoted in his research about six Asian countries Brunei Darussalam, Cambodia, Myanmar, Pakistan, Papua New Guinea and Vietnam, that with the exception of Brunei Darussalam civil servants, the other five countries civil servants are not well paid and use corruption to meet their both ends to support of their families.

As it is mentioned in above literature that Civil servants use corruption for the support of their families, those civil servants are actually utilizing their status and authority to do these corrupt practices titled as white collar crime which by definition of Eaton, et al. [9] is a crime committed by organization or individuals of higher status within their legitimate occupation. According to report issued by Association of Certified Fraud Examiner [19], the organizational loss due to misrepresentation of facts by its members is approximately 5 percent of its total revenues. This includes loss from stolen amount of

inventory to million dollars complex transactions and the worst thing is most of the organizations never recovered full losses caused to them by their employees. It was further described that most of the white collar criminals of those organizations were first time offender and they were never convicted before this crime.

Gottschalk [20] illustrated white collar crimes as a crime which is committed by members of the elite class society, supported by their privileged role in their professional settings. He further describes white collar crimes with the aid of convenience theory which elaborates occurrence of white collar crime due to strong financial desire, willingness to adopt deviant behaviour and organizational opportunity. Eaton et al. [9] while discussing traits of white collar criminals, stresses on four main traits; authority, cultural hedonism, low self-control and narcissistic personality. As in the definition, the white collar criminal use their authority for committing white collar crime, so authority plays vital role in white collar crimes. There are many cases reported where the cause of corruption was misuse of authority, even in recent time in Pakistan NAB arrested many govt. employees who misused their authorities for personnel financial gains. The other three characteristics also showed positive correlations with the white collar criminals.

Gottschalk [20] quoted in his research about the autobiography of a white collar criminal that he lived a version of American dream which emphasizes success in monetary terms while at the same time have to overcome the hurdles created by the upper society for achieving those dreams and for achieving his dreams he become criminal.

Gottschalk [20] while describing resources for white collar crime explains that the white collar criminals have access to the resources that makes their financial crime more convenient. They have convenience in reaching their goals through the trust of others on them. Jacob [21] suggests that criminology can help companies to be more predictive in identifying patterns and trends which are indicative of white collar crimes in their new appointees so that with increased supervision chances of being a white collar crime victim can be reduced.

Malkemus [13] quoted in his research about emergence of instinct as theological distinction between animals and humans and mentioned animals have instinct but human beings are rational decision makers and don't have instinct. The concept of instinct is defined by Cambridge Dictionary as “a natural ability which helps you to decide what to do and how to act without thinking. Sun et al. [14] describes that behavioural pattern are fundamentally dependent upon instincts which results from basic human motivation with related processes in a comprehensive cognitive architecture. They also describe that instinct is a foundation of human personality or in other words human personality is a reflection of human instinct and it's a result of basic human motivation derived by related processes within a comprehensive environment.

Blumberg [22] criticized instinct definition as an inborn quality. According to him the instinct is not described to the satisfactorily level as inborn or genetically determined rather “it is a typical behaviour of species guided and supervised by the specific experiences occurring within the context of reliable ecology”. Sun et al. [14] explained instinct as most important part of personality and with regard to instinct it is possible to learn new actions and new goal settings when replying to situations which trigger those desires. So in other words, instinct which explains one's personality outlook can be changed according to its environment and can react in different way as apposing to the scientific definition which explains instinct as an inborn fixed response

to the specific act. With the explanation of instinct given by Sun et al. [14], the Social learning theory of crime and deviance become applicable. Social learning theorist makes foundation of their theory on the basis of learning concept. They believe crime is a result of learning the norms, values and behaviours associated with criminal activity.

Following the social learning concept, the criminal instinct which makes foundation of criminal behaviour can be unfolded by considering the development of criminal instinct as a result of learning from environment. It involves actual techniques on one end and psychological aspect of dealing with shame and guilt on the other end.

### **Purpose of the Study**

The purpose of the study is to explore and unfold white collar criminal instinct. The presence of numerous studies about corruption in form of white collar crimes in Pakistan also advocates this study. Statistics provided by different sources; NAB Annual report [23], Business Anticorruption portal [24], Gallup Pakistan [25], supports that most of the white collar crimes relate to those who commits crime using their authority. Those authoritative people need to be evaluated for their criminal instinct at the time of their induction in an organization or during the continuation of their job. This can be done if we will unfold criminal instinct from different directions so that we must be in a position to assess is there any criminality already in a person or not and with the passage of time is there any development of criminal instinct or diminishing of criminal instinct in a targeted person.

### **Problem area**

Huang [17] in his research mentioned that there are many studies which demands attention for Asian economies for the price they were paying for corruption. Pakistan is also an effectient of this corruption at different levels. As per report issued by Transparency International [3], out of 176 countries Pakistan ranked 117<sup>th</sup>. As per NAB Annual report [23] Pakistan loses around 133 million daily due to corruption. Business Anticorruption portal [24] alarmed about corruption in Pakistan by saying that there is a high risk of corruption in Pakistan's in most of its sectors. These includes judicial, police, public services, land administrations, tax and customs administration, and Public procurement. According to Gallup Pakistan [25], every 8th out of 10th Pakistani National believe that corruption is the main cause of slow economic growth in Pakistan.

Statistics mentioned above are mostly related to those who commits crime using their authority and if those authoritative people could be evaluated for their criminal instinct at the time of their induction in an organization or during the continuation of their job at different intervals then there may be lesser chances of having those crimes as with an intimation of their criminal instinct organizations may become proactive rather than reactive. It is a common observation that as a general practice, companies invest more on their system developments for internal controls and fraud detection but they pay lesser attention in behavioural monitoring of their employees. Eaton et al. [9] emphasized how important is the behavioural monitoring of employees instead of other controls as a person with a tendency of deviancy can be kept under observation to avoid possible misuse of their authority or white collar crime. So there is a need to determine possibility of criminal instinct in employees not only at the time of induction but also during life time of their jobs so that if at any point if

it is felt that the person is now tending towards deviant way then necessary corrective and preventive actions can be taken.

### **Rationale for research**

Eaton et al. [9] in their study explain from public point of view that due to white collar crimes, the trust of America's businesses has eroded during the past three decades. The same trend was also noted in a survey conducted by Gallop with the conclusion of downwards trend on trusting corporate executive due to the increase of white collar crimes. Likewise occupational frauds and different types of other frauds like property scams and ponzi schemes deceives affected many people from business organizations to individuals. In a report presented by Association of Certified Fraud Examiners [19], same conclusions were drawn including estimates of organizational loss due to fraud were approx. 5% of revenues which makes an amount of almost 3.7 trillion dollar. This report also tells that who and how these crimes were committed. Michel et al. [26] in their study revealed that large number of researchers is of the opinion supported by facts that the financial cost and the physical harmness of white collar crimes has much more impact as compared to street crimes on same society.

Although these studies has provided serious concern of the researchers for working on white collar crime but in Pakistan this area was ignored for long time in past. But now in recent times with more public awareness and media liberalization with the most prominent case of Pakistan, Ex-Prime Minister Mian Muhammad Nawaz Sharif and his family with corruption charges of billions rupees as a model case creates curiosity in researcher's mind to find the instinct of white collar criminals in Pakistan. As this is the only one case highlighted on media whereas there are hundreds of convicted white collar criminals as per NAB reports in Pakistan. So if we will manage to explore the criminal instinct of white collar criminals it will help not only public sector but private sector as well.

### **Research question**

The researcher is mainly interested in exploring question related to criminal instinct. According to theory of social learning, the criminal behaviour is a result of learning from environment and behaviour is a reflection of instinct. So to major extent, the explanation of behaviour is actually an exploration of instinct. As described above, Sun et al. [14] explained instinct as most important part of personality and with regard to instinct it is possible to learn new actions and new goal settings when replying to situations which trigger those desires. Based upon this concept our research question is:

- How a criminal instinct developed?

### **Research Methodology**

Research was conducted by using survey research for collecting information. There are numerous types of surveys and ways to administer these. A questionnaire was prepared and it was filled by the selected samples of white collar criminals. For questionnaire, there were two options, one was closed ended questionnaire and other was open ended questionnaire. In close ended questionnaire, respondents were given a list of predetermined responses for the selection of their answer but in open ended questionnaire respondents were asked to answer each question in their own words. In this study, a close ended questionnaire was used to collect information from the selected samples. Due to sensitivity of personal information of white collar

criminals, order of the questions was managed with utmost care so that a trust must be developed before asking any annoying question.

## Results and Discussions

A research was conducted by choosing two white collar criminals from Pakistan. Based upon their response through questionnaire, following conclusion was drawn about their criminal instinct. According to this research, samples reflect their nature as people who were active and energetic, enjoying all kinds of physical activity including hard work and exercise, pursuing a wide variety of different interests. They were mid-level to highly social people. It was also found that they were not high risk takers and were careful in their actions. It was this reason they were indulged in calculated white collar crime as it was less offensive in nature as per our law as compared with any violent offence. Impulsiveness shows their nature of decision as mature decision or as spur of the moment decision. It was found that they took their decisions after careful consideration of all costs and benefits of that specific decision. They were found to be less expressive and were used to keep sorrows of past in their mind. They remain frustrated. They were highly responsible people and this trait was also confirmed as they were holding office of high responsibility. When it comes to the evaluation of their guilt conscious, it was found that they were highly free from guilt feelings. They had a justification of their actions and they believed whatever they have done was right. The most important element which indulged them in this kind of criminal activity was their environment. This environment was both their present environment and the environment in which they spend their adolescent. Both samples of this study belonged to mid and low middle class families and they had experienced poverty in their early childhood and their environment around them produced deviant behaviour to achieve all the standards and facilities of society which they previously lacked and which made them part of deprived chunk of society. This urge of achieving high status made them free from any guilt consciousness and they justify their act of bribe as their right for rendering their services to the affectees.

## Conclusion

There are many causes which may result in development of criminal instinct. This study was focused on exploring those factors which results in development of criminal instinct as in literature review and study it was not consider instinct only to be something inborn rather it was considered as something which is not only inborn but can be acquired from environment also. In this study it was found that the social environment plays vital role in development of criminal instinct. In the samples, past deprivation due to their poor social status and the environment around them trigger this feeling in them to achieve all those which made them respectable and status oriented in society. For this purpose they even didn't feel guilt for any illegal act they had done. Further when they look around them in their organization, they felt that it's a normal culture to have bribe and do earn money by hook or by crook as most people around them were engaged in same kind of activities.

It is suggested, if we want to have preventive control in development of criminal instinct, we must need to control environment. This environment although cannot be controlled outside the organization

but within the organization it can be done by changing the work place ethics and internal control so that no one can be exploited by the employee of an organization.

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