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Current Tendencies in Corporate White-Collar Crimes in the United Kingdom, USA and India and their conceivable explanations - A study

Saptarshi Ganguly and Dr. Amit Majumder

Current Tendencies in Corporate White-Collar Crimes in the United Kingdom, USA and India and their conceivable explanations - A Study



Saptarsi Ganguly

(Corresponding Author)
Senior Research Fellow (Ph. D)
Dept. of Commerce
University of Calcutta
princerishi.070@gmail.com



Dr. Amit Majumder

Associate Professor
Dept. of Commerce
Bijoy Krishna Girls' College
and
Guest Faculty
Dept. of Commerce
University of Calcutta
amitmajumder1@gmail.com

ABSTRACT

The modern-day corporate world has been suffering from corporate white-collar crimes for the last few decades. The principal distress in this regard is that the menace comes from the upper elite class of the social hierarchy. The concerned study provides appreciated statistics regarding corporate white-collar crimes in the last few years in the United Kingdom, the United States of America, and, India.

The study further debates the causes of such crimes in the corporate arena and aims to ascertain the root cause of such crimes using Allegorical understandings from Greek mythological parables.

Keywords: *Corporate World, White-collar crimes, statistics, allegorical understandings, Greek mythology*

1. INTRODUCTION

Corporate White-collar Crimes have become a serious issue in the modern corporate world. However, the concept is not more than a century old. The term was primarily devised by Edwin Sutherland in 1939. Edwin had been a renounced criminologist and sociologist and is regarded as the founder of the term white-collar crimes. As per his definitions, these are crimes that are generally committed by individuals who belong to the higher strata of the social hierarchy (CFI, *White-Collar Crime A type of non-violent crime that is financially motivated* 2022). Society does not expect such crimes from such a section of the same. However, several experts and other investigating agencies such as the American FBI sub-divides white-collar crimes into more than one category. The first one is crimes that are committed by individuals belonging to the higher section of society while the other is crimes that tend to harm people financially rather than physically. The first thing to understand in this regard is the basic difference between the two terms white-collar crimes and Blue-collar crimes. While White-collar crimes comprise such crimes that are generally committed by individuals belonging to the higher strata of society, Blue-collar crimes are such crimes that are committed by individuals who belong to the middle and low strata of

society. This is as far as the sociological differences between the two are concerned. As per criminologists, white-collar crimes tend to financially hamper victims and include crimes such as money laundering, insider trading, forgery, embezzlement, etc (Hagan, 2017). Whereas Blue-collar crimes indulge in crimes that hamper victims physically such as murder, robberies, kidnapping, and other physical assaults. These are the generally accepted definitions of white-collar crimes. However, the regular occurrences of such crimes in the corporate arena have distressed innumerable individuals in the last few decades across the globe. The concerned study aims to deliver an insight into the problem and provide causes and possible solutions to the same.

2. REVIEW OF LITERATURE

According to **Piquero (2018)**, white-collar crimes have become an extremely alarming trouble for the globe. The study states that white-collar crimes affect individuals equally as other crimes if not more. Every year, several individuals are highly affected by these crimes and millions of families are destroyed due to the occurrence of such crimes. The regulatory authorities from several countries have been trying to establish and enforce various laws to prevent corporate individuals from obliging fraudulent means and practices. The study provides valuable statistical pieces of evidence

to support its case. **Simpson (2019)** states that the age-old definition of Edwin Sutherland concerning white-collar crimes is still germane and is dynamic enough that various alterations to it can be made even today in different facets of the profession. Edwin Sutherland was an American criminologist and his definition of white-collar crimes is still a matter of debate among various scholars across the globe. Some scholars state that the nature of the crime is what segregates white-collar from blue-collar crimes while some argue that it is the social strata of the perpetrator that defines the nature of the crimes. According to **Perri (2022)**, there is a strong relationship between psychology and criminology. The author states that the human psychology plays a pivotal role in criminal mentality and activities of human beings. The study further states that the only difference between crimes in the corporate world and other crimes is that crimes in the corporate world are covered with a thin crust of aristocracy. The nature of corporate crimes may not seem brutal but are equally as harmful for the society as other blue-collar crimes. The study stresses on modern leadership and the psychotic behaviour of modern leaders. The researcher emphasises on the fact that modern leaders are somewhat psychotic in nature and the toxic work culture in certain organization leads to employees obliging deceptions to get ahead of others.

3. RESEARCH OBJECTIVES

The objectives of the study are as follows-

- Ascertain statistical pieces of evidence of corporate white-collar crimes in the last few years in the United Kingdom, USA, and India.
- Realize the actual causes of corporate white-collar crimes across the globe.
- Elucidate the root cause by relating allegories from Greek mythology.

4. RESEARCH METHODOLOGY

The study uses secondary data to conduct its discoveries and expound deliberations. The study applies archival analysis to gain access to various annual reports on corporate frauds and economic offenses in India, the USA, and the UK. The study also smears analysis of text to fathom ancient Greek mythology which is germane in this study.

5. FINDINGS AND SUGGESTIONS

White-collar crimes have infested several countries in the last few years. The concerned study discusses the development of such crimes in 3 countries that is the United Kingdom, the United States of America, and India.

- **The United Kingdom:**
The last three years have witnessed a drastic spike in the number of white-collar crimes in the United Kingdom. Among all crimes, federal agencies have reported that

39% of them have been cases of financial fraud. The year 2022 has witnessed a sharp spike of around 25% across the country. As per the reports of the Office for National Statistics, the majority of frauds in the United Kingdom have been retail frauds and consumer crimes (DBT & Partners, Solicitors & advocates, *White-collar Crime statistics* 2022). The country has

lost around £2.35 billion in 2021. The frauds comprise financial investments, cheques, other negotiable instruments, and share frauds.

The number of total white-collar crimes in the United Kingdom has increased drastically in 2022 compared to the last year.

Table 1: Number of Frauds in the UK in the last three years

Year	Number of financial crimes reported in the United Kingdoms
2020	748321
2021	797879
2022	936276

Source: DBT & Partners, Solicitors & advocates

The above-mentioned table indicates a sharp increase in the number of reported frauds and financial crimes in the United Kingdom in the last three years (DBT & Partners, Solicitors & advocates, *White-collar Crime statistics* 2022). The table further shows that there have been an increase of around 7% in cases from 2020 to 2021 and around 17% in cases from 2021 to 2022.

The top companies that have been drastically affected by corporate white-collar crimes and financial fraud are Nike, Levi's, Ugg, etc. Furthermore, fraudsters and perpetrators have shown a tendency of targeting a particular age group across the country. The mean age of a victim of white-collar crime in England has been 49 years in the last three years. However,

in the case of online transaction frauds, the mean age of victims has been 37 years (DBT & Partners, Solicitors & advocates, *White-collar Crime statistics* 2022).

- **The United States of America:**

The situation in the United States of America has been similar in the last few years if not worse. According to a report from the University of Cincinnati school of criminal justice, 75% of white-collar criminals are male and are white in ethnicity. 62% of such criminals have been married and 50% of them own personal residences (Benson, Michael & Kerley, Kent, 2001). The percentage of white males in white-collar crimes could be better elucidated with graphical and tabular representations

Table 2: Percentage of male offenders in the USA and their ethnicity before 2001

White-collar crimes in the USA	Percentage of male offenders	Percentage of White male offenders
Embezzlement at the bank	52%	75.4%
Enticements	87.1%	76%
Untrue Entitlements	68.8%	54%
Income Tax related fraud	91%	89%

Source: *Residences Benson, Michael & Kerley, Kent, 2001*

The above-mentioned table states that the majority of the financial offenders in the United States of America before 2001 have been white males. A recent study shows that from 2001 to 2018, 93% of financial offenders in the country has been males (Benson & Simpson, 2018). The same study further states that around 50% of such white male offenders have completed higher education and hold a university degree (Benson & Simpson, 2018). The mean age of a male white-collar criminal in the USA is 41 years (*Report to the Nations, 2020 Global study on occupational fraud and abuse 2020*). According to Benson & Simpson, an average white-collar criminal in the USA has a job experience of around 5 years. The above-mentioned data can lead to the profiling of a potential white-collar criminal in the United States of America.

Who could be a potential White-collar criminal in the USA?

- An individual associated with the US stock market, corporate enterprises, or other allied associations.

- A white male.
- Married
- Has an average age of 41 years.
- Can be considered as highly educated with a university degree.
- Has an average job experience of 5 years.
- **India:**

The country of India has also been suffering from a chronic infestation of white-collar crimes over the last few decades. From the Harshad Mehta securities scam in 1992 to the Satyam scandal in 2009, the country has been witnessing an enormous number of financial frauds. Thousands of families have been financially devastated by these crimes.

As per the reports of the Ministry of Home Affairs 2019, the country has had several instances of economic crimes in the past three years (*National Crime Records Bureau 2019*). A city-wise depiction of incidents of economic crimes in India can elucidate further.

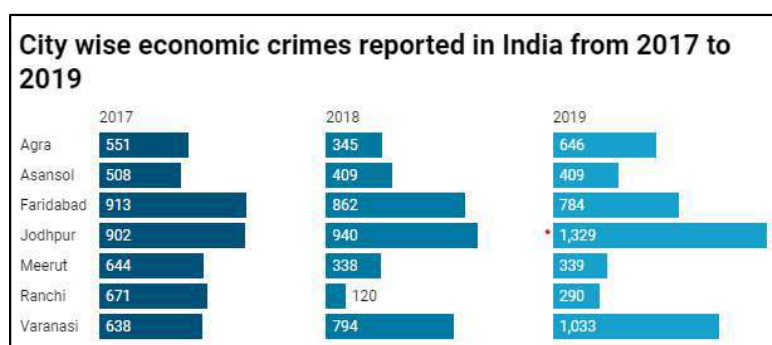
Table 3: Cities with more than 500 economic crimes in a year in India

City	2017	2018	2019
Agra	551	345	646
Asansol	508	409	409
Faridabad	913	862	784
Jodhpur	902	940	1329
Meerut	644	338	339
Ranchi	671	120	290
Varanasi	638	794	1033

Source: Ministry of Home Affairs Crime Report, 2019

The above-mentioned table shows the crime statistics of the most infested cities of the country as far as economic crimes are

concerned. A graphical representation of the same is furnished below for better comprehension of the data

Figure 1: Cities with more than 500 economic crimes in a year in India

Source: Ministry of Home Affairs Crime Report, 2019

From Figure 1, it can be ascertained that the majority of the cities have shown an increasing trend in the number of reported economic offenses in the concerned three years. Ranchi was the only outlier that had 671 reported cases in 2017 which subsequently diminished to 120 and 290 in 2018 and 2019 respectively.

Therefore, it can be stated that along with large corporate scandals in terms of money, India also has been showing trends of small to medium-scale economic offenses being

committed at the city level in the last few years.

6. WHY IS THE WORLD WITNESSING WHITE-COLLAR CRIMES?

There can be several reasons behind the regular occurrences of white-collar crimes across the world. Some of them are furnished below:

- **Lack of Internal Control within the organization:** It is generally found in the United States of America that in one-third

of all the reported cases of white-collar crimes, there has been a major breach in the internal control of the organization (*Report to the Nations, 2020 Global study on occupational fraud and abuse* 2020). Organizations that have a hotline for fraud complaints tend to detect fraud 33% faster than organizations that do not have the same (*Report to the Nations, 2020 Global study on occupational fraud and abuse* 2020).

- **Greed both financial and non-financial:** Greed is the source of all mischief in society. The corporate world is no exception. Greed for power as well as unauthorized money of the public often persuades corporate individuals to oblige deceptions. There are several examples of such individuals across the world who had given in to greed and taken up unfair means to earn money from corporate organizations at the expense of others.
- **Delay and limited sentencing:** In the United States of America, 56% of associations had directed inquiries against white-collar crimes and less than one-third of them have conveyed such inquiries to the board of directors (*Report to the Nations, 2020 Global study on occupational fraud and abuse* 2020). As far as white-collar crimes like ‘Insider

Trading’ are concerned, the extreme sentence is 20 years as per the US laws and the supreme fine is \$5 million and \$25 million for individuals and establishments respectively (*Report to the Nations, 2020 Global study on occupational fraud and abuse* 2020). As far as India is concerned, section 447 of the Companies Act 2013 states that the maximum sentence for white-collar criminals (especially fraudsters) is 10 years (Bhambri, *White Collar Crimes in India* 2021). With the above-mentioned three prominent causes for white-collar crimes, the study recommends a fourth motive for the unceasing events of such crimes across the globe. The study propositions to draw parables from ancient Greek mythology in this regard and call it the ‘Midas’ syndrome’.

7. CONCLUSION AND POSSIBLE REMEDIES

It can be concluded that the corporate world is at risk of several more corporate crimes shortly. In addition to administrative regulations, the business world should also aim for moral awakening within employees to prevent them from obliging deceptions in the workplace.

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