The impact of personality and company culture on company anti-corruption programmes

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Introduction
Companies are paying increasing attention to the prevention of white-collar crime under the rubric of compliance. In fact, however, this concept refers to something that should be self-evident: companies have to comply particularly with criminal laws and prevent their staff and managers from violating them. However, this has not always been the practice in every company up to now. Economic crimes such as corruption or cartel law infringements were frequently simply a normal part of everyday business. By introducing compliance programmes, companies are now trying to introduce an effective way of preventing occupational and corporate crime. Nonetheless, the legal departments that have been assigned responsibility for this up to now prove to be completely inadequate, because they fail to implement any future-oriented prevention that needs to include such preventive measures as ethical guidelines, schoolings, whistle-blower systems, a compliance officer, an ombudsman, or internal sanctions.

At this point, however, it becomes necessary to ask whether companies are in any way seriously interested in introducing and applying such programmes or whether they are merely 'window dressing'. Any answer to this question requires an understanding of the parameters of programme development. This leads to the question of whether companies are in any way capable of building up effective prevention measures to counter occupational and corporate crime when these offences have, until now, always been a part of everyday business. Hence, the second section in this chapter will examine factors that could hinder or promote effective compliance such as the personality of managers, their socialization in organizations, the company culture, and the existing values both in business and within a particular region.

The development of compliance and anti-corruption programmes

The law and business as driving forces
The topic of crime prevention in companies has been attracting increasing attention under the collective term of compliance taken from Anglo-Saxon business law. This can be seen in both the growing number of compliance officers in companies and the countless conferences and
handbooks on the topic. In purely quantitative terms, the change is impressive. In the German study by PwC and the author in the summer of 2011, a total of 52 per cent of large companies reported having a compliance programme that generally also contained measures to fight corruption (PwC and Bussmann 2011). Only two years later, the proportion of companies with a compliance programme had grown to 72 per cent (PwC and Bussmann 2013).

Both growing legal demands worldwide and stock exchanges have been pressurizing companies to act. In particular, strict US regulations such as the Sarbanes-Oxley Act, Foreign Corrupt Practices Act (FCPA), and the US Federal Sentencing Guidelines have further increased the pressure on all companies by calling for the introduction of various measures such as compliance programmes, business ethics, training courses, whistle-blowing systems and compliance reviewing. The stricter US legal requirements are playing a particularly leading role in promoting global advances in the prevention of economic crime (Bussmann and Matschke 2008). It is above all stock-exchange-listed companies that are orienting themselves towards these worldwide standards. More than any other group of companies, they are subject to the intensive scrutiny of rating agencies, auditors, the media, regulatory bodies, and supervisory bodies, and this encourages transparency and increases the demands to implement legal regulations.

Moreover, the indirect side effects such as damage to their reputation contribute decisively to disciplining a broader range of companies. The market exploits every weakness; one can soon become a candidate for a takeover; and directors’ chairs swiftly change occupants. This alone has started to worry both managers and shareholders. At the end of the day, it is individuals who head companies, and they are exposed personally to the risk of criminal proceedings, pre-trial detention, liability under private law and public disgrace. For many, this may mean losing their management post.

This explains the popularity of the cynical phrase ‘if you think compliance is expensive, try non-compliance’ cited so frequently at conferences and in the compliance literature. Over the next few years, it will be above all the larger companies that will need to successfully get their compliance problems under permanent control. It is becoming just too simple for them to view themselves only as the beneficiaries of criminal business models. They are increasingly becoming victims themselves. A very close look even reveals signs for the formation of deterrent mechanisms, because non-compliance is leading increasingly to competitive disadvantages.

The beneficiaries and the effects of the control paradox

In addition, there are also beneficiaries within the economic system who make a living from the newly acknowledged crime risks. Business is in no way a monolithic block when it comes to pursuing its interests. Professional conference companies offer their services to managers in need of information. Company representatives report on their compliance practices. Major law firms and accountants fish for lucrative mandates by reporting on the highly dynamic changes in the law at conferences. They are cultivating a sense of right and wrong within what is to some extent a very murky legal sphere that, unlike the classical criminal norms on robbery, theft or fraud, lacks a clear consensus on what is right and wrong.

In Germany, the Federal Criminal Police Office (Bundeskriminalamt 2012) is also contributing to awareness of the problem in its annual legal reports on economic crime in general and corruption in particular. And it has also found partners that supply the general public with data on crime trends and prevention measures. Studies on economic crime by accounting firms such as PwC, KPMG and Ernst & Young are busy feeding the discussion with empirical data. As a result of these many observers, consultants, and campaigners, the compliance discourse spiral is spinning ever faster. Even politicians are unable to evade this development. The legislative machinery is being geared up in the field of penal law for business offences, and the legal system is being obliged to enforce it increasingly rigorously.

This development is also leading to the formation of a ‘white-collar’ or ‘economic criminology’. Criminologists are entering the discourse on best practice with their critical analyses, and this is only just the beginning. Although this perspective was already processed criminologically at a very early stage (Brathwaite and Fisse 1983), it is not just criminology but also penal law for business offences that is increasingly seeing companies as major actors in crime prevention. The growing interest in the topic of compliance in companies has now also set off a broad expansion of research in criminology and in criminal law that is closely examining not only the numerous cases of economic crime but also the effects of prevention measures. For example, both the US-American FCPA and the British Bribery Act in force since 2011 require all companies within their jurisdiction to implement numerous compliance measures to effectively fight corruption.

Moreover, one should not overlook the paradoxes in this development. Companies themselves are now becoming the driving forces in this movement. An examination of the processes on the micro-level reveals that the more companies introduce control and prevention measures to fight, for example, corruption, the more they increase the monitoring of economic crime. A social fact always first becomes visible through perception and communication. One could expect that increased controls, like more prevention, would lead to less crime. However, an inspection of the individual phases reveals that this is not the case. A better control environment leads to more offences being detected, and hence an increase in the amount of crime visible without any immediate crime-stopping effect on the dark figure. From a criminological perspective, this is a control paradox (Bussmann 2007). Nowadays, more economic crime offences are uncovered than ever before simply because of the greater awareness and the improved control environment. This also explains why prevention measures such as business ethics or training courses also lead to an increase in detection, because they also heighten awareness of the problem. Companies more frequently detect various forms of economic crime in this way – an impression that has long been apparent merely through pursuing media reports, especially those on corruption and cartel law infringements.

The future of compliance

This outlines the framework for the increasing international expansion of compliance programmes. This process has already developed its own momentum despite the setbacks to be expected in single companies and developing countries. Nonetheless, no international company will be able to avoid such programmes in the near future. Globally, development is proceeding in a top-down way from the mostly large stock-exchange-listed major companies, to medium-sized businesses, and so on. Major companies are beginning to pass on the ‘compliance pressure’ to their business partners in order to avoid negative exposure by association with criminal partners. A comparison of the frequencies of companies with versus without a compliance programme reveals that the former are, on average, markedly larger, more international, and more frequently stock-exchange-listed (Bussmann and Matschke 2008; PwC and Bussmann 2011). In other words, these global players are simultaneously drivers of this change.

Although economic crime is worldwide a widespread threat particularly in the emerging markets, it is notable that globalization is not an opponent but a proponent of compliance development. In developing countries as well, it is advantageous to be known as a company possessing integrity. The emerging middle class in these countries has a strong interest in freeing itself from old corrupt structures. Compliance is now also beginning to develop an economic
value for companies. A concept that they originally considered to be alien to their systems is now mutating into a business, into part of their marketing strategy. Although, as corporate actors, companies do not possess a conscience, the market is beginning to take over this important immunization function to counter the temptations of the market economy. Hence the significant motors in the current trend towards an increasing spread of compliance management systems are as follows:

- Legal liability risks, particularly through the United States with FCPA and SEC.
- A stock exchange listing, legal requirements as in the United States, but also the expectations of the financial market.
- International expansion of companies through numerous foreign offices.
- Business consultancies through consulting services and studies on economic crime.
- Increasing detection of economic crimes such as corruption through internal company compliance measures.
- Publicity, non-governmental organizations such as Transparency International, the mass media, and spectacular single cases.
- Science and criminology.

Factors promoting effective compliance management systems

Despite the aforementioned developments, there are numerous claims (Hefendorf 2006; McNabb 2006) that companies are not really implementing the compliance efforts demanded by societies, but, due to the dominance of economic rationality, are engaging only in window-dressing (Di Lorenzo 2007). In many cases, this may well have been true during the initial phase of compliance development, but from a long-term perspective, companies face structural pressures from both the market and law enforcement to implement effective measures. Hence, the long-term question is not whether companies introduce such compliance programmes and strive seriously to ensure they are effective. It is far more whether they can actually succeed in doing this. This question on the impact of compliance programmes and, specifically, anti-corruption programmes will be examined on the following five levels:

1. The personalities of managers and economic criminals
2. Socialization in the company
3. Values in business
4. Values in society
5. The role of company culture in compliance.

The personalities of managers and economic criminals

Unlike classical criminal offenders, economic criminals are difficult for criminological research to explain. Deficits in primary and secondary socialization are of little help, because it is highly apparent that this is a group that has enjoyed what would seem to be an ideal socialization from the primary and secondary socialization agencies of the family, school and friends. They are well integrated in society and there are no signs of any socialization deficits. Sutherland (1949) already pointed to these differences compared with offenders in other fields with his original definition of the white-collar criminal. An analysis of who these offenders are generally reveals a middle-aged male with an above-average education who has already been working in his company for several years and holds a position in senior or top management (Bussmann and Werle 2006). Moreover, these persons have successful careers and often lead respectable private lives. The majority of traditional so-called 'deficit crime theories', which explain crime particularly through deficits of all kinds such as social inequality, delinquent subcultures or deviant value systems, do not fit them at all.

However, one difference compared with classical offenders that should not be underestimated is the company framework: in many cases, economic criminals commit their offences within their company or proceeding from their company. This suggests that the specific company culture also needs to be considered when analysing the personalities of managers. Even today, it is not known how far a specific company culture may shape managers psychologically and, in addition, there may well be selection effects that lead to certain personality traits being found more frequently in this group.

Hence, it is necessary to differentiate: when company representatives fix prices or actively engage in bribing, they are trying – from the micro-perspective – to establish or maintain favourable market structures for themselves or to ensure that certain orders or sales will go ahead. For them, the accompanying legal infringement is only a collateral damage (Sutherland 1949: 260). One cannot even accuse them of naked greed, because optimizing profit margins is a major guiding principle in business (Huismann and Vande Walle 2010: 150–157). In these cases, it is necessary to pay more attention to the company culture rather than to the personality traits of managers (see below). All managers will engage in economic crimes such as corruption if it is in the company's interest or is even demanded by the company, regardless of their personality traits.

Studies comparing managers with the rest of the population in terms of the Big Five personality model (Costa and McCrae 1992: 5–13) have shown that it is particularly conscientiousness – reflecting self-discipline, persistence and dependability – that influences the success of managers' careers (Specht et al. 2011). The author's own analyses based on data from the German Socio-Economic Panel have shown that top and middle management are, on average, more extraverted, conscientious and markedly more open to experience than the general population. This is not surprising, because openness to experience relates to intelligence and, above all, to education (McCrae and Costa 2011: 67). Likewise, they are less neurotic and only slightly less agreeable – reflecting friendliness, cooperativeness and a warm-hearted approach to others – than the general population (Specht et al. 2011).

Drawing on the state of research on the personality traits of economic criminals, Bickle et al. (2006) reported that incarcerated economic criminals also show a stronger tendency to be conscientious. They interpreted this as being due particularly to the fact that many of the incarcerated respondents had acted in the interest of their company – in the sense of blind obedience. This indicates that conscientiousness may well also be a risk factor when certain managers engage in economic crime for their company. Other studies, in contrast, show that the personality of economic criminals is characterized by lower rather than higher conscientiousness (Ragatz and Fremouw 2010: 389) and by lower agreeableness (Schön et al. 2011: 15). Economic criminals also reveal a lower acceptance of social norms and a greater willingness to take risks, a lower sense of responsibility, less trust in others, more anxiety and lower self-control (Collins and Schmidt 1993: 307–308; Ragatz et al. 2012: 991). Connolly and Onzi (2008: 373) studied the relation between personality and corruption on an international level. In a study covering 54 countries, they found that respondents from countries with a higher level of corruption had lower average scores on openness to experience and higher scores on neuroticism.

Due to the selective personnel recruitment of managers, one could conceive that personality characteristics of managers in the USA differ from those in European nations. However, there is a paucity of research on this. Although cross-cultural psychology has confirmed relations between,
Socialization in the company

This leads to the question regarding how far the socialization efforts of compliance departments can in any way be effective in a company. Can they achieve a comparatively formative socialization to that produced in the family, school, peers, and the community during childhood and adolescence? The reason for this question is that criminality assigns a major importance to the socialization of offenders. Primary socialization takes place in the family; secondary socialization, among friends, at school and at work. In this chapter, it is argued that the socialization that takes place in a company acquires a far from negligible significance in the prevention of economic crime. This is reinforced by the findings on the age of economic criminals and how long they have belonged to their company – in Germany, an average of ten years. Accordingly, they are not at the start of their careers; it is far more the case that they have ‘grown up’ in the company, and the company has socialized them for their careers (Busmann and Werle 2006).

Essentially, the question is whether purposefully changing company culture can achieve a long-lasting occupational socialization or, to use a different terminology, whether it can succeed in internalizing the relatively recent prohibitions to be found particularly in business penal law that regulate against corruption in the private sector, cartel law infringements, money laundering, insider trading, and so forth. It is clear that the socialization within the family in no way succeeds in addressing these prohibitions. A socialization that makes people feel guilty specifically when engaging in corrupt activities, price fixing or insider trading does not take place in either the family or at school. A comparable primary and secondary socialization to that condemning classical criminality does not take place for economic crime. At best, there may be an effective familial socialization against fraud. Bribery officials provide a good example of the differentiated and fragmentary ways in which values are imparted and their corresponding socialization. At least in Central European cultures, the unacceptability of bribing officials has received a relatively robust socialization. In contrast, the unacceptability of the comparable crime of corruption is still far from receiving such a far-reaching socialization in the business world – as confirmed by a comparative study of the level of corruption in administrative bodies and companies (PWG and Busmann 2010a).

It has to be remembered that in the domain of classical crime, criminal law finds it relatively easy (nowadays) to assume that a stable sense of wrongdoing has generally been acquired at an early age. However, the primary and secondary socialization in the family and school or among peers offers hardly any guidance when it comes to succeeding in a market economy and competing with rival companies. Many offenders must be aware that their activities may well be punishable. However, for many offenses, they see no need to fall back to the same extent on the protective justification mechanisms and neutralization techniques to excuse themselves morally. From their perspective, the offenses are simply petty.

One reason for this is that economic crimes are in no ways self-evident offenses. At least from a present-day perspective, the injustice of many classical offenses seems completely unquestionable and the underlying values such as the right of property, protection of life and limb, sexual self-determination, and freedom are defended energetically. However, in past centuries, these were not anchored as self-evidently as they are taken to be today. This already creates hope for the very recent canon of economic crimes: there is no reason why a socialization, that is, an internalization of these norms, should be fundamentally impossible.

However, achieving a normative socialization represents a major challenge for many economic crimes such as corruption, insider trading or cartel law infringements, because the damage they cause is mostly not self-evident. The negative effects of these economic crimes do not stand out in the same way as the effects of classical crimes such as assault, sexual abuse, fraud, theft and

for example, the collectivistic orientation of a nation and the personality factors agreeableness, openness to experience, and conscientiousness (Helfrich 2013: 139–145), there is a lack of psychological cross-country research (Simpson 2013: 325) confirming their effects on economic crime.

Moreover, given the present state of knowledge, it cannot be ruled out that at least some companies will reveal an accumulation of problematic personality traits. This has led to an increasing emphasis in research on constructs such as psychopathy and organizational cynicism. Findings on the relation between psychopathic traits and occupational success have come particularly from the English-speaking world. Various studies suggest that persons with high psychopathy scores, whose behaviour is characterized by a lack of conscience, cold-heartedness and the manipulation of others, advance more rapidly in their careers and are more likely to be found in higher positions. Litzcke et al. (2012: 19–20) have also concluded that persons with high psychopathy scores have a greater tolerance of corrupt activities.

The concept of organizational cynicism is used to describe employees’ negative outlook on their organization in terms of three dimensions: belief that the organization lacks integrity, negative emotional reactions towards the organization, and the tendency to engage in disparaging behaviour (Litzcke et al. 2012: 20–21). In general, this construct has been studied as an indicator for a job change or for an attitude that rejects organizational changes (Albrecht 2002: 320–343). However, there are indications that organizational cynicism is also a risk factor for corruption and deviant behaviour (Hartl and Jonas 2009: 153). Litzcke et al. (2012: 119–122) concluded that persons who have a cynical attitude towards their organization tend to appraise corruption as more normative. However, it may well be that this is more a company culture phenomenon than an individual psychological one. A company culture that is not oriented towards integrity may well encourage organizational cynicism in managers with the corresponding negative behavioural reactions.

Whatever ways a company culture exerts a decisive impact on the construct of organizational cynicism, the general problem facing research is that economic crimes such as corruption are frequently part of a company’s business model, so that offenses are carried out regardless of its managers’ personality traits. It is only when managers act primarily to their own personal advantage without considering the benefits for their company that they come closer to the classical individual offender. Only then will it seem theoretically meaningful to think about their personality traits. However, many studies give the impression that neither this aspect nor company culture have been controlled sufficiently.

In summary, the state of research shows that attempts to detect potential offenders with a ‘criminogenic character’ should not blind research to systemic causes such as company culture, normal practice in that branch of industry, or the normality of economic crimes. One should not make the classic mistake of concluding that somebody is bad because they have done something wrong. A lapse in behaviour does not have to be due to a ‘fault’ in the offender; the ‘fault’ may also lie in the company and the company’s environment. When trying to understand the motives and incentives of offenders, it is more adequate to look at economic crime not only from the perspective of penal law but also from the perspective of business practice. Most companies and persons see themselves as acting in a morally impeccable way even though they are quite aware that they are breaking the law. This is because strict compliance with criminal law does not belong to the norms that count in their occupational world. In this context, it should not be overlooked that training in economics promotes a basically critical attitude towards the law, because it is seen as more of a hindrance of a free market economy than a necessary regulatory economic framework. ‘Economic’ crime is also not a topic to be found in the literature used to teach economics (Burkart斯基 2011).
embezzlement. Hence, the primary victim in cases of corruption is society or also the market economy which corruption undermines it. Therefore it is quite correct to talk about indirect damages or even 'victim-less' offences today. The victims are almost impossible to individualize, and in contrast to, for example, robbery or fraud, the damages are in no way visible.

Our analysis of the initial situation shows that there are hardly any socialization agencies that can help to promote business penal law: it has to start from a precarious position. In the business world, it is not easy for either a moral conscience to develop through the support of primary and secondary socialization, or for a feeling of empathy for the damages suffered by victims to emerge. The damages caused by economic crime are scarcely understandable for most actors in the business world. This will change only if society succeeds in developing or heightening their sensitivity for this. This shows the need for additional socialization agencies. The necessary socialization work will have to be carried out at the location in which these forms of behaviour are actually acquired as rational alternatives in the company, in the business world.

**Values in business**

However, it is necessary to ask whether there is even any possibility of achieving a 'law-abiding' socialization in the independent functional system of the business world, even when individual companies honestly seek it. One could hypothesize that the modern economic society itself has created those values that are partly responsible for an increase in property crime. Therefore, criminological research explains the crimes of business elites precisely in terms of their failure to accept the given norms and values (Coleman 1998; Freiheiser 1991; Karstedt 1999; Simon and Hagan 1999).

A representative study of property crime by private individuals revealed the following major explanatory factors: lack of moral commitment to the law, criminal networks, victimizations and neutralizations (Bussmann et al. 2004). Hence, criminal motivation does not increase in line with economic 'hardship', but may well develop alongside growing prosperity when the framing conditions are favourable – as expressed so aptly in the phrase 'crime from greed rather than from need'. This fits in well with Daniel Bell's (1953) classic article with its significant title 'Crime as an American way of life', in which he pointed to the emergence of a culture of rigid competition in which values such as solidarity and considerateness have become alien and are replaced by social Darwinism. More recent criminological theories point to the particular lure and opportunity structures of the market economy (Shover and Hochselder 2006).

This suggests the hypothesis that in the expressly competitively oriented US-American economy, the barriers to imparting values that promote integrity will be higher than in Europe in which welfare-state institutions are much more firmly entrenched. In principle, however, economic crime occurs in all national economies. Nonetheless, recent social anthropological research does indicate that egoistic behaviour depends on the society in which it is embedded (Schneider 2011). Persons are much more willing to share when they are used to having to cooperate in their society. This would suggest that in a social market economy, it is easier to impart market economy rules that may be disadvantageous for the actors in the short term. The author's study confirmed a similar effect: fairness in the market economy – towards customers, suppliers, and competitors – has a high preventive impact on crime (Bussmann et al. 2004). 'Consumers do not riot today, but neither are they inclined to dismiss unfair practices in the marketplace as a mere inconvenience ... they react with strong intentions to ... hit back whenever the opportunity arises' (Karstedt and Farrell 2006: 1029). This indicates that the way in which business is practiced is always a decisive factor for a culture of integrity. However, social responsibility and fairness are experienced not only in business relations but also in the relation between the state and its citizens. In societies with a stronger welfare state orientation, these values should be more strongly anchored in society in general and therefore in companies as well. One could therefore speculate that a sound socialization of the penal law of business offences could succeed more easily in states that feel obligated to the welfare ideal.

In principle, however, it is no simple task for companies to convey to their employees that they should forgo advantages in order to promote the long-term benefits of an unimpeded competitive market economy in every type of economic society – including welfare-state ones. This is also because – as mentioned above – damages are hard to perceive and socialization within the family provides little preparation for such an approach. All these factors indicate that economic crime is a particularly difficult field in which to assert the virtue of integrity. This renders the starting conditions for this comparatively young penal law particularly precarious. From a criminological perspective, it is still in an amorphous phase (Huisman and Vande Walle 2010: 146–147; Karstedt and Farrell 2006), because the validity of its norms currently finds little acceptance, and the actors on the market have little trust in them.

Nonetheless, the 'compliance movement' has introduced a structural change to the functional system of business that is leading to the development of more trust. The short-sighted outlook that continues to dominate in many companies can change. The pursuit of short-term advantages can be abandoned when the long-term disadvantages are taken into account without the company having to abandon its rational choice perspective. The wide-ranging research on game theory nowadays reveals scarcely any support for a simple rational choice concept and supports our thesis. The human being is homo economicus or, as Armin H. T. See says (1977), as a 'rational fool' who always does everything for personal gain is now taken to be a myth in both criminology and game theory. The long dominant assertion of self-interest has been relativized to show that the preferences of rational actors egoists are also open to choice. They may continue to act rationally, but no longer necessarily in their own (short-term) self-interest (Ockenfels and Raub 2011: 128). Even for egoists, it may be dever to compete fairly, to orient themselves toward the common good, and to waive short-term advantages (Esber 2011: 47). People can respond to situations with varying rationalities.

Hence, only insight is required in order to see the advantages of deciding in favour of public goods such as a functioning market economy or social integration. Even in commerce, rationally acting egoists can still have a strong interest in social integration and can decide in favour of long-term advantages (Kirchhämmer 1999: 124–129). Why should they not favour market regulations as well when the benefits are made clear to them? Hence, it is not impossible for economists to take ethical aspects into account when formulating rational choice decision-making models (Pies 2008; Suchanek 2001). However, studies on corporate crime show impressively how much the lack of or the loosening of moral ties encourages simple cost–benefit decisions in favour of economic crime (Paternoster and Simpson 1996: 586). Nonetheless, as business ethicists point out, companies are not always the beneficiaries of economic crime. They may well even become the natural allies of citizens in the fight against extortionate corruption when, for example, the company making the bribe is itself the primary victim (e.g. when having to pay 'speed money'; Pies 2005: 63–64). Hence, there is a host of ways in which companies can be made to see the benefits of penal law for business offences.

Moreover, market participants have to be able to assume that others will also decide generally in favour of the public good, in this case, for the rules of a competitive market economy. In other words, there has to be trust. However, this is what is so broadly lacking. This deficit is particularly conspicuous in cases of corruption and price fixing. The growing practice of integrity agreements between companies when, for example, working together on major building projects highlights precisely this need (Solmsen 2011: 12).
Norm compliance based on insight becomes difficult when behaving morally leads to excessively high costs and severe economic disadvantages. However, the compliance policy in stock-exchange-listed companies may well lead to changes over the mid-term. Although criminal sanctions generally have a relatively low deterrent effect, over the long term, they help to increase awareness of the norms and of injustice. They are an aid in conveying values and, together with publicity in the mass media, they create incentives to establish compliance programmes as pointed out above. Within this process, criminal law provides only the stimuli to implement this internal company socialization – and naturally, as in classic crime, it permanently confirms the validity of the norms. Without effective criminal law and exacting legislation, this entire process would never get started nor could it continue.

Nowadays, however, such negative stimuli are also being joined by positive ones. For example, 31 per cent of the companies in the PwC 2009 study reported planning to introduce a target agreement to attain their compliance goals in sensitive domains (training for all staff, revision of contracts, etc.) that could also be integrated into employee bonus schemes (PwC and Bussmann 2010b: 24–25). Moreover, the market can also take over the rewards to be gained from social recognition. Some companies have even started to view integrity as a competitive advantage; they advertise themselves through their integrity and strive to gain certifications that confirm it. As interest in compliance increases, companies are learning to implement integrity as a production factor. Compliance is beginning to pay off.

Values in society
The values of a company are not just embedded in an expressly competitive or a more welfare-state-oriented society, but also in the social culture as a whole. Comprehensive national cultural research by, among others, Hofstede (2001) has shown that national cultures shape not only the people in a nation but also its companies. Indeed, the influence of the specific national culture can explain approximately one-quarter of the variance in organizational culture (Gerhart 2009: 253).

Moreover, studies also point to the significance of the social structure and the value orientations in a society for the example of corruption (cf. Barr and Serra 2010; Husted 1999; Karstedt 2003; Ullner 2005). These indicate that corruption takes advantage of institutional and sociostructural as well as cultural factors. Corruption is more widespread in nations with strongly hierarchical and elitist social structures and cultures than in countries organized along more egalitarian lines in hierarchical and elitist societies, corruption offers the only route to upward social mobility because elites seal themselves off from the rest of society. And because the elites themselves are in a position to fend off any control from below within their exclusive networks, their corruption goes unchecked and flourishes. ‘Power corrupts and absolute power corrupts absolutely’ (Karstedt 2003: 408).

Alongside social structure, cultural value orientations make their own independent contribution. Somewhat surprisingly perhaps, individualistic value orientations in no way encourage corruption. Even in European nations that have more extensive welfare-state components than, for example, the USA, citizens are far more individualistically oriented than those in most of the developing nations. Indeed, it is not a greater degree of individualistic orientations that leads to corruption, but collective values that promote forms of structural corruption in social networks. Members of societies sharing these values first consider the benefits for their relatives, friends, or even clans. Under such conditions, it is individualistic values that oppose particularly dangerous networks of corruption. Corruption justifies itself in such networks through the idea of caring for one’s peers.

Moreover, cross-national comparisons show that hierarchic and elitist values promote corruption to a major extent. Societies with predominantly authoritarian values reveal major uncertainties when interacting with those who are higher in the hierarchy in politics, business and administration. Administrative decisions threaten to be arbitrary. In addition, collectivist and authoritarian values impede the development of a generalized trust in state institutions, because every trust in others that goes beyond the borders of one’s own in-group is fragile (Karstedt 2003: 394–397). In such societies, corruption serves to compensate for uncertainty, particularly when there is a strong lack of constitutional procedures as well.

Hence, it is also necessary to differentiate between European nations, and one cannot simply distinguish between the competitive US economy and nations with more of a welfare state.

The role of company culture in compliance
This leads finally to the question of the significance of the specific company culture. Can integrity simply be commanded or does it require a company culture that promotes it? This question is hard to answer, because there are hardly any studies on the effectiveness of compliance programmes (for an overview, see Pape 2009). The few studies in English-speaking countries have concentrated mainly on questions of corporate compliance and specifically on norms to protect employees and consumers (McKendall et al. 2002). But even here, results have been inconsistent. Although Parker and Nielsen’s (2009) study on compliance regarding crimes against competition and consumer offences found a positive effect, this was based on only one survey of companies (N = 599). Of particular interest, in contrast is Trevino et al.’s (1999) study that asked more than 10,000 managers what reasons companies about offenses such as kick-back transactions, doctoring balance sheets, theft and environmental damage. Results showed that the formal implementation of a compliance programme had no effect in itself; it had to be embedded within a company culture that promoted it.

It is easy to imagine that the effectiveness of any compliance measure depends on how willing top management is to implement it. However, the latest research indicates that this may well be not only a question of the willingness to implement a programme but also of the company culture. Stefl (2012: 161–175) asked 357 employees in an internationally operating German company about illegal activities in their work. Taking an institutional economic approach, she concluded that the quality of relations between the employees and their management, to direct superiors, and to business partners exerts a decisive influence on the effectiveness of compliance management. In addition, effectiveness is also influenced by the perceived company culture, commitment and informal social controls backed up by internal normative company directives.

Hence, the company culture can share responsibility not only for the occurrence of criminal acts but also for the success or failure of compliance measures. It can be defined as a set of shared basic premises that a group has learned to use in order to handle the problems it has with fitting into its external environment and with integrating itself in its internal one (Schein 2004). This set is considered to be tried and tested – and thereby also to be binding – and it is passed on to new company members as a valid system of internal values (Eigenerstädtet et al. 2007). Employees continuously have to ask themselves what they need to do whenever they have to apply the normative obligations of their company in their business activities. They perceive their company’s behavioural norms and factor these into their decisions. This leads to the emergence of institutionalized norms that are known to all members of a company. As a result, every company possesses its own characteristic ethical climate, and this can be assessed systematically as an all-pervading feature. Studies confirm the postulated relations between the perceived moral norms in companies and the attitudes and behaviours of their employees (Eigenerstädtet et al. 2007). Research on justice in organizational sociology and social psychology (Liebigs 2002; Tyler 1990) also confirms that perceived fairness and justice have a clear effect on variables such as
work performance, job satisfaction and commitment (Lind 1994; Vosselaran and Ones 2002). A relationship can also be found between a lack of justification for wage cuts and an increase in the theft rate (Greenberg 1990; Marcus 2000: 107–108). In contrast, strong commitment is accompanied by an attitude rejecting illegal activities. In addition, it exerts a positive influence on the attitude of employees towards economic crime and particularly towards corruption.

However, a strong level of commitment can also lead to blind obedience and esprit de corps. It can encourage the concealment and tacit approval of unethical acts because these are still considered to be correct within the company framework (Felin 2008: 12–13; Ones et al. 1993). In such cases, compliance programmes will be ineffective as long as they run counter to a company’s prevailing norms. Hence, a strong corporate identity is no guarantee for corporate integrity (for a discussion of this term, see Paine 1994: 106–107). Therefore, it is probable that compliance programmes will not develop their preventive impact in each and every company culture (Bussmann 2007: 274; Bussmann and Salvenmoser 2008). They require a supportive company culture and an ethical company climate.

In a research project, the authors have carried out a web-based survey of 4207 managers working in 12 major German companies in various industries, like Deutsche Bahn AG, Fraport AG, Daimler AG, Metro AG. The goal of the survey was to ascertain which conditions a company culture has to meet if anti-corruption programmes are to function optimally. In addition, it is assessing the personality traits of managers and their commitment to their company. The dependent variables are corrupt behaviour, acceptance of the anti-corruption programme, and the informal social control over compliance violations.

In their jobs, these persons face a particularly strong risk of being confronted with corrupt business practices. Alongside various scales assessing attitudes and perceptions, the core of the survey instrument is a set of scenarios addressing corruption-specific dilemmas. Respondents should report how frequently they have found themselves in a comparable situation, how their company deals with it, and how they judge these situations personally.

There are three elements in a company culture:

- The company culture of success ("career culture")
- The tone from the top
- Ethical leadership from superiors.

The company culture of success is being assessed by asking respondents to characterize successful colleagues in their company on a specially constructed scale. We are not interested in an ‘official value ideal’, as published occasionally in ethical guidelines and other internal brochures of companies, but a value reality within which company employees can also pursue their careers successfully. However, the success of a compliance programme depends decisively on whether the company’s culture of success serves its integrity. Theoretically, this links up with research questions posed by a range of authors studying company culture, ethical organizational climate and illegal activities within organizations (Drauemplang et al. 2004: 103–127; Eggendorfer et al. 2007; Steffl 2012: 161–169). By assessing which behaviour helps employees to succeed and advance their careers in a company, this scale delivers an indirect description of the company culture. The approach is based on the assumption that business activities that lead to success in a company are supported by the company and its culture. This culture scale is divided into four subscales, each reflecting particular aspects of a company’s culture of success:

- Individualism
- Communication
- Rule compliance
- Transparency

Our ‘culture of success’ scale is made up, in turn, of four elements that can either impede or promote integrity. The dimension ‘individualism’ describes how far acting independently and asserting one’s own authority are considered to be normal for the staff in a company and are therefore understood as part of the company culture. The second element is the need for an ‘open communication culture’ that promotes a frank discussion of problems and hence also of rule infringements. The third significant element is how binding the staff perceives the existing company guidelines to be and whether they also address infringements of the rules by colleagues (‘conformity with the rules’). Finally, there needs to be an honest and transparent approach to colleagues and business partners (‘transparency’). Transparent management decisions promote a company culture in which dishonest behaviour is harder to conceal.

Alongside the interest in implementing programmes on the side of top management, how far employees accept them depends decisively on how they perceive the behaviour of their top management and immediate superiors. This involves aspects such as how credibly and consistently the company implements internal company guidelines, compliance measures, and integrity measures.

The company culture of immediate superiors and top management covers two aspects:

- Ethical leadership
- Tone from the top

The author’s study understands the so-called ‘tone from the top’ as how top management functions as a role model for dealing with bribery and corruption. Respondents should report how they think their top management deals with corruption and how obligatory they perceive the internal company regulations to be in light of the time pressure and the pressure to achieve they face in their daily work. The construct is derived from Steffl’s (2012) scale assessing illegal actions. Brown et al’s (2005: 125) Ethical Leadership Scale (ELS) is being used to describe the behaviour of immediate superiors by adapting it to refer directly to corruption and corruption prevention. The assumption is that the more positive the perception of immediate superiors and top management, the more they will be able to exert a positive influence on employees (Brown et al. 2005: 119–120) and the stronger the acceptance of the programme in the company as a whole (Weaver et al. 1999: 50–53).

As previous research has already shown (see the section ‘The personalities of managers and economic criminals’), it would be wrong to ignore the influence of person-specific factors on the disposition to act corruptly. The individual attitude towards corruption is what is important here, because this determines the concrete intention that will lead to a corrupt act (Rabin 2011: 371–372). To explain the direction of effects along with the effect sizes for the influence of person-specific factors, this research project is assessing the respondents’ personality (in terms of the Big Five personality model, Rammstedt and John 2007: 211), their risk tolerance (adaptation of the F-DUPN, Müller 2001: 247–258) and their affective commitment to the company (Fell 2004).

The personality of respondents covers three aspects:

- The Big Five
- Risk tolerance
- Commitment to the company.
The affective commitment to a company is characterized by a strong acceptance and identification with its values and goals, a willingness to make a special effort for it, and the desire to remain a member of it. This form of commitment depends on how far features of the company satisfy individual needs (Collier and Esteban 2007: 23). As other studies have already shown, emotional attachment to a company relates closely to perceived leadership behaviour and to the framing conditions of company culture (Wenphal and Gmin 2009: 220). Moreover, it can be assumed that employees who are attached to their company will exploit the freedoms available to them less for personal gain but more strongly for the benefit of their company (van Dick 2004: 8).

Finally, it is anticipated that the commitment to the company will contribute to the avoidance of behaviour that may cause it harm.

The findings of the author's study show that the culture of success plays a central role, whereas the impact of personality traits was not provable. The more that this culture of success is perceived to be oriented towards integrity, the more readily measures and guidelines such as anti-corruption programmes are accepted by a company's employees. Hence, what is decisive is a culture of transparency, conformity with the rules, open communication, and a low level of individualism. These have a direct effect. The significance of a culture of success can also be seen in the fact that it is perceived by the staff as influencing not only the top management (‘tone from the top’) but also the immediate superior (‘ethical leadership’). The culture of success functions like a pair of glasses through which staff view their superior and company management; it either supports or relativizes the ‘official integrity talk’.

Although the ‘tone from the top’ impacts directly on the acceptance of the anti-corruption programme, the analysis also shows that this message is conveyed in the daily business of the company by the ethical leadership of the immediate superior. Hence, integrity cannot be simply ordained in a ‘top-down’ way; it is something that concerns everybody and that the majority of superiors also need to possess.

There is much to suggest that the way top management functions as a role model and the culture it practices can well be used to influence the attitudes of employees and bring them into line with a company’s goals. This study also shows already that the acceptance of informal social control, which has a strong preventive impact, also depends on aspects of company culture.

Conclusion

Studies confirm the existence of an integrity-promoting company culture that can be assessed on various dimensions. The acceptance of an anti-corruption programme is influenced strongly by various aspects of a company culture and the internal company leadership style. A company culture that is perceived positively influences how far staff accept the application and implementation of anti-corruption programmes in their daily business work. A positive company culture is characterized by a high level of transparency, conformity with rules, open communication, and a low level of individualism in the staff. A company culture with these characteristics can be considered to have an integrity-promoting impact. However, surveys suggest that in the expressly competitively oriented US-American economy, the barriers to imparting values that promote integrity will be higher than in Europe in which welfare-state institutions are much more firmly entrenched.

The utopian outlook is for future managers to not even think about maximizing or achieving profits through economic crimes such as corruption or price fixing simply because they are personally embedded within a company culture that considers corruption to be wrong. In such an environment, mechanisms of intrinsic control and social control will have a preventive effect. Companies are able to learn, and business values do not stand in the way of effective crime prevention. With the growing implementation of compliance management systems, there is an increasing chance of sustained change even in the minds of rationally acting agents.

Nonetheless, anyone familiar with classical crime is aware of the fact that even with the positive trend to be seen here, expectations should not be too exaggerated. Companies also consist essentially of human beings. There can be no doubt that the ongoing process of implementing compliance programmes will eventually lead to a normative socialization of managers that will certainly seem utopian by today’s standards. This process will take generations to unfold and will spread only gradually throughout the world. However, a start has been made; the expansion of compliance programmes in companies is irreversible, and company culture plays a decisive role in launching the process of an autonomous and effective crime prevention.

References


