

IS WHITE-COLLAR CRIMINALITY CLOSER TO THE RATIONAL MODEL THAN ANY OTHER TYPE MODEL?

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The basic premise is that white-collar felons are making non-rational decisions. To our opinion, they are not making decisions according to a calculation of profit or loss from perpetration of a crime as it was stated earlier in the scientific literature. In relation to the above mentioned premises, an illegal behavior is an occasion of a white-collar felon deciding to take the law into his own hands while taking risks. Naturally, the level of values and personality of the felon constitute a significant factor. Our current study offers an examination of deterring through a prism of the white-collar felon, who makes the decision to perpetrate a crime according to irrational components as well.

White-collar crime, as family violence, and other socially harmful behaviors, is often excluded from examination. Of our opinion all the rational, social, biological, etc. theories of crimes, are the base of the reasons to make an offence, but in reality, the implementation of white-collar criminality closer to the non-rational model than any other type model. People are seen as less than fully rational. Often they do not make decisions that would appear to be in their own best interest for a variety of reasons. First, people do not always have all of the information they need to make informed decisions, and even if they do, may not have the capacity to optimally process that information. The personalities, experiences and options that of human beings given the choice in life, that it is quite naive to assume that we will all assess the situation similarly and arrive at similar choices. Many criminal events appear not to be very rational choices at all, or at least reflect patterns of decision making quite different from those more typically seen among law-abiding citizens.

Keywords: *white-collar criminality, white-collar felons, non-rational decisions, an illegal behavior, taking risks, deterring, prospect theory, rationality of rules, rational model of choice, criminal events.*

БЛИЖЕ ЛИ БЕЛОВОРТНИЧКОВАЯ ПРЕСТУПНОСТЬ К РАЦИОНАЛЬНОЙ МОДЕЛИ, НЕЖЕЛИ К ДРУГИМ ТИПАМ МОДЕЛЕЙ?

Гипотеза исследования – беловоротничковые преступники принимают нерациональные решения. С нашей точки зрения, они не принимают решений с учётом выгод или потерь от совершения преступления. Их преступное поведение предопределено возможностью беловоротничкового преступника, принимающего решение, рискуя, самому вершить закон. Разумеется, существенным фактором являются моральные установки и личность преступника. В нашем исследовании рассмотрению подвергаются возможности удержания от совершения преступления сквозь призму личности беловоротничкового преступника, принимающего решение, рационально необоснованное, о совершении преступления.

Беловоротничковая преступность, как и домашнее насилие, а также другие виды социально опасного поведения, зачастую не составляют предмета исследования. С нашей точки зрения, все рациональные, социальные, биологические и прочие теории преступности основываются на причинах совершения преступления, однако в реальности совершение беловоротничковых преступлений ближе к нерациональной модели, нежели к каким-либо другим типам моделей. Когнитивная психология придерживается иной модели принятия решений человеком: люди рассматриваются не как полностью рациональные существа. Зачастую они не принимают тех решений, которые служили бы их наилучшим интересам по ряду причин. В первую очередь, люди не всегда обладают всей информацией, которая необходима им для принятия взвешенных решений; но даже если такая информация у них и есть, они могут быть не в состоянии обработать её оптимальным образом. Личностные качества, опыт и возможности всех людей, которым даётся выбор в жизни, разные, поэтому наивно предполагать, что все мы оценим ту или иную ситуацию одинаково и сделаем схожий выбор.

Многие причины преступления кажутся вовсе не рациональным выбором или же, по меньшей мере, отражают модели принятия решений, в той или иной степени отличающихся от тех, которые можно наблюдать в среде законопослушных граждан.

Ключевые слова: *беловоротничковая преступность, беловоротничковые преступники, нерациональные решения, преступное поведение, принятие рисков, удержания от совершения преступления, теория перспектив, рациональность правил, модель рационального выбора, причины преступления.*

The basic premise that white-collar felons in Israel and Moldova in general, and tender felons in particular, make decisions according to the "prospect theory" of Cahanman & Taversky (1979), which combines social psychology with behavioral economics, and is an advanced development of the rational utility theory [12].

To my opinion, white-collar felons in general and especially tender felons, do not behave according to a model based on rational decision, and do not make decisions according to a calculation of profit or loss from perpetration of a crime as stated in the study of [2] Besora-Regev (2008) that is based on Cornish & Clarke (1986), "financial and quantitative aspects of law enforcement policy of white-collar crimes in Israel".

Further premise in current studies relates to the facts that law offenders and criminal elements will attempt to pursue infiltration into the operations of public organizations through cooperation with white-collar employees of the corporation of organization, including winning of tenders that would, in actuality, cause an increase in financial damage to organizations and the state.

As an outcome of this premise we can suppose that as a general rule, a white-collar employee who conducts a tender in a public organization in Israel and Moldova, who partakes directly or indirectly in criminal activity, meaning a perpetration of a crime, and has been found to be performing his activity while threatening and employing physical violence on the part of criminal elements outside the public organization, would cause ineffective organizational conduct, from a financial aspect, due to constraints of the rule of fear.

In relation to the above mentioned premises, an illegal behavior is an occasion of a white-collar felon deciding to take the law into his own hands while taking risks.

It likely to assume, that a white-collar felon in a public organization considers the opportunity - the reward of committing a crime, and the level of risk in perpetration of the crime or the activity. Naturally, the level of values and personality of the felon constitute a significant factor.

Therefore, the subject to deal with, is – what can be done to limit white-collar crimes in general and tender crimes in particular in Israel and Moldova. In other words – how can an effective prevention of the desire or impulse of the felon to perpetrate a crime, be created?

Limitation of white-collar crimes must encompass a sober, aggressive, systematic and compelling policy [9].

The difficulty to persuade a felon to limit his criminal activity stems from the fact that the financial reward from perpetration of these crimes is relatively high in comparing to other transgressions.

These are offences with a color of financial fraud and deceit, with a high appeal of a high financial profit which the white-collar felon will have a hard time resisting. Therefore, the felon will be ready to take more risks and possibly with a cost of being apprehended and punished.

When deterring in white-collar crimes is not effective, as proven in the findings of studies, it can be said with certainty, that there are reasons for it when severity of punishment is insufficient, for instance. On the other hand there is the fact that felons' imprisonment necessarily decreases the volume of criminality.

An innovative aspect of mine current study in the Moldova State University offers an examination of deterring through a prism of the white-collar felon who makes the decision to perpetrate a crime according to irrational components as well.

A matter of interest that came up in the Israeli study of Besora-Regev (2008), from the strategy department in Israeli police, and that would come up in mine current study with the purpose of limitation the desire to perpetrate white-collar offences is – would it be realistic to isolate the impact of deterring by punishment alone? Apparently, it seem almost impossible to prove that deterring is a result of punishment alone, as by the fact of imprisonment of the felons we necessarily decrease the supply of criminality, therefore it is unclear whether the decrease in criminality is also a result of deterring or just of the imprisonment of the felon [1].

There is a variable which effect might be even bigger than the effect of the variable of punishment, which is the certainty of apprehension. This variable has been studied by Besora-Regev (2008) and as stated in her study it has been initially researched by Beccaria (1972), where it has been claimed that certainty of apprehension will have a bigger effect on deterring than the severity of punishment in white-collar felons [3].

In mine current study, this subject will not be examined as it requires allocation of large financial resources of the authorities led by the Police department. Moreover,

The effect of this variable has been found to have a significant value in deterring. Current study will focus more on understanding the procedure of decision making of white-collar felons in the public sector and the measures required for decreasing this type of crimes while focusing on tender criminals.

Another innovative aspect of the current study is in examining the suitability of the model that is based on „prospect theory” of Kahneman & Tversky (1979) that combines social psychology with behavioral economics, and which constitutes an advanced development of the utility theory developed by Von-Neumann & Morgenstern [13].

The use of variables from the world of social psychology and behavioral economics, which explain the way people make decisions – as branches which constitute an advanced development of the rational utility theory that explains how people should make decisions, is practical for the understanding of preventive activity regarding white-collar criminality in Israel.

A decision model which has also an irrational component indeed reflects the characteristics of white-collar criminality on Israel and Moldova, while the curve of subjective probability for perpetrating of a crime and the curve of utility (value) explain how people make decisions.

As white-collar felons are felons who mostly have legitimate income and work, it is likely that the crime will be perpetrated in the framework of their work. It is possible that the higher is the rate of unemployment, the tendency to perpetrate an offence in order to achieve an illegitimate source of income will increase. This is an example of a variable that emphasizes the fact that it would be difficult to understand white-collar criminality in its entirety according to the prospect theory model of Kahneman & Tversky in its raw and deterministic form.

The study of decision and human judgment is characterized in disagreements between the rational models of decision-making based on financial considerations that is in the basis of economics, and between the models that takes into account irrational components as well, that is based on psychological considerations which occasionally are not compatible with the principles of rational decision. The sources of tension are in the fact that human behavior and thinking are multi-facial. For example: A relatively small body of research has addressed self-control theory within a criminal-careers context. Benson and Moore (1992) explored the tenability of self-control theory by using a sample of 2,462 persons convicted of white-collar crimes (bank embezzlement, bribery, income tax violations, false claims, and mail fraud) and 1,986 persons convicted of conventional crimes (narcotics offenses, postal forgery, and bank robbery). They found that street offenders have lower self-control than that of white-collar offenders [7].

The reality, as in any theory, the likes of the workers' „motivational theory”, is that there are studies with different paradigms; however, what motivates people at work is a mixture of psychological and material factors (intrinsic and extrinsic variables) [8]. People's decision-making, or that of organizations, also includes both rational and irrational components, as found out in studies.

As opposed to the study of Besora-Regev (2008) it is my claim that profit or loss is not exclusive economics or psychological terms. In the study of Besora-Regev (2008) it is stated that studies that integrated economics and psychology, have found regularity in instances when people act irrationally (Kahneman & Tversky, 1979; Sunstein, 1997).

On the other hand, in the study of Prof. Israel Uman, a Nobel Prize laureate in economics (2005) on the subject of rationality and behavior, it has been found that the

Regularity is expressed in the rationality of rules in the human mind and not in the rationality of actions as explained in the rational model of decision making that is based on rationality of rules [1].

I do not concur with the assertion in the study of Besora-Regev (2008,) as it is written: „it is important to indicate that the rational model of choice between perpetrating or not perpetrating a crime applies to people who have the principal willingness to perpetrate crimes, and that white-collar criminality might be the closest one to the rational model than any other criminality, as it is not accompanied by an expression of emotions of wrath or violence” [4].

Indeed, instrumental crimes such as bank frauds or tax evasions, being different than expressive crimes such as murder, manslaughter, etc., however, as mentioned earlier, the causes of the perpetrating of a crime by the white-collar felon, must be examined with assistance of data that would contribute to comprehension of the personality components, such as assuming responsibility for the criminal act when there is an opportunity for perpetration of a crime. Naturally, the study of personality components will contribute to the development of a study of personal deterring.

White-collar crime, as family violence, and other socially harmful behaviors are often excluded from examination. Of our opinion all the theories as follow are the base of the reasons to make an offence, but in reality, *the white-collar criminality closer to the non - rational model than any other type model.*

There are a lot of theories of crime. For example:

- Deterrence and Rational Choice Theories of Crime
- Individual Theories of Crime: Biological and Psychological Perspectives

- Social Structure Theories of Crime
- Social Process Theories of Crime
- Social Reaction Theories of Crime
- Recent Developments in Criminological Theory

Kenneth Tunnell (1992) points out those cognitive psychologists have adopted a different model of human decision-making. People are seen as less than fully rational. Oftentimes they do not make decisions that would appear to be in their own best interest for a variety of reasons. First, people do not always have all of the information they need to make informed decisions, and even if they do, may not have the capacity to optimally process that information. Their analytical abilities may be impaired by drugs or alcohol, by cognitive deficiencies or negative learning experiences. Moreover, they may assess things quite differently than some of us, given their life experiences [11]. As Alfred Blumstein (1998) noted, „This problem of differential deferability is particularly acute for crimes involving individuals who see no particular options in the legitimate economy, for whom life in the street is very risky anyway, and who have not been effectively socialized against committing crime. Even though prison may not be very attractive option, its disutility is likely to be far less than it is to middle-class populations” [5]. The personalities, experiences and options that we all bring to bear on given choice in life are so diverse that it is quite naive to assume that we will all assess the situation similarly and arrive at similar choices.

Many criminal events appear not to be very rational choices at all, or at least reflect patterns of decision making quite different from those more typically seen among law-abiding citizens. Positivistic theories reviewed in the following three chapters are quite at odds with the rational choice approach [6].

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