Heroic Leaders as White-Collar Criminals: An Empirical Study

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Abstract

In an empirical study of 179 white-collar criminals, we identify a subset of 28 who may be called having a ‘heroic’ status, having received official recognition for contributions to society and fame prior to their being exposed and convicted as white-collar criminals. We argue that these people are close to the classical picture of the white-collar criminal, which implies that they are more likely not to be suspected of crimes. They are older, richer, and more powerful than the regular criminals. They also commit crimes assuming the roles of leaders in the crime. Most importantly, it seems as if the combination of heroic status and executive positions induces people to commit large-scale opportunistic crimes late in their lives. The apparent onset of criminal behaviour late in life may be triggered by latent narcissistic traits. Our study contributes to a differentiated view on the profile of white-collar criminals and derailed leadership. Copyright © 2012 John Wiley & Sons, Ltd.

Key words: white-collar crime; celebrities; heroism; derailed leadership; archival analysis

INTRODUCTION

Is a heroic status conducive to loosening self-regulation, making heroic leaders more prone to white-collar crime? The two-faced nature of successful and respectable individuals who are suddenly exposed with dark, criminal secrets has fascinated writers since Stevenson’s ‘Dr. Jekyll & Mr. Hyde’ (Stevenson, 1886). Two such concepts in modern social science are ‘the dark side of leadership’ that concerns the destructive nature of seemingly infallible leaders (Conger, 1992) and Sutherland’s (1940) concept of the ‘white-collar criminal’, drawing attention to the fact that highly educated people with high status, wealth, and an outward appearance of respectability also commit crimes. For some decades, this concept kept being linked to seemingly resourceful people who would not so easily be detected, not prosecuted if detected, or less likely to be imprisoned if prosecuted—in short, an elite in society and in crime.

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The recent decades has seen a change in this picture: through access to competence and technology, the crimes previously associated with ‘white-collar’ profess are now accessible to a broader public (Brightman, 2009). A series of major corporate scandals coincide with an increase interest in and awareness of white-collar crime in the general public (Dhami, 2007), particularly in business where white-collar crime is a major source of loss (Schnatterly, 2003). White-collar criminals are sent to record periods of imprisonment, and the general public is more in favour of such punishments (Holtfreter, 2008; Holtfreter, Van Slyke, Bratton, & Gertz, 2008). Last not least, research on the criminal careers of white-collar criminals shows that they have much more in common with the more stereotypical ‘street criminals’ than previously thought (Weisburd & Waring, 2001): a substantial fraction of white-collar criminals have a previous criminal record, not only in white-collar crimes but also spanning other offences. In short, the distinction between white-collar criminals and other types of criminals seems to be waning.

However, we still think there are reasons to study a more limited subset of white-collar criminals, those that are more closely matching the picture of the resourceful, successful, and respectable person—people who have attained a heroic status in the public and are afterwards exposed as committing crimes. Are there typical criminal profiles associated with this type of criminals, or are these merely a product of media attraction? Examples of famous white-collar criminals who held a heroic, famous status prior to their conviction are Bernard Madoff, Raj Rajaratnam, and Jeffrey K. Skilling. Although being relevant and interesting case studies, the extent of generalisation from an anecdotal case is questionable. Does heroic status influence the propensity for executives to commit crimes as a continuous variable?

There are at least three contributions to make here: first, the façade of respectability is itself part and parcel of their crimes, not only because this provides cover from detection and prosecution but also because this provides an opportunity for the breach of trust that is central to crime in egotistical transactions and hence useful knowledge for other participants in financial transactions (Schnatterly, 2003). Second, the causes of criminal behaviours in these people may be different from others. Two frequent explanations for delinquencies are either dispositional, such as a lack of impulse control (Alalehto, 2003; Blickle, Schlegel, Fassbender, & Klein, 2006; DeLisi, 2009; Boddy, Ladyshefsky, & Galvin, 2010), or through ‘contagion’ by identifying with adopting the standards of other criminals through interaction (Becker, 1963; Weisburd & Waring, 2001; Blickle et al., 2006; Hansen, 2009; Boddy et al., 2010). We argue that there may be an additional way to crime through success and celebration, a type of hubris inducing some people to think that they make the rules instead of following them. The third interest is to study the possibility that there still are criminals who fit more closely to Sutherland’s (1940) original concept and contribute to the empirical validity of white-collar crime as a theoretical concept. Sensational white-collar crime cases are regularly told in the international business press, but some scholars seem to apply anecdotal evidence to suggest what might be included in and what might be excluded from the concepts of white-collar crime and white-collar criminals (Shover, 1998; Dhami, 2007). What seems to be needed is a larger sample of white-collar criminals that can be studied in terms of average values as well as variation in white-collar characteristics.

Our interest here concerns the special group of white-collar criminals who are not only affluent and powerful but also enjoy explicit public recognition. Do more famous business leaders commit more extensive white-collar crime? Building on theories about white-collar crime, ‘celebrity leadership’, and destructive leadership, we argue that this may be the case and support our view with an empirical study of 179 white-collar criminals. We have not
found that this topic has been explored before, so our research question is, *What differences can be found between white-collar criminals as heroic leaders and regular white-collar criminals?*

**White-collar crime**

Criminal behaviour by members of the privileged socioeconomic class is labelled white-collar crime (Sutherland, 1940; Benson & Simpson, 2009; Brightman, 2009). The definition of ‘white-collar crime’ varies but typically involves violation of the law committed by one holding a position of respect and authority in the community and who uses his or her legitimate occupation to commit financial crime (Eicher, 2009).

White-collar criminals are individuals who tend to be wealthy, highly educated, and socially connected, and they are typically employed by and in legitimate organisations. The types of crime may differ from those of the lower classes, such as business executives bribing public officials to achieve contracts, chief accountants manipulating balance sheets to avoid taxes, and procurement managers approving fake invoices for personal gain. The discussion is summarised by scholars such as Benson and Simpson (2009); Blickle *et al.* (2006); Bookman (2008); Brightman (2009); Bucy *et al.* (2008); Eicher (2009); Garoupa (2007); Hansen (2009); Heath (2008); Kempa (2010); McKay, Stevens, and Fratzi (2010); Pickett and Picket (2002); Podgor (2007); Robson (2010); and Schnatterly (2003).

White-collar crime contains several clear components (Pickett & Picket, 2002):

- **It is deceitful.** People involved in white-collar crime tend to cheat, lie, conceal, and manipulate the truth.
- **It is intentional.** Fraud does not result from simple error or neglect but involves purposeful attempts to illegally gain an advantage. As such, it induces a course of action that is predetermined in advance by the perpetrator.
- **It breaches trust.** Business is based primarily on trust. Individual relationships and commitments are geared towards the respective responsibilities of all parties involved. Mutual trust is the glue that binds these relationships together, and it is this trust that is breached when someone tries to defraud another person or business.
- **It involves losses.** Financial crime is based on attempting to secure an illegal gain or advantage, and for this to happen, there must be a victim. There must also be a degree of loss or disadvantage. These losses may be written off or insured against or simply accepted. White-collar crime nonetheless constitutes a drain on national resources.
- **It may be concealed.** One feature of financial crime is that it may remain hidden indefinitely. Reality and appearance may not necessarily coincide. Therefore, every business transaction, contract, payment, or agreement may be altered or suppressed to give the appearance of regularity. Spreadsheets, statements, and sets of accounts cannot always be accepted at face value; this is how some frauds continue undetected for years.
- **There may be an appearance of outward respectability.** Fraud may be perpetrated by persons who appear to be respectable and professional members of society and may even be employed by the victim.

The 2007 PricewaterhouseCoopers global economic crime survey states that globally, economic crime remains a persistent and intractable problem. More than 50% of US companies were affected by it in the past 2 years. Of the companies surveyed by PricewaterhouseCoopers (2007).
• 75% suffered asset misappropriation,
• 36% suffered accounting fraud,
• 23% suffered intellectual property infringement,
• 14% suffered corruption and bribery, and
• 12% suffered money laundering.

Schnatterly (2003) estimated the cost of white-collar crime from 1% to 6% of annual sales, yet little is known about the organisational conditions that can reduce this cost. Rosoff, Pontell, and Tillman (2004) found that the cost of white-collar crime is about 14 times that of ‘traditional’ crimes targeting private persons and households.

It is apparent that prior to the coining of the term ‘white-collar crime’, wealth and power allowed some persons to escape criminal liability. Podgor (2007) argues that Sutherland was the first to point out that crimes of the ‘upper socioeconomic class’ were in fact crimes that should be prosecuted; that is, society seemed to need a reminder that certain people are not above the law even if they themselves and the surrounding may be inclined to think so. In Sutherland’s definition of white-collar crime, a white-collar criminal is a person of respectability and high social status who commits crime in the course of his or her occupation. This excludes many crimes of the upper class, such as most of their cases of murder, adultery, and intoxication, because these are not customarily a part of their procedures (Benson & Simpson, 2009). It also excludes lower class criminals committing financial crime, as pointed out by Brightman (2009), who describes Sutherland’s theory as controversial because many of the academicians in the audience perceived themselves to be members of the upper echelon of American society. Despite his critics, Sutherland’s theory of white-collar criminality served as the catalyst for an area of research that continues today.

Several features of the ‘white-collar criminal’ concept have been debated since Sutherland:

Scope of crime: Brightman (2009) argues that the term white-collar crime should be broader in scope and include virtually any non-violent act committed for financial gain, because technology allows all social classes to engage in activities that were once the bastion of the financial elite. In the same way, Pickett and Pickett (2002) use the terms financial crime, white-collar crime, and fraud interchangeably. Some authors, for example, Croall (2007), distinguish white-collar crime from corporate crime.

Non-physical means: Bookman (2008) emphasises that white-collar crime is committed by non-physical means and by concealment or guile to obtain money or property, to avoid payment or loss of money or property, or to obtain business or personal advantage, not necessarily involving special status. However, Perri (2011) documents that even white-collar criminals may resort to violence including murder to cover up their crimes.

Leader role in crime: Bucy et al. (2008) argue that white-collar crime refers to non-violent, business-related violations of state and/or federal criminal statues, but they do make a distinction between ‘leaders’ and ‘followers’ in white-collar crime—obviously, some white-collar criminals are more prominent than others. According to Hansen (2009), individuals or groups commit occupational or elite crime for their own purposes or enrichment, rather than for the enrichment of the organisation as a whole, in spite of supposed corporate loyalty.

Previous criminal record: Originally assumed to be irregular offenders, not thought to have prior criminal records or to engage in a crime on a regular basis (Benson & Simpson, 2009, p. 39), white-collar criminals appearing before their sentencing judges were assumed to claim to be first-time offenders. This view has been changed through research in recent decades that shows how a substantial fraction of white-collar criminals also do have
criminal records (Weisburd & Waring, 2001), do engage in recidivism (Listwan, Piquero, & Van Voorhis, 2010), and have their lives disturbed by a lack of impulse control (Boddy et al., 2010), and they are receiving increasingly draconic sentences to imprisonment (Dhami, 2007; Holtfreter et al., 2008).

The earlier discussion may give the impression that the concept of ‘white-collar criminal’ is permeated from all sides, because ‘ordinary’ people may now commit most if not all the financial crimes of the elites, and the criminals amongst the elite display characteristics common to all criminals. However, Weisburd and Waring’s research (2001) on criminal careers that first pointed out the similarities across criminals also identified certain subgroups of white-collar criminals as unique: they found a subset of ‘low frequency criminals’ that, according to the authors (p. 90),

depart from traditional stereotypes of criminality in that they evidence many characteristics associated with social stability and achievement... Irrespective of their involvement in crime, their lives do not appear to be very different from those of law-abiding citizens.

Does there exist a subset of white-collar criminals that are more reminiscent of Sutherland’s original target group—respectable, wealthy, highly educated, and socially connected, and typically employed by and in legitimate organisations, and who commit crime against property for personal or organisational gain, by non-physical means, and by concealment or deception? In that case, they will be better equipped to succeed through intentionally being deceitful and breach trust. In this paper, we apply these criteria as definition of white-collar crime, where both characteristics of offence and offender identify the crime. We think that a combination of factors may contribute to a feeling of being above the law, hence reducing inhibitions against unlawful behaviours. Linked to power, wealth, and status, public recognition is more linked to Sutherland’s original definition of the white-collar criminal than later extensions of the type of crime. How may celebrity status or publically acknowledged heroism affect the relationship between leadership status and white-collar crime?

**Heroic leaders, celebrities, and negative heroism**

Leaders as heroic figures have been central to leadership theory since the days of Carlyle (2001, orig. 1841) and Weber (Weber, 1922), stimulating modern-day neo-charismatic theories such as transformational theory (Burns, 1978; House & Aditya, 1997). A growing concern about dangerous and derailed leadership in the 1980s led to sharp criticism of this heroic picture of leaders (Conger, 1992). Omnipotent, self-centred leaders are prone to destructive leadership behaviours and bad decision making, targeted by criticism from a host of prominent leadership researchers (Pfeffer, 1994; Senge, 2000; Stacey, Griffin, & Shaw, 2000; Dvir & Shamir, 2003; Mintzberg, 2004; Podolny, 2011) who equivocally warn that depicting leaders as ‘heroic’ is stimulating a dangerous illusion. This almost unanimous rejection of heroic leadership has led to the so-called ‘post-heroic’ view on leadership (Huey & Sookdeo, 1994), which in recent years has been shown to predict value creation and business growth better than the heroic perspective (Day, Gronn, & Salas, 2006; Ensley, Hmieleski, & Pearce, 2006). In fact, the heroic perspective on leadership has been shown to be part of a frequent romantic illusion of leadership (Meindl, Ehrlich, & Dukerich, 1985; Chen & Meindl, 1991).

In this way, the illusion of leadership precludes more nuanced knowledge about the person in the role, contrasting the cases of destructive leaders and heroic individuals...
who are exposed as criminals. Several theories have addressed such leaders, using labels such as ‘derailed leaders’ (Shackleton, 1995), ‘destructive leaders’ (Skogstad, Einarsen, Torsheim, Aasland, & Hetland, 2007), the ‘dark side of leadership’ (Conger, 1992), or the clinical term ‘psychopaths’ (Furnham, 2010). The target group of our study is the white-collar criminals who embody this contrast between heroism and the destructive side of leadership.

Paralleling the research on criminal careers, leadership research has also turned to previous instances of destructive behaviour such as a criminal track record to predict later derailment. Amongst such theories, psychopathic disorders are amongst the most commonly used explanations. Psychopathic criminals usually begin their criminal careers early; and to many of them, the criminal transgressions appear in patterns that coincide with a lack of ability to lead organised life, postpone gratification, and achieve social success through normal means (Hare, 1980, 2006; DeLisi, 2009; Peters, 2010). Leadership careers are strongly dependent on favourable impression making (Hogan, Raskin, & Fazzini, 1990; Hogan, Curphy, & Hogan, 1994; Hogan & Hogan, 2001), so a life history qualifying for a diagnosis of psychopathy is not compatible with a leadership career, even if some researchers have tried to expand the use of this concept into organisational life (e.g. Boddy et al., 2010; Stevens, Deuling, & Armenakis, 2012). Even if some executives are probably correctly identified as psychopaths (Perri, 2011), this does not seem to apply to all or even most white-collar criminals (Weisburd & Waring, 2001). Heroic leaders are to the contrary characterised by an almost life-long ability to not only play by the rules, but also to almost excel in doing it, achieving success in education, business, and social affairs to an extent that their surroundings see them fit for medals, monuments, and other official symbols of recognition (cf. Podgor’s observation (2007) that the public initially needed to be reminded that white-collar criminals are criminals).

A more likely personality antecedent to criminal behaviours in heroic leaders may be narcissism rather than psychopathy. The two personality traits have much in common as regards selfishness, shallow emotions, empathy, and a tendency to exploit others without remorse (Maples, Miller, Wilson, Seibert, Few and Zeichner, 2010; Perri, 2011; S. A. Rosenthal & Hooley, 2010). However, narcissists are more concerned with their social façade and thus more able to adapt to situational requirements, being less likely to engage in overt criminal behaviours that disqualify from social positions (Emmons, 1987; Maccoby, 2000). Therefore, research on destructive leadership has more often turned to narcissism as a likely precursor of destructive leadership (Hogan & Hogan, 2001; Hogan et al., 1990; S.A. Rosenthal & Pittinsky, 2006). Personality disorders are probably not distinct categories but are more likely to consist of traits more or less present in everyone and normally distributed, and the severity qualifying for a disorder is a matter of cut-off points (Emmons, 1987; Widiger & Trull, 2007; Blais & Little, 2010). It is likely that narcissistic traits are over-represented in candidates for executive positions and also that the implied gratifications and frustrations of narcissistic needs may bring such traits to the fore, lowering the threshold to act on them (Kohut, 1966; Kernberg, 1975; Masterson, 1988).

We argue that public recognition of heroic status in the general public may have a stimulating effect on psychological traits that could increase the likelihood of engaging in white-collar crime. The sense of importance and entitlement already inherent in leadership positions is enhanced by the attention that popular media in general and financial press in particular gives to leaders of all kinds. When leaders are not only credited for their companies’ performance and importance to society but also been given visible awards, medals, or even having made statues and monuments whilst still alive, this will stimulate the heroic identity
of the executive in the subject as well as in the followers (Treadway, Adams, Ranft, & Ferris, 2009). Thus, our first hypothesis is that white-collar criminals with heroic status are more famous in the general public than non-heroic criminals.

According to Treadway et al. (2009), the creation of leadership celebrities is ‘based on the perception that individuals can build an attractive social identity, . . . a product of media creation.’ In particular, ‘CEOs must generate powerful attributions of consistency in their stakeholder groups to increase the likelihood that their celebrity will be seen as a result of their ability, rather than a product of their situation’. The creation of leadership celebrities is a mutual process between media workers and the leader, focusing on ‘brief, simple, and appealing explanations of complex outcomes’ (Hayward, Rindova, & Pollock, 2004). Similar to Klapp’s description of heroes as exceed[ing] in a striking way the standards required of ordinary group members (Klapp, 1949, p. 57), our second hypothesis is that heroic white-collar criminals will exceed non-heroic white-collar criminals as senior in age and position, having bigger incomes and personal wealth, and they will more often take the roles of leaders than accomplices in their crimes.

There is a real risk that the leader starts believing his or her own press, thereby more susceptible to become overconfident about his or her ability and the accuracy of his or her judgement (Hayward et al., 2004). In short, celebrity leadership consists of a public manifestation of the heroic illusion of leadership, including strong sense of personal agency and special powers, including insight, implying a reduced likelihood of being subjected to critical observations from close associate affected by the illusion as long as it prevails (Chen & Meindl, 1991; Conger, 1992; Cha & Edmondson, 2006). Critical views are more likely to arise from distant observers rather than from followers. Because of this, our third hypothesis states that heroic white-collar criminals will be less likely to be exposed proximate agents such as by co-workers, victims, or law enforcement agencies and more likely to be exposed by journalists.

In accordance with the critical perspective on heroic leadership mentioned earlier, research on so-called leadership celebrities indicates that a CEO who becomes a leadership celebrity will experience a long-term increase in personal compensation but a slight decrease in company performance. Becoming a leadership celebrity creates social leverage for the leader in question, but not necessarily for the company (Wade, Porac, Pollock, & Graffin, 2006). This is in line with Conger’s (1992) observation that the leader’s prioritising of his or her own interests before those of the organisation is an early warning of derailed leadership, and also in line with Hansens’ observations of white-collar criminals (Hansen, 2009). The celebrity-creating or hero-creating process shifts the focus from the organisation’s interests to the individual. Thus, our fourth hypothesis states that the economical gains from the crimes of heroic white-collar criminals are benefiting the individuals themselves and not their organisations.

We believe that this publically staged heroic identity may be an identifying instance for a particular and spectacular subgroup of white-collar criminals. We call this phenomenon ‘negative heroism’ and define it as the onset of white-collar crime in an individual that has hitherto not been indicted or convicted of any crimes but who starts engaging in white-collar crime late in life in conjunction with success acknowledged by the public through media exposure as a leadership celebrity.

As discussed in the earlier section, definitions of white-collar crime differ as to whether this is limited to individuals in high status position or if it is merely another arena of crime committed by those that simply have access to values and instruments that are blocked to ‘normal’ criminals. We argue that negative heroism is not only limited to status positions
but maybe even released or enhanced by status positions because of the mechanisms involved in becoming a heroic leadership celebrity. Dating more than a century back, discussions of heroic leadership (Weber, 1922; Klapp, 1954; Carlyle, 2001, orig. 1841; Arnulf, 2009) have documented that heroes are often given leeway to break rules and instigate a new order. They and their followers see them not as much as subjected to rules as innovative creators of rules, parallel to the saying that ‘managers do things right, but leaders to the right things’. The process involves (i) success in business or leadership, (ii) public recognition with exaggeration of personal focus and reification of heroic leadership, (iii) the lifetime onset of criminal behaviour appearing simultaneously to or after the onset of celebrity construction that (iv) results in criminal success that in monetary terms parallels that of their public success, that is, outperforms less famous white-collar criminals. Our fifth hypothesis is therefore the combination of heroic status and leadership position interacts to induce individuals to secure particularly high gains for themselves in that their crimes will concern higher amounts of money than other white-collar criminals.

RESEARCH METHOD

To identify a substantial sample of white-collar criminals and to collect relevant information about each criminal, researchers can use several options available. However, in a small country such as Norway with a population of only five million people, there are limits to available sample size. One available option would be to study court cases involving white-collar criminals. A challenge here would be to identify relevant laws and sentences that cover our definition not only of white-collar crime but also required characteristics of white-collar criminals. Another available option is to study newspaper articles, where the journalists already have conducted some kind of selection of upper class, white-collar individuals convicted in court because of financial crime. Another advantage of this approach is that the cases are publicly known, which makes it more acceptable to identify cases by individual white-collar names. Therefore, the latter option was chosen in this research. Based on this decision, our sample has the following characteristics as applied by newspapers when presenting news: famous individuals, famous companies, surprising stories, important events, substantial consequences, matters of principles, and significant public interest.

There are two main financial newspapers in Norway, ‘Dagens Næringsliv’ and ‘Finansavisen’. In addition, the newspaper ‘Aftenposten’ regularly brings news on white-collar criminals. These three newspapers were studied daily from late 2009 to late 2011 to identify white-collar criminals. A total of 179 white-collar criminals were identified during those 2 years. A person was defined as a white-collar criminal if the person seemed to satisfy the general criteria mentioned earlier and if the person was sentenced in court to imprisonment. For this study, it was considered sufficient that the person was sentenced in one court, even if the person represented a recent case that still had appeals pending for higher courts. A sentence was defined as jail sentence. Therefore, cases of fine sentence were not included in the sample. As our research is based on newspaper articles written by journalists, the reliability and completeness of such a source might be questioned. However, most cases were presented in several newspapers over several days, weeks, or even months, enabling this research to correct for initial errors by journalists. Furthermore, court documents were obtained whenever there was doubt about the reliability of newspaper reports. This happened in one third of reported cases.

The identification of ‘heroic’ versus ‘non-heroic leaders’ was made on the basis of their appearance in media previous to their legal cases. Using Klapp’s (1949, p.57) definition of
a hero, we looked for individuals who ‘... are admired because they stand out from others by supposed unusual merits or attainments... to which behavior such as homage, commemoration, celebration and veneration is appropriate’. Inclusion criteria were having received public awards such as honorary medals, others having erected monuments whilst still alive, or having been construed in the media as key persons in a heroic narrative of public interest (cf. Chen & Meindl, 1991). The researchers went through the list and identified heroic candidates. Our initial blind rating agreement was 0.93. We went through the discrepant cases and decided jointly those cases where the other was in doubt, ending up with 28 (15.6%) heroic and 151 non-heroic individuals who were convicted of white-collar crime subsequent to their heroic status. ‘Heroism’ probably comes in degrees, but we decided to keep the heroic status dichotomous for simplicity reasons. We were not allowed to access the criminal records of these people and cannot tell for sure whether they were really first-time offenders. But eight of these 28 offenders were publically so prominent and famous that their life stories are exceptionally open and we could not find any source mentioning criminal records. A comparison with the rest of the heroic group showed no significant difference on the variables used in this study.

Research findings

Our sample consisted of 179 persons, including only 8 female and 171 male criminals. There were 74 court cases in total, which means that there were on average 2.4 criminals involved in each case. Average age when convicted was 49 years, whereas average age when committing the crime was 44 years, which means that it takes 5 years on average for discovery, investigation, and prosecution. The oldest convicted was 72 years old. The average jail sentence was 2.3 years, with the longest being 10 years. The average amount involved in the crime was NOK (Norwegian kroner) 72m, which is a little more than $10m. Average taxable income of each criminal was NOK 404,000, paying NOK 170,000 in tax, and having NOK 2m in personal wealth.

The average size of the company where the criminal had a role was NOK 220m in annual turnover and 120 employees. However, the victim of crime was typically another organisation: 142 of 179 criminals victimised another organisation, whereas only 37 criminals victimised their own organisation.

Of 179 convicts, 159 worked in the private sector, whereas 20 worked in the public sector. Ninety-one convictions were in district courts, 77 in courts of appeal, and 11 in the Supreme Court. Twenty-one convicts had the chairman of the board position, 78 had the chief executive officer position, whereas the remaining 62 criminals had other positions. Forty-three (24%) were discovered by journalists, 35 (20%) by victims of the crime, 17 (9%) by bankruptcy lawyers, 16 (9%) by tax authorities, 10 (6%) by banks, and 10 (6%) by the police.

Because ‘homage, commemoration, celebration and veneration’ are difficult to operationalise, we chose the individuals’ impact factors on the Internet as a proxy to fame. All names were entered on the same day in Google’s search engine, names in hyphens (‘given name surname’) to obtain conservative estimates about their presence on the Web. Of the total sample, twelve names were omitted from this search because they were completely identical to historical personalities with unusually high representation on the Web. The search confirmed that the heroic leaders had significantly more search hits (on average, 93,773 for heroic versus 24,437 for non-heroic convicts, $p < 0.01$). Further, the search hits were only correlated with leader heroism, but no other variables in our analysis.
except a weak correlation with the amount of money involved in the crime and the size of their organisation. This measure is therefore similar to an exogenous instrument variable, supporting our claim that media attention preceded crime instead of the opposite (Antonakis, Bendahan, Jacquart, & Lalive, 2010). *Hypothesis 1 is thereby supported.*

A comparison of heroic leaders as white-collar criminals and regular white-collar criminals is presented in Table 1. There are several significant differences found. First, the heroic leaders are older than the regular leaders. Heroic leaders as white-collar criminals receive a significant longer jail sentence. Perhaps this is because their criminal amount is significantly larger in terms of money abused. Heroic leader criminals report a significantly higher income to the public revenue service. Heroic leader criminals involve significantly fewer persons in their crime. Heroic leader criminals operate in larger organisations in terms of business revenue and number of employees. And finally, the amounts of money that heroic leaders try to gain by criminal acts are significantly higher than for non-heroic leaders.

Table 2 shows the correlations between heroism, Internet impact, and the variables used to characterise the white-collar criminals.

Heroic white-collar criminals are more often exposed by journalists than others, see Table 3. The difference is statistically significant ($\chi^2 = 9.13$, df = 1), and hypothesis 2 is thereby supported.

To test hypothesis 4, we studied the cases qualitatively to determine whether the individual perpetrators themselves were the main beneficiaries of the crimes or if the companies and their owners had benefited from the non-legal exploits of heroic white-collar criminals. Some cases are difficult to determine because some heroic white-collar criminals are sometimes founders, owners, and executives of their companies and the victims are on the outside. But as a rule, the organisations are only damaged by the heroic white-collar criminal, even if this remains undiscovered for a long time. Exemplary cases of heroic white-collar criminals are as follows:

*Heroic CEO: Mr. A, born 1939, first served as chairman of a large mining company for 10 years and then as CEO for another 10 years. The company was established in 1916 and*

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<th>Table 1. Comparison of characteristics of heroic and regular white-collar criminals</th>
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<td>Other</td>
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<td>Victims inside organisation</td>
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has been influential and famous throughout the 20th century. Mr. A’s heroic status builds on general acknowledgement for having made the company profitable and for playing a major role in securing livelihood in a very special area of the country. When he quit, a bust with his features was erected in the local city. He was characterized by the media as competent, decisive, and unconventional. One year after he quit, he was charged with embezzlement against his previous company. The case was opened after reports by journalists on TV that Mr. A had received money from suppliers in his time as CEO. A broking company analyzed and strongly criticized the agreements with suppliers as untenable, expensive, and enduring for the company. Incidentally, one of the beneficiaries of his generous practices was another ‘heroic’ CEO in our sample who had also received an award for outstanding entrepreneurship. Mr. A admitted being guilty of serious corruption in the case against him and was sentenced to 2 years of imprisonment and to repay NOK 3.9m in received bribes. His crimes played no essential part in his previous business success, but merely served to increase his own income and that of his accomplices.

Heroic public servant and CEO: Mr. B, born 1937, was the CEO of a large municipally owned waterworks. For his outstanding achievement and efforts in establishing and developing these municipal structures, he was awarded the King’s medal of honour in gold. Three years later, he was forced to resign because of a series of newspaper articles describing irregularities in his accounts. When the whole affair became public, it turned out that Mr. B, for years

Table 2. Correlations between heroism, Internet impact, and characteristics of individual white-collar criminals

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<th>11</th>
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</thead>
<tbody>
<tr>
<td>1. Age when convicted</td>
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<td>2. Age when crime was committed</td>
<td></td>
<td></td>
<td>.95**</td>
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<tr>
<td>3. Years in prison</td>
<td>.12</td>
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<td>4. Amount of money involved in crime</td>
<td>.18*</td>
<td>.18*</td>
<td>.28**</td>
<td></td>
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<tr>
<td>5. Personal income</td>
<td>.16*</td>
<td>.16*</td>
<td>-.03</td>
<td>.20**</td>
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<td></td>
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<td>6. Personal taxes paid</td>
<td>.22**</td>
<td>.19*</td>
<td>-.01</td>
<td>.26**</td>
<td>.89**</td>
<td></td>
<td></td>
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<td>7. Personal wealth</td>
<td>.08</td>
<td>.05</td>
<td>.05</td>
<td>-.03</td>
<td>.08</td>
<td>.33**</td>
<td></td>
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<tr>
<td>8. Number of accomplices</td>
<td>.32**</td>
<td>-.25**</td>
<td>-.10</td>
<td>-.11</td>
<td>-.12</td>
<td>-.19</td>
<td>-.14</td>
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<tr>
<td>9. Revenues in company where employed</td>
<td>.29**</td>
<td>.30**</td>
<td>.14</td>
<td>.43**</td>
<td>.03</td>
<td>.13</td>
<td>.18*</td>
<td>-.28**</td>
<td></td>
<td></td>
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<tr>
<td>10. No of employees in company where employed</td>
<td>.25**</td>
<td>.25**</td>
<td>.03</td>
<td>.26**</td>
<td>.02</td>
<td>.16*</td>
<td>.05</td>
<td>.21**</td>
<td>.81**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Hero status</td>
<td>.23*</td>
<td>.21*</td>
<td>.15*</td>
<td>.21**</td>
<td>.21**</td>
<td>.17*</td>
<td>.07</td>
<td>.18*</td>
<td>.19*</td>
<td>.04</td>
<td></td>
</tr>
<tr>
<td>12. Internet impact</td>
<td>-.01</td>
<td>-.02</td>
<td>.11</td>
<td>.16*</td>
<td>.05</td>
<td>.07</td>
<td>.12</td>
<td>.12</td>
<td>.24**</td>
<td>.01.23**</td>
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*Correlation is significant at the 0.05 level (two-tailed).
**Correlation is significant at the 0.01 level (two-tailed).

Table 3. Role of journalists in exposing white-collar criminals

<table>
<thead>
<tr>
<th>Who exposed the case</th>
<th>Heroic</th>
<th>Non-heroic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Journalist</td>
<td>13 (30%)</td>
<td>30 (70%)</td>
</tr>
<tr>
<td>Other</td>
<td>15 (11%)</td>
<td>121 (89%)</td>
</tr>
</tbody>
</table>

had deducted money from the municipal company to himself, allowing him to buy nine farms in South Africa that were eventually merged into one hunting farm covering about 100,000 acres. Mr. B. had been able to do this through a complex network of suppliers that he and his son controlled, and he had been using the trust built around him to effectively reduce control and transparency. He was known for his authoritarian leadership style and tendency to favour loyal employee with gifts and free travels. He was sentenced to 8 years of imprisonment and to pay NOK 63m in reimbursement. Again, the purpose of the crime was only to increase his own wealth and implied no ‘cutting of corners’ necessary to accomplish what he was awarded for.

Heroic physician: Dr. C, born 1948, was a psychiatrist who became famous through his selfless effort in a disaster during a military peacetime exercise. He figured for many years as a trusted specialist of his field in the media. A journalist from a finance newspaper exposed that Dr. C. had a blooming business selling fake medical certificates to criminals, which helped them avoid legal persecution of various kinds. The court found Dr. C. guilty and ruled that he should lose his license to ever issue medical certificates again. Dr. C. also acquired his heroic status before engaging in crime, which only served the purpose of increasing his income.

As the three aforementioned typical cases illustrate, the typical heroic white-collar criminals are the kinds of criminals that most closely resemble the elite, white-collar criminals originally described by Sutherland. They have in common that they belong to trusted and celebrated groups of people, who were publically acknowledged for their qualities before engaging in a crime. Their crimes are not means towards their ends of having success. To the contrary, their crimes come subsequent to their success and do not seem to be serving other purposes than increasing the feeling of wealth and power. This supports hypothesis 4. The heroic status did not seem to protect these individuals from engaging in crime but may instead have served to increase their sense of entitlement and immunity from scrutiny.

Figure 1 shows the interaction between job position and heroism on the amount of money involved in the crime with impact (fame value) as covariate. The effects of fame,
position, and heroism are in themselves not significant, but the interaction effect is $(p < .05)$. The combination of heroic status and executive position induces attempts at record profits from white-collar crime. This supports hypothesis 5.

**DISCUSSION**

The objective of this study was to revisit the concept of white-collar criminals as elite members who are infrequently suspected of committing crimes. Building on research on celebrity leadership and derailed leadership and post-heroic leadership, we hypothesised a subset of white-collar criminals that we called ‘heroic white-collar criminals’ and set out to examine the differences between white-collar criminals as heroic leaders and regular white-collar criminals. We first identified a group of white-collar criminals who before committing the crime fitted the description of a public hero (Klapp, 1949). These people were more famous in the general community as indicated by their impact rate on Internet search engines. This supports hypothesis 1. Also in line with Klapp (1949, 1954) and following research on celebrity leadership (Hayward et al., 2004; Wade et al., 2006; Treadway et al., 2009), we assumed that these people would live up to the illusions around themselves, outperforming other representatives of white-collar criminals on non-criminal characteristics. As we expected, these people were not only more famous but also more likely to be leaders, disposed bigger income and wealth, and tended to be situated in bigger companies. When committing crimes, they acted more often in leadership roles than in the role of accomplices.

Contrary to theories of contagion (Becker, 1963; Weisburd & Waring, 2001) or psychopathic personality dispositions (Hare, 2006; DeLisi, 2009; Boddy et al., 2010), the subset of white-collar criminals that we label ‘negative heroes’ seem to commit their first crimes subsequent to leadership success and initiated on their own, keeping their heroic leadership identities whilst turning to negative heroism. The data indicate that heroic leaders first have some professional and business success, thereafter attain status as leadership celebrities and finally commit white-collar crime whilst still enjoying this status. Contrary to the belief that heroic or famous leaders may be an asset to organisations, it will often be the individuals and not the organisations who profit from this (Rindova, Pollock, & Hayward, 2006; Wade et al., 2006; Treadway et al., 2009). Heroic white-collar criminals are extreme but not unexpected versions of these leaders. Our data suggest that these people are more likely to benefit from their crimes than their organisations. This is in accordance with the work of Bucy et al. (2008) on the motives of white-collar criminals as well as Conger’s observations about the ‘dark side’ of leadership (Conger, 1992) and the calculations of Schnatterly (2003) of the cost of white-collar crime.

Finally, we hypothesised that a crucial factor in eliciting criminal behaviours may be the record gains that can be made by combining executive positions with heroic status. The data suggest that this is the case—these people try to make significantly bigger gains for themselves than non-heroic executives or heroic non-executive white-collar criminals.

What emerges is a picture of previously law-abiding people with splendid careers and public recognition who risk it all, late in their lives, by committing crimes for their own benefit at a point in life where they are already better off than most others, even their own peers. We argue that this is a criminal profile worthy of the title ‘negative heroism’. It is the kind of profile that most closely fits Sutherland’s original description of white-collar crime from 1939. No wonder, then, that these people are less frequently exposed by normal
control agencies than other white-collar criminals and will be more likely to come under suspicion only after exposure by the media.

The likelihood that a person you meet by coincidence will be sentenced to prison during the next year is 2.7% in the USA or 0.08% in Norway, but this rate will diminish rapidly if the person is well educated, affluent, and 40 years of age or older. It is thus baffling why organisations handing out awards to outstanding leaders and business people mostly well educated, affluent, and mature men must be vigilantly aware of the risk that a leader being celebrated today will be indicted and convicted tomorrow. Yet, judging from our numbers, this risk seems real at least for a subset of white-collar criminals (one of the authors participated in a ceremony of this kind only 2 years ago where the prize winner is now in prison).

Negative heroism is a profile that runs counter to several research findings and popular ideas about crime. In their identification of not-so-typical white-collar criminals, Weisburd and Waring (2001) found subgroups that were driven to shortcuts through material crisis or offered opportunities that they could not resist. Our negative heroes are already successful and more affluent than most people; most of them did not seem to be in a resource crisis and would at least on the outside have little need for additional material and social recognition. In addition, these people have lived stable lives and seem to have much to lose—status, family, a lifetime of achievements. Moreover, this type of criminal does not seem to have any obvious criminal role model, or even belong to a society that provides support and recognition for breaking norms and laws. Instead, there is a remarkable self-made initiative in the way they keep a smaller number of confidants and assume the role of a leader instead of a follower in the role of a criminal, and the victims of the crime are more often others inside the organisation such as shareholders or other stakeholders. It is as if the heroic leader is driven by a sense of entitlement (S.A. Rosenthal & Pittinsky, 2006)—he acts as if the resources of the organisation are in reality his own.

In this aspect, the negative heroism may be caused by narcissistic personality traits brought to the fore by success and admiration. Narcissism is a common trait in candidates for leadership positions (S.A. Rosenthal & Pittinsky, 2006), and the effect of narcissism has been shown to vary with opportunity and success (Wallace & Baumeister, 2002). Leadership careers often imply reduced negative feedback from the surroundings (Yukl, 2005), and it is possible that previously well-adjusted narcissism posing as self-esteem (S. A. Rosenthal & Hooley, 2010) may deteriorate or exceed through self-control when people start 'believing their own press'. Heroic celebrations are historically renowned for their stimulating effects on omnipotence and arrogance (cf. Maccoby, 2000).

The practical consequence of this insight is related to trust. Trust may be the most central element in white-collar crime in general and in negative heroism in particular. Our best predictor for guessing the outcome of a relationship is track record, where trust builds slowly and distrust comes as the consequence of single negative experiences. Ways to expose possible fraud will usually direct our attention to previous signs that could indicate foul play, a ‘business integrity scan’ (Perri, 2011), as carried out in the psychopathy checklist (Hare, 1980), Conger’s indicators of failed vision (Conger, 1992), or Furnham’s description of derailed leadership (2010). Closer inspection of at least some persons in our sample indicates that they could have been identified as deviant before their crimes by a thorough business integrity scan.

But what if there are few or no previous signs? The self-confidence that predicts leadership potential is easily confused with narcissism, and the two may even have overlapping origins (S. A. Rosenthal & Hooley, 2010). The detection of a crime before the fact rests on the
assumption that the origins of a crime are always present before the occasion. But what if a crime sometimes really occurs as a consequence of self-confidence bent into narcissism by hubris and overconfidence? Leadership myths are continuously being destroyed and re-built. When Professor James March was interviewed about the leadership cult of the late founder of Apple, Steve Jobs, March commented unromantically that ‘society does not want “autonomous” leaders. They are dangerous. For every leader who pursues an autonomous direction that benefits society, there are many more who pursue autonomous directions that harm society’ (Podolny, 2011, p. 305). A central part of leadership is just trust (Williamson, 1975; Bass & Steidlmeier, 1999; Colquitt, LePine, Piccolo, Zapata, & Rich, 2012). This is an old wisdom that is easily forgotten in times of jubilant veneration. During victory parades, the Romans were believed to post a slave on the victorious general’s chariot, continuously reminding the victor with the sentence ‘memento mori’, that is, ‘remember that you are mortal’, to prevent them from excessive arrogance. There may still be psychological profiles that render people vulnerable but these may be diverse and negative heroism may be a final common pathway, and the heroic status itself would be the risk factor. If there is indeed such a mechanism as negative heroism, the only way to curb it is to remind people to keep a professional distance to leadership phenomena and remember Sutherland’s central point: Social status keeps being an effective disguise for a criminal intent.

Limitations

Our study is only based on publically known sources, and this implies that the sample may be skewed towards more famous people. However, the sampling procedures have been very strict, and our material contains a majority of non-famous white-collar criminals. The assigned ‘heroic’ status of our subsample is also a matter of debate. Being a ‘hero’ is no unequivocal social scientific construct, and this is to some extent a subjective rating. The most serious limitation of our study may still be that we were unable to obtain police records of previous arrests and cannot know for sure if our sample were really first-time offenders. Finally, our claim that the heroic status preceded their criminal behaviour is only argued from what is known in the court documents and media reports. We cannot know for sure if their heroic status and achievements were actually due to previous, non-exposed instances of criminal behaviour.

REFERENCES


