

Corporate Crime: Laws and Regulations Have Only Small Effects on Corporations



Legal interventions have a small deterrent effect on company non-compliance

What is the aim of this review?

This Campbell systematic review examines the effects of interventions to deter corporate crime. The review examines the effectiveness of formal legal and administrative strategies to lower the risk of non-compliance. The authors summarized 106 studies, and the interventions are grouped into six intervention categories, each with sub-categories. The intervention groups are: (1) laws, (2) punitive sanctions (e.g. arrest, fines, or a likelihood of prosecution), (3) non-punitive actions by regulatory agencies (e.g. cease and desist orders) (4) regulatory policies (e.g. company inspections), (5) other sanctions, and (6) multiple treatments.

Laws have a modest effect on preventing non-compliance among firms and for the geographic unit governed by the law, but not on individuals. Regulatory policy deters non-compliance among individuals but not companies. Using more than one intervention at the same time was found to have a small and consistent deterrent effect both on individuals and corporations.

What is this review about?

Corporate crime includes crimes committed by individual employees and those committed by institutions. Some offences are minor violations. Others are more serious and complicated, involving multiple organisations, possibly across national boundaries.

There is a lack of high-quality studies. The limited data on corporate crime is scattered, reporting is often inconsistent, and the quality and methods of research on corporate crime varies widely.

Criminology has focused more on street crime rather than corporate crime. This lack has made it difficult to build evidence-based policies for corporate crime prevention and control.

The review examines the effectiveness of formal legal and administrative strategies by law enforcement agencies, legislative bodies, and regulatory bodies to lower the risk of non-compliance at both the organisational level and individual level.

What studies are included?

This systematic review summarizes data from 106 studies of corporate crime prevention and control. These studies included a wide range of experimental and non-experimental methodologies using data from a wide variety of data sources, e.g. from official agencies, corporate reports, and survey responses.



Regulatory interventions have a modest but consistent deterrent effect on individual offending

How up-to-date is this review?

The search was completed in 2012. This Campbell Systematic Review was published on 1 May 2014.

What is the Campbell Collaboration?

The Campbell Collaboration is an international, voluntary, non-profit research network that publishes systematic reviews. We summarise and evaluate the quality of evidence about programmes in the social and behavioural sciences. Our aim is to help people make better choices and better policy decisions.

About this summary

This summary was written by Simon Goudie (Campbell Collaboration). This PLS is based on Campbell Systematic Review 2014:4 'Corporate Crime Deterrence: A Systematic Review' by Sally S. Simpson, Melissa Rorie, Mariel Alper, Natalie Schell-Busey; With William S. Laufer and N. Craig Smith (10.4073/csr.2014.4). Anne Mellbye (R-BUP) designed the summary, which was edited and produced by Tanya Kristiansen (Campbell Collaboration).

Six treatment types were identified: (1) laws, (2) punitive sanctions such as arrest, fines, or a likelihood of prosecution, (3) non-punitive sanctions by regulatory agencies such as cease and desist orders (4) regulatory policies, e.g. company inspections, and (5) multiple treatments.

How effective are interventions to deter non-compliance?

Legal interventions have a small deterrent effect on company non-compliance and at the geographical level. There is not enough data to determine the effects of legal interventions on deterring individual offending.

Regulatory interventions have a modest but consistent deterrent effect on individual offending. Their effects on deterrence at the company level were mixed.

The use of more than one intervention at the same time was found to have a small but consistent effect on deterring non-compliance among individuals and among corporations.

Evidence on the effects of the other interventions on non-compliance was mixed. Conclusions about their effects therefore cannot be drawn.

Overall, the quality of evidence was low, with several contradictory findings. Older studies were more likely to find significant effects, but this may reflect weaker study designs.

What are the research and policy implications of this review?

Given the potentially serious impacts of corporate crime, policy makers and decision makers need to identify ways to reduce corporate crime. However, the basic findings of this review are inconclusive. There is an urgent need for high-quality empirical studies of interventions to deter and control illegal behaviours. This research can be informed by specific insights reported in this review.