

Women Still Less Likely to Commit Corporate Fraud

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Women are less likely to take part in corporate crime and fraud even though more women now work in corporations and serve at higher levels of those organizations, according to a team of sociologists.

The researchers examined a database of recent corporate frauds and found that [women](#) typically were not part of the conspiracy. When women did play a role, it was rarely a significant one.

"There has been this view for awhile that women are no more moral than men and that once there was more gender equality in the workforce, there would be more females involved in corporate crime," said Darrell Steffensmeier, professor of sociology and [criminology](#), Penn State.

"That view goes back a long time but, at some point, we should get the point that something else may be happening."

Steffensmeier said that about three out of four conspiracies to commit corporate fraud were all-male, and there was no report of an all-female conspiracy. In most cases when women do take part in corporate crime, they tend to play minor roles in the overall conspiracy, according to the researchers, who reported their findings in the current issue of the *American Sociological Review*.

Steffensmeier said the findings suggest that placing more women in executive leadership positions in corporations may raise ethical standards. Women are socialized to take fewer risks for business advantage and may feel they are under greater surveillance so they self-

censor more, he added.

Female executives may also show greater concerns about equity and justice, according to Steffensmeier.

"There is reason to believe that over time increasing the number of female CEOs would reduce corporate corruption because women tend to promote a more ethical business climate rather than one that promotes personal and [corporate profits](#) at all costs, no matter what the potential societal costs or harms might be," said Steffensmeier, who worked with Jennifer Schwartz, associate professor of sociology, Washington State University, and Michael Roche, a graduate student in clinical psychology, Penn State.

While Martha Stewart, founder of Martha Stewart Living Omnimedia, is often cited as an example of [female executives](#) becoming more active in corporate crime, Steffensmeier said that she did not play a central role in the Imclone insider trading scandal during the early 2000s. Stewart also profited only slightly from the inside information that she received from her broker, not from any of the central conspirators, he said.

"Martha Stewart is often used as the poster child for female involvement in corporate crime, but she wasn't even part of the conspiracy and was actually charged with making a false statement," said Steffensmeier.

"Commentators continue to debate Stewart's culpability, whether she really committed a wrongdoing or provided a convenient scapegoat to atone for prior lax enforcement of corporate fraud on part of the Security and Exchange Commission and the Department of Justice."

When women, like Stewart, play a role in corporate fraud, they also tend to receive less money than male conspirators, according to the researchers.

More than half of females who were part of corporate fraud schemes made either no money, or a trivial amount of money, whereas 26 percent of males earned between \$500,000 and \$999,000 and 33 percent made more than \$1 million from the fraud.

The difference between male and female involvement in corporate crime may show that men and women differ in what core values would motivate them to take risks, according to Steffensmeier. While men may take risks for money and status, women may not assume risks for those goals, he said. Women are more concerned with nurturing social relationships, sexual and moral virtues and beauty, according to the researchers.

In addition to differences in risk preferences or moral stances, Steffensmeier said that women have less opportunity for corporate financial fraud partly because they do not have access to top corporate positions, but mostly because they have limited access to the conspiracy networks perpetrating the fraud and corruption.

"Women are less likely to be recruited as co-conspirators in male-orchestrated schemes and less likely to be able to recruit co-offenders should they wish to initiate a [corporate fraud](#)," Steffensmeier said. "The glass ceiling effect for involvement in corporate corruption is likely as great or greater than the ceiling that keeps women from climbing the corporate ladder."

The researchers used a U.S. Department of Justice database that included information about 83 corporate frauds that involved 436 defendants from June 2002 through 2009. The database, established in 2002, includes details about the defendants' gender and the conspiracy network, as well as their roles in the conspiracy and positions in the company.

They used secondary sources, such as annual reports and the U.S. Securities and Exchange Commission reports, to provide additional information.

Provided by Pennsylvania State University

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