

6-1-1989

# Responses to Corporate Versus Individual Wrongdoing

Valerie P. Hans

*Cornell Law School*, [valerie.hans@cornell.edu](mailto:valerie.hans@cornell.edu)

M. David Ermann

Follow this and additional works at: <http://scholarship.law.cornell.edu/facpub>

 Part of the [Applied Statistics Commons](#), [Corporation and Enterprise Law Commons](#), [Litigation Commons](#), and the [Torts Commons](#)

---

## Recommended Citation

Hans, Valerie P. and Ermann, M. David, "Responses to Corporate Versus Individual Wrongdoing" (1989). *Cornell Law Faculty Publications*. Paper 327.

<http://scholarship.law.cornell.edu/facpub/327>

This Article is brought to you for free and open access by the Faculty Scholarship at Scholarship@Cornell Law: A Digital Repository. It has been accepted for inclusion in Cornell Law Faculty Publications by an authorized administrator of Scholarship@Cornell Law: A Digital Repository. For more information, please contact [jmp8@cornell.edu](mailto:jmp8@cornell.edu).

# Responses to Corporate Versus Individual Wrongdoing\*

Valerie P. Hans† and M. David Ermann‡

For many years, researchers assumed that the public was indifferent to corporate wrongdoing, but recent surveys have discovered evidence to the contrary. Taking insights from these data a step further, this study employed an experimental design to examine whether people responded differently to corporate versus individual wrongdoers. We varied the identity of the central actor in a scenario involving harm to workers. Half the respondents were informed that a corporation caused the harm; the remainder were told that an individual did so. Respondents applied a higher standard of responsibility to the corporate actor. For identical actions, the corporation was judged as more reckless and more morally wrong than the individual. Respondents' judgments of the greater recklessness of the corporation led them to recommend higher civil and criminal penalties against the corporation.

Does the public advocate strong sanctions against corporate wrongdoing? Many scholars have lamented that community sentiment toward business is so favorable that even when a corporation deserves punishment the public does not support it (Geis, 1973; Ross, 1907; Sutherland, 1949/1983). Other scholars have taken the opposite point of view, asserting that strong antibusiness sentiment leads to public condemnation of corporate misdeeds (Cook, 1893; Cullen, Maakestad, & Cavender, 1987; McCormick, 1977).

Public opinion surveys provide support for both beliefs. Contemporary polls

---

\* Earlier versions of this paper were presented at the annual meetings of the Law and Society Association (1986), the Society for the Study of Social Problems (1986), and the American Psychological Association (1987). Writing was facilitated by a NIMH Fellowship in Psychology and Law at Stanford University to Valerie Hans. The authors wish to thank Jeffrey Davidson, Sam Gaertner, Michael Levi, Nancy Pennington, David Sciulli, Wes Skogan, and Robert Wood for their contributions to the work. Requests for reprints should be sent to Valerie Hans, Division of Criminal Justice, University of Delaware, Newark, Delaware 19716.

† Division of Criminal Justice and Department of Psychology, University of Delaware.

‡ Department of Sociology, University of Delaware.

indicate that the majority of the public holds favorable views of business, describing the free enterprise system as "the major reason for our higher standard of living," and agreeing that "what's good for business is good for the average person" (Roper & Miller, 1985, pp. 12-13). Despite this overall favorability, research in the post-Watergate era (Clinard & Yeager, 1980; Cullen, Mathers, Clark, & Cullen, 1983; Grabosky, Braithwaite, & Wilson, 1987; Schragger & Short, 1978) and even earlier (Gibbons, 1969; Newman, 1957; Rossi, Waite, Bose, & Berk, 1974) has shown that the public recognizes the problem of white-collar crime and desires punishment. Furthermore, the public believes that wrongdoing by the powerful is widespread (Opinion Roundup, 1986) and costly (Cullen et al., 1983). Thus considerable survey evidence indicates that though Americans strongly support business, they do not take corporate misbehavior lightly.

In assessing public reactions to corporate wrongdoing, the treatment accorded corporate misbehavior is often compared with the punishment of individual wrongdoing. Consider the divergent responses to the Department of Justice's handling of the E. F. Hutton "check-kiting" scheme (U.S. Congress: House 1985). In that case, Hutton employees systematically and intentionally shuffled checks among banks. By deceiving two or more banks into temporarily recording the same funds, they created as much as \$10 billion in overdrafts. After the scheme was uncovered, the Justice Department imposed only civil financial penalties.

Some commentators defended the Justice Department's handling of the Hutton affair, maintaining that the involvement of a corporation made the case unique and pointing out that the compensation package the Justice Department worked out was of substantial benefit to the financial community. In their view, justice was done in treating Hutton differently.

However, criticism of the Hutton deal was strong and revolved around comparisons of E. F. Hutton's treatment to that of hypothetical, similarly guilty individuals. Critics pointed out that if individuals had engaged in such massive and premeditated check-kiting, they would surely have been criminally charged and even subjected to jail sentences (U.S. Congress: House, 1985). As one Senator put it, "I can name eight of my clients, when I was a lawyer, who went to jail for check-kiting. . . . I'm supposed to go around talking about jailing people for drunk driving, and you can go out and steal a million dollars and it's, hey, see you around the club" (Welch, 1985, p. A14). In a public opinion survey conducted shortly after the Hutton affair, a clear plurality (45%) of those who had heard about the case declared that Hutton's punishment was too lenient; only 3% said it was too stiff (Roper & Miller, 1985).

Public attitudes toward instances of corporate versus individual wrongdoing are critically important on both theoretical and practical grounds. On a theoretical level, analysis of judgments of corporate versus individual wrongdoing helps to illuminate how people consider the identity of the actor in making attributions of responsibility (Shaver, 1985). Does the fact that a corporation rather than an individual engages in a particular behavior fundamentally transform the blameworthiness of the behavior, even if the action itself is identical? Social psychologists who study the perception of groups may also benefit by learning under what

circumstances groups such as corporations are perceived differently or measured by distinct standards. Most work on the perception of groups to date has focused on intergroup relations. This work shows that after categorizing people into groups, observers tend to assume intragroup similarity and to accentuate differences between groups (Deschamps, 1984; Wilder, 1986). However, judgments of the responsibility of individuals compared to groups have not been investigated systematically.

Attitudes toward corporate wrongdoing are also important to the operation of the legal system. Prosecutors consider public attitudes when deciding whether to charge someone with a crime (Jacoby, 1980; Pritchard, 1986). Potential plaintiffs may base their decision to sue on their definitions of wrongdoing, their attitudes toward corporations, and their perceived likelihood of success. As representatives of the public, civil and criminal juries reflect community sentiments in their decisions, particularly if the facts of the case are close (Hans & Vidmar, 1986; Kalven & Zeisel, 1966). Finally, perceptions that corporations are treated favorably may undermine the legal system's legitimacy, which in turn could encourage disobedience to laws (Cullen et al., 1987; Tyler, 1987).

### **Sources of Differential Reactions to Individual Versus Corporate Wrongdoing**

Both the theoretical and empirical literature on corporate crime suggest that people may view corporate wrongdoing distinctively for a variety of reasons. The most obvious is that individuals and corporations frequently engage in different behaviors. Schragger and Short (1978) observed that the diffuse economic harm caused by corporate entities is likely to elicit milder punitive reactions than the focused bodily harm associated with individuals involved in street crime.

Another prominent explanation for differential reactions involves the typically greater financial resources of the corporation, which may lead to a so-called "deep pockets" effect. It is commonly claimed that juries award plaintiffs who sue corporations larger sums of money because the jurors believe that the corporations, with their "deep pockets," can afford more (cf. Chin & Peterson, 1985). Rand Corporation researchers analyzed jury verdicts in Cook County, Illinois, during the 1960s and 1970s, and discovered that claims for serious personal injuries resulted in larger awards when the defendants were corporations or governments rather than individuals (Chin & Peterson, 1985; Hammitt, Carroll, & Relles, 1985).

A third set of explanations for differential treatment focuses on the nonfinancial resource superiority of organizations over individuals. Because corporations typically consist of a number of individuals with specialized skills and are organized in a rational structure, they could be presumed to possess greater rationality, greater foresight, and better ability to anticipate the consequences of their endeavors than individuals. All these features, according to attribution theory, should enhance judgments of responsibility. Some of the research findings on organizational behavior challenge the presumption of greater corporate rationality (Ermann & Lundman, 1982). Nonetheless, what might appear as an accidental act

if committed by an individual may seem purposeful when a group of people engage in the act.

Psychological research suggests several ways that judgments about groups and individuals might differ. Individual members of a group should benefit from diffusion of responsibility within the group (Darley & Latane, 1968) and should receive fewer dispositional attributions (Wilder, 1987). Therefore, individuals within the group should be held less culpable for wrongdoing. However, for serious harms, the group as a whole should be attributed greater responsibility than a similarly situated individual. In assigning responsibility for an extreme event, people tend to infer the existence of multiple necessary causes such as might be present in group efforts. For example, in studies exploring the popularity of conspiracy theories of presidential assassinations, McCauley and Jacques (1979) discovered that groups were seen as more effective than individuals (see also Latane, 1981).

An additional contributor to distinctive responses, which is related to differential resources, involves assumptions about the impact of punishment. Considering the deterrent effect of sanctions, the same monetary fine will have differential force depending on the financial status of the perpetrator. In retributive terms, if corporations are better able to foresee the consequences of their actions, then they should be punished more severely for their violations. This is consistent with the link between intentionality and sanctions that characterizes both the criminal and the civil justice systems (Epstein, Gregory, & Kalven, 1984; Kaplan & Weisberg, 1986; Shaver, 1985).

Some commentators have argued that, for several reasons, corporate actors might be particularly sensitive to threats of punishment. Compared to street criminals, corporate wrongdoers may face greater costs if their crimes are detected. Their illegal activities may not be as deeply embedded in their lifestyles. Hence, corporate lawbreakers may be more easily deterred (Cullen et al., 1987). Beliefs about the efficacy of specific and general deterrence of corporate actors may influence the likelihood of sanctioning.

The discussion so far suggests that if corporations and individuals commit the same actions, the corporations might be viewed more negatively than the individuals. Yet the criminal justice system's individualistic orientation to criminal responsibility may produce more favorable reactions to corporations under some circumstances. Consider the Ford Motor Company's trial on reckless homicide charges related to a Ford Pinto gas tank explosion. After the jury acquitted the company, commentators speculated that it might have been difficult for the jury to find criminal intent and impose criminal liability with a corporate entity when those judgments traditionally have been associated with individuals (Cullen et al., 1987; Swigert & Farrell, 1980-1981).

Finally, general attitudes toward business, corporations, and punishment may lead people to treat corporate wrongdoing in particular ways. Probusiness sentiment may lead to lenient treatment, while antibusiness attitudes may create harshness. Experience and familiarity with business may cut both ways, either producing an insistence that appropriate standards of business conduct be maintained, or generating sympathy for those operating in a business context. General

attitudes toward punishment may also be implicated in responses to corporate wrongdoing.

### **Comparing the Individual and the Corporation**

Scholars are only beginning to isolate the varying sources of potentially distinctive reactions to corporate wrongdoing that we have outlined above. In the “real world,” many differences between individual and corporate behavior make it nearly impossible to equate them and to explore the issue of differential treatment. In the current study, we overcame this problem by constructing two almost identical scenarios in which workers were harmed. Half of the participants read a scenario in which “Mr. Jones” harmed the workers, and the other half read that the “Jones Corporation” did so. Otherwise, all aspects of the scenario, including the behavior of the key actor and the harm to the workers, were identical. This experimental design enabled us to explore whether our subjects responded differently to corporate versus individual wrongdoing.

## **METHOD**

### **Respondents**

Respondents in the experiment were 202 students enrolled in an introductory sociology course at a northeastern university. Being a general education course, it comprised students from many disciplines. Sixty-eight percent were female. Twenty percent were majoring in business or economics, and 30.8% anticipated a career in business. The students described themselves predominantly as middle class (42.3%) or upper middle class (49.0%). Approximately equal numbers described themselves as liberal (34.8%), moderate (33.3%), or conservative (31.7%).

The study was conducted during a regular class period, without prior announcement. Students who agreed to participate signed a Certificate of Informed Consent before beginning the study. All but one returned valid questionnaires, resulting in 201 people in the sample.

### **Materials**

The respondents first read one of two versions of an incident in which the key actor hired five workers to clear a newly purchased lot cluttered with debris. In half the cases, “Mr. Jones” hired the workers; in the other half, the “Jones Corporation” hired them.

After two weeks on the job, four of the workers complained to Jones that they felt a little lightheaded and dizzy while they were clearing the debris. Jones told them to continue working but to notify him/it if they felt worse. By the third week, three of the workers began to have visible tremors and difficulty breathing. They were subsequently hospitalized for about two weeks with severe respiratory problems. Follow-up physical examinations of all five workers revealed some perma-

ment lung damage, ranging from minor damage in two workers to moderate damage in the three who were hospitalized.

City and federal inspectors analyzed the debris on the lot and discovered significant amounts of a highly toxic substance. Persons exposed to this substance often experienced dizziness and respiratory problems similar to those of Jones's workers. As a result of the incident, the workers decided to sue Jones in civil court to obtain compensation. In addition, the local prosecutor decided to bring charges of criminal negligence against Jones.

Respondents were asked to suppose that they had been called as jurors to decide this case in civil court. They were told that the five workers had sued Jones for compensation for their hospital bills, their doctor bills, and their pain and suffering. The plaintiffs' attorneys argued that Jones should have foreseen that the lot might contain toxic waste and that he/it was reckless in failing to check the lot before hiring the workers. Jones also should have checked out the workers' complaints before sending them back to work. Therefore, they argued that Jones was liable for the workers' hospital and doctor bills totalling \$80,000. Furthermore, the lawyers argued that Jones should also compensate the workers for their pain and suffering. They said that the three workers were hospitalized and who had the most severe lung damage should receive \$100,000 each, and that the two workers who had minor lung damage should receive \$30,000 each. Thus, they asked Jones to pay \$80,000 in medical expenses and \$360,000 for pain and suffering, for a total of \$440,000.

The attorney for Jones said his client would pay the hospital bills of the three workers, which amounted to \$40,000, but he disputed the other medical claims and said that Jones should not be required to pay them. Jones also disputed that the workers' lung damage was entirely the result of exposure to the toxic waste, pointing out that the three workers who had the most severe reactions were all cigarette smokers.

We then asked respondents whether, in their opinion, Mr. Jones/the Jones Corporation was liable for the claims of the workers, and if so, how many claims they considered justified. We also asked respondents to provide a dollar amount of the award they would give in each category of hospital bills, doctor bills, pain and suffering, and total award.

Following these decisions, we told respondents to imagine that they were hearing the criminal case of *People v. Mr. Jones/The Jones Corporation* based on the same incident. The prosecutor argued that Jones acted in a reckless, irresponsible fashion in hiring the workers to remove debris from the empty lot without checking to make sure that the debris was not toxic. He also argued that Jones was irresponsible because Jones allowed the workers to continue clearing debris after they had complained of physical problems. The prosecutor asked the jury to find Jones guilty of criminal negligence. Jones, however, argued that he/it should be found not guilty. Jones maintained that there was no reason to suspect that the lot held toxic material, and that he/it had not behaved in a reckless fashion.

Respondents then made judgments about whether Jones was guilty of criminal negligence and indicated their recommendations for punishment. They also answered 16 additional questions designed to tap their perceptions of the incident

and the legal responsibility of the actors and ranked the key actors in terms of how responsible each was for the incident. Finally, they provided demographic and attitudinal information.

## RESULTS

### Financial Awards

There were strong, statistically significant differences in the civil judgments between respondents reading the Mr. Jones version and those reading the Jones Corporation version. The Jones Corporation was held liable for a greater number of claims (Jones Corporation  $M = 3.96$ ; Mr. Jones  $M = 3.32$ ;  $F(1, 199) = 19.54$ ,  $p < .001$ ). As shown in Table 1, workers suing the Jones Corporation were awarded consistently larger compensation in all categories than workers suing Mr. Jones. The most marked difference occurred when the respondents were given the greatest latitude—in the “pain and suffering” category. In this category, the average award against the Jones Corporation was more than twice that against Mr. Jones.

### Criminal Judgments

A similar pattern of greater severity toward the corporation was found in the guilt judgments of criminal negligence. Respondents made assessments on a 5-point scale, where 1 corresponded to “definitely not guilty,” and 5 corresponded to “definitely guilty” of criminal negligence. The Jones Corporation ( $M = 3.51$ ) was much more likely to be seen as guilty of criminal negligence than Mr. Jones ( $M = 2.67$ ;  $F(1, 199) = 26.80$ ,  $p < .001$ ).

### The Deep Pockets Phenomenon

Table 2 (Part A) reveals that Mr. Jones and Jones Corporation respondents exhibited considerable divergence in their views of the financial dimensions of the incident. Not surprisingly, respondents perceived that Mr. Jones and the Jones Corporation would have different financial resources and different abilities to weather the impact of financial penalties, in that they believed that the Jones Corporation was more likely to be insured against the workers’ claims, and that Mr. Jones was much more likely to go bankrupt as a result of the incident.

Table 1. Awards to Workers as a Function of Individual or Corporate Wrongdoing

Category of award	Mr. Jones	Jones Corp.	F-value
Hospital bills	\$ 38,069	\$ 40,000	5.78 <sup>a</sup>
Doctor bills	\$ 31,337	\$ 36,910	8.78 <sup>a</sup>
Pain and suffering	\$ 82,178	\$170,700	21.97 <sup>a</sup>
Total award	\$151,584	\$247,610	24.00 <sup>a</sup>

<sup>a</sup>  $p < .01$ .



**Table 2. Perceptions of the Incident as a Function of Individual or Corporate Wrongdoing<sup>a</sup>**

Item	Mr. Jones	Jones Corp.	F-value
<i>A. Deep Pockets</i>			
Likelihood of insurance	2.25	3.20	31.39 <sup>b</sup>
Likelihood of bankruptcy	3.07	1.76	93.42 <sup>b</sup>
Fair to sue	3.71	4.13	9.46 <sup>b</sup>
Fairness of claims	2.77	3.35	13.37 <sup>b</sup>
Fairness of offer	2.95	2.13	32.67 <sup>b</sup>
<i>B. Judgments of Wrongdoing</i>			
Knew beforehand	1.52	1.89	11.26 <sup>b</sup>
Recklessness	2.50	3.08	15.80 <sup>b</sup>
Morally wrong	2.28	2.78	12.85 <sup>b</sup>
Deserves punishment	2.38	3.04	27.61 <sup>b</sup>
Harm to workers	3.87	3.78	<1.00
Fairness of crim. charge	2.21	2.91	16.19 <sup>b</sup>
<i>C. Consequences of Incident</i>			
Regret over incident	3.96	3.60	6.83 <sup>b</sup>
Effect on reputation	3.55	3.52	<1.00
Individual deterrence	4.67	4.45	5.73 <sup>b</sup>
General deterrence	3.79	3.64	1.10

<sup>a</sup> The higher the number, the more likely, more fair, more reckless, more regretful, etc.

<sup>b</sup>  $p < .02$ .

Subjects also interpreted the fairness of the workers' claims and the Jones offer in line with their supposed resources. They were more likely to agree that it was fair to sue the Jones Corporation than it was to sue Mr. Jones. Furthermore, they saw the workers' claims against the Jones Corporation as more reasonable than the identical claims against Mr. Jones. Finally, they saw Mr. Jones's offer to settle the claims for \$40,000 as more reasonable than the Jones Corporation's offer to settle for the same amount. All these results are consistent with a deep pockets or cost-spreading explanation of differential reaction to the corporation.

### Judgments of Wrongdoing

As shown in Table 2 (Part B), the Jones Corporation was rated as somewhat more likely than Mr. Jones to have known beforehand that the workers might be harmed. Respondents saw the Jones Corporation as more reckless, more morally wrong, and more deserving of punishment than Mr. Jones. However, respondents did not judge the harm done to the workers any differently. The prosecutor's action of bringing a criminal charge was more likely to be perceived as fair when it was directed against the Jones Corporation than against Mr. Jones, despite legal practice to the contrary. Respondents' rank ordering of the responsibility of legal actors did not differ significantly between the two conditions.

### Consequences of the Incident

To study perceptions of the likely deterrent effects of the incident, we asked several questions about the aftermath of the incident and the trials. Subjects

estimated how much regret Jones suffered, how much the incident would affect Jones's reputation in the community, and whether Jones's behavior and the behavior of other individuals (or corporations) would be affected by the incident. The results are shown in Table 2 (Part C). Mr. Jones was seen as more regretful than the Jones Corporation and he was judged as less likely to engage in similar behavior in the future. Hence, in contrast to speculations that corporate actors might be more sensitive to the impact of sanctions, our respondents believed that the incident would have greater deterrent impact on Mr. Jones. However, the incident was expected to affect the reputation of Mr. Jones and the Jones Corporation in the same (negative) manner. Furthermore, on our measure of general deterrence, subjects judged that other individuals—or other corporations—would be similarly affected by hearing about this incident.

### Predictors of Scenario Judgments

The data we have reported so far indicate striking differences in reactions to individual and corporate wrongdoing. Regression analyses allowed us to examine in more detail the relationships among responses to various items and to test in a preliminary fashion some of the arguments about why judgments of the individual and the corporation were consistently different. For these analyses, we combined responses to selected questions that represented four conceptually distinct factors. These factors were derived from research literature in psychology, law, and criminology that indicated their importance in judgments of wrongdoing. The first variable, consisting of questions about knowing beforehand about possible harm and about Jones's recklessness, was labeled "Recklessness." A second variable, "Harm," consisted of the single item about how much the workers had been harmed. The third factor, combining the insurance and bankruptcy questions, was labeled "Finances." Finally, the fourth factor, "Deterrence," included questions about the actor's regret, the actor's likelihood of repeating the act, the likelihood of similar others engaging in the act, and the effect on the actor's reputation.

We then used the four factors of Recklessness, Harm, Finances, and Deterrence as predictor variables in stepwise regression equations for respondents' judgments of civil liability, total award, and criminal negligence. Results of the regression analyses are presented in Table 3. The most striking consistency was the strong relationship between the Recklessness factor and judgments of civil liability, total award, and criminal negligence in both the Mr. Jones and the Jones Corporation conditions. Regression coefficients ranged from .43 to .59, indicating the robust and steady impact of Recklessness judgments across the different conditions and types of decisions.

For judgments of civil liability and total award, when all data were considered together (Table 3, Column 1), Recklessness was the only significant predictor, accounting for 27% of the variance in civil liability judgments and 24% of the variation in total award. For judgments of criminal negligence, Recklessness continued to be the most important predictor, with 31% of the variance, but Deterrence also proved to be a significant predictor, accounting for an additional 2% of the variation in estimates of criminal negligence.

Table 3. Predictors of Scenario Judgments<sup>a</sup>

Factor	All data	Mr. Jones	Jones Corp.
<i>A. Civil Liability</i>			
Recklessness	.52 <sup>b</sup>	.48 <sup>b</sup>	.45 <sup>b</sup>
Harm	—	—	—
Finances	—	.19 <sup>c</sup>	-.22 <sup>b</sup>
Deterrence	—	—	—
<i>B. Total Award</i>			
Recklessness	.49 <sup>b</sup>	.43 <sup>b</sup>	.45 <sup>b</sup>
Harm	—	—	—
Finances	—	—	—
Deterrence	—	—	—
<i>C. Criminal Negligence</i>			
Recklessness	.57 <sup>b</sup>	.59 <sup>b</sup>	.45 <sup>b</sup>
Harm	—	—	—
Finances	—	—	-.27 <sup>b</sup>
Deterrence	.15 <sup>c</sup>	—	—

<sup>a</sup> Entries are standardized regression coefficients (beta weights) of variables in the final equations in stepwise regression analyses. All items were coded for the analyses so that higher numbers indicate greater civil and criminal liability, higher awards, more financial resources, more deterrence, etc.

<sup>b</sup>  $p < .01$ .

<sup>c</sup>  $p < .05$ .

Separate stepwise regression analyses for respondents in the Mr. Jones and the Jones Corporation conditions produced similar overall patterns, but a few differences should be noted. In the Mr. Jones condition (Table 3, Column 2), Recklessness was a significant predictor, accounting for 27% of the variance in Civil Liability responses, but Finances also emerged as a significant factor, explaining an additional 4% of the variation. The greater the perceived financial resources of Mr. Jones, the greater the judgments of his civil liability, consistent with a deep pockets explanation. For the Mr. Jones respondents, Recklessness was the only significant predictor of total award and criminal negligence, accounting for 19% and 34% of the variance respectively.

Recklessness continued to be an important predictor for the Jones Corporation respondents (Table 3, Column 3), accounting for 20% of the variation in all three judgments of civil liability, total award, and criminal negligence. For the Jones Corporation respondents, Finances was a secondary significant predictor of judgments of civil liability and criminal negligence, accounting for an additional 5% and 7% of the variance, respectively.

However, the impact of Finances was opposite to that which would be expected from a deep pockets analysis. If financial resources was an important and independent consideration that pushed awards upward, we should have observed strong positive relationships between respondents' estimates of Finances and their civil judgments, particularly total award. However, the relationships be-

tween presumed financial resources and judgments of wrongdoing were negative: The less the perceived resources of the Jones Corporation, the greater the judgments of civil liability and criminal negligence. Also of note was the fact that total award and Finances were not significantly related in the Jones Corporation condition ( $r = -.05$ , n.s.). This pattern of responses suggests that in their Finances ratings, the Jones Corporation respondents were reflecting an evaluative assessment (e.g., a terrible fly-by-night corporation like Jones that would harm workers would not bother to be insured).

The combined results of the regression analyses indicate that the most important factor underlying all decisions was the respondent's judgment of recklessness. What does this suggest about the consistent differences between the Mr. Jones and the Jones Corporation conditions? Our conjecture is that *respondents made assessments of recklessness within the specific context of individual or corporate misbehavior, apparently applying a different standard of care to the two types of actors*. Those recklessness judgments then determined their decisions about criminal and civil culpability and the total award. Other considerations such as financial resources and deterrence appeared to play only a modest independent role.

### The Influence of Individual Differences

To assess the effects of attitudinal and demographic variables, we examined the relationships between these variables within the Mr. Jones and Jones Corporation conditions for respondents' assessments of civil liability, total award, and criminal negligence. Respondents' ratings of the ethical and moral practices of corporate executives and of small business proprietors were generally unrelated to their scenario judgments. Respondents' gender and social class were also unrelated.

Political liberalism-conservatism was significantly associated with judgments of civil liability and total award, but only in the Jones Corporation condition. In that condition, the more conservative the respondent, the lower the assessment of civil liability and the lower the total award ( $r = -.28$  and  $-.33$  respectively, both  $p$ 's  $< .01$ ). In the Mr. Jones condition, both correlations were nonsignificant ( $r = -.06$  and  $-.03$ , n.s.). Correlations between political orientation and criminal negligence judgments, however, were not statistically significant in either of the two conditions ( $r = -.10$  and  $-.16$ , n.s., for Mr. Jones and Jones Corporation conditions). This configuration of results indicates an association between political liberalism-conservatism and judgments of corporate but not individual civil wrongs.

Another interesting pattern of results emerged when we compared those respondents who were majoring in business and were planning a business career ( $N = 31$ ) with the remainder of the sample. Although their judgments of criminal and civil culpability were no different, the total awards of the business-oriented respondents were significantly *higher* ( $M = \$242,580$ ) than the awards of the others ( $M = \$192,581$ ;  $F(1, 197) = 5.54$ ,  $p = .02$ ). If we assume that the business-

oriented respondents had a more accurate assessment of the values of the claims, then the respondents who were more naive about business were apparently undervaluing the workers' claims. To further explore the impact of business knowledge and experience on judgments of corporate wrongdoing, it will be necessary to examine the reactions of other populations that have more familiarity with business.

## DISCUSSION

Even though our research provides an interesting new approach to studying attitudes toward corporate wrongdoing and its results converge with studies employing different methodologies, we want to note some limitations of the study before we discuss its broader implications. Although our study employed juror simulation methodology, we did not intend the study to be a highly realistic simulation of actual jury decision making. We used a student sample. In addition, although our respondents received much richer descriptions than participants in other crime-seriousness studies, the scenario presented less information than in a real trial court. Jurors would never serve in both civil and criminal proceedings, as our respondents did in the present experiment. And given current legal practices, the particular case we employed might not find its way to court.

Bray and Kerr (1982) and Lind and Tyler (1988) have argued convincingly that experiments need not exactly duplicate the real world to be valid. Furthermore, we doubt that the nature of the sample was responsible for the overall pattern of results. Studies comparing student ratings of crime seriousness to those of other subpopulations (Rossi et al., 1974; Sellin & Wolfgang, 1964) show similar response patterns, suggesting the appropriateness of student samples for experimental work. Although in future studies we hope to replicate the research with other populations and scenarios, we would maintain that the experimental method as we have employed it here is uniquely valuable in providing an analytical instrument to unpack the public's complex response to corporate wrongdoing.

The results of our experiment suggest that people have a strong, distinctive reaction to corporate wrongdoing. Even when their actions are identical, corporations and individuals are judged in divergent ways. Our respondents held the corporation to a higher standard, judged it to be more reckless and more morally wrong in its behaviors, and punished it more severely. Respondents defined recklessness differently for individuals and corporations, and these judgments of recklessness played a pivotal role in driving respondents' decisions about liability and negligence in the scenario case. The importance of recklessness in the present study converges with attribution research showing that intentionality is a key factor in the assignment of blame.

The discovery that our respondents reacted very negatively to corporate wrongdoing is consistent both with recent public opinion survey findings of hostility to corporate misbehavior and with research on people's attitudes toward white-collar and business crime. General favorability toward business evident

from survey studies does not appear to produce leniency toward business wrongdoing in individual cases. Interpreted broadly, the results of this study lend weight to the voices of many current scholars who argue that public unwillingness to sanction corporate misbehavior is a myth.

In the introduction we outlined a number of reasons why the corporate or individual identity of the wrongdoer might alter perceptions of wrongdoing, including financial and nonfinancial resource advantages, attributional phenomena, negative stereotypes of corporations, assumptions about the impact of punishment, and the individualistic orientation of the criminal justice system. It is useful to assess the extent to which our findings are consistent with these various sources of distinctive treatment.

The resource advantages of the corporation could explain why respondents defined recklessness differently for the corporation and the individual. If respondents presumed that the corporation possessed greater rationality and superior ability to foresee the consequences of its actions, they may have felt justified in insisting on a higher standard. Consistent with this possibility, our respondents indicated that the corporation was more likely to have known beforehand that the workers might be harmed.

However, an alternative explanation is also possible: that negative stereotypes of the corporation predisposed some of our respondents to perceive ambiguous corporate behavior skeptically. Certainly the apparent cynicism toward corporations revealed by our respondents fits with this alternative analysis. Respondents believed that the Jones Corporation was less regretful and more likely to engage in similar behavior in the future than Mr. Jones. In this light, the respondents' judgments that the corporation was more likely to have known beforehand may have reflected not so much their views of the superior abilities of the corporation but their beliefs about its greater propensity for maltreatment.

If negative stereotypes of corporations were responsible for the respondents' advocacy of harsher treatment of the Jones Corporation, we should have seen significant relationships between our respondents' attitudes toward the corporation and their scenario judgments. However, their ratings of the ethical and moral practices of corporate executives and of small business proprietors were not associated with their evaluations of the Jones Corporation. Interestingly enough, the respondents' political conservatism was significantly related to their judgments of corporate (but not individual) wrongdoing. The more liberal the respondents, the more they believed that the corporation was civilly liable and the more money they awarded to the plaintiffs. Political liberalism may predispose respondents to adopt an expansive view of corporate responsibility.

On the basis of our data, we cannot designate either perceptions of resource superiority or negative stereotypes as the motivating force behind differential treatment of the corporation. However, it is interesting to note that both of these factors are likely to produce greater demands on the corporation for compensation for wrongdoing.

As for the deep pockets effect, our respondents clearly differentiated the available financial resources of Mr. Jones and the Jones Corporation and awarded plaintiffs suing the corporation more compensation. Nevertheless, the regression

analyses indicated no consistent effect of presumed resources on awards. Instead, higher awards in the Jones Corporation condition were linked more strongly to recklessness judgments, suggesting that they functioned more to punish reckless behavior than to pick a deep pocket. Future research varying financial and non-financial resources of individuals and corporations could address the importance of each type of resource to judgments of wrongdoing. But our study hints that those who claim deep pockets influence jury awards may be neglecting to take into account a coexisting and more critical determinant: higher expectations of corporate behavior.

The finding that a group such as a corporation is attributed more responsibility than an individual for the same action has some suggestive implications for psychological theory. Although these effects could be due to the subjects' knowledge of resources or stereotypes of individuals and corporations, another possibility to be explored in future research is that the process of social categorization leads to inferences that groups and group actions have greater impact (Latane, 1981; Wilder, 1986).

There were some clues in the data that people may have distinctive preferences for punishing the corporation. The corporation was perceived to be less regretful and more likely to engage in similar harmful actions in the future, indicating the need for stronger sanctions to deter behavior. There was no evidence that the corporation benefited from the criminal justice system's individualistic orientation: Respondents were *more* likely to support criminal charges against the Jones Corporation than against Mr. Jones.

Our study bolsters arguments advanced in a recent theoretical paper by Donald Black (1987). Relying on historical and cross-cultural data, the author points out that although once families and clans provided some relief for individual misfortune, there was a historical shift toward individual responsibility, which reached its zenith in the nineteenth century. Since that time, there has been steady movement toward a different source of collective responsibility—the organization. Black perceives the contemporary expansion of theories of liability for organizations and the greater willingness of citizens to seek compensation from organizations for harm as part of a full circle, from one kind of collective responsibility (the family or kinship groups) to another (organizations). He proposes that as a consequence of these historical changes, we should now perceive the liability of groups to be greater than the liability of individuals. Our study provides striking support for Black's assertion by demonstrating that even under conditions of identical action and harm, the corporation is held more culpable than the individual.

## REFERENCES

- Black, D. (1987). Compensation and the social structure of misfortune. *Law and Society Review*, 21, 563–584.
- Bray, R. M., & Kerr, N. L. (1982). Methodological considerations in the study of the psychology of

- the courtroom. In N. L. Kerr & R. M. Bray (Eds.), *The psychology of the courtroom* (pp. 287–323). New York: Academic Press.
- Chin, A., & Peterson, M. (1985). *Deep pockets, empty pockets: Who wins in Cook County jury trials*. Santa Monica, California: The Rand Corporation.
- Clinard, M. B., & Yeager, P. C. (1980). *Corporate crime*. New York: Free Press.
- Cook, W. W. (1893). *The corporation problem: The public phases of corporations, their uses, abuses*. . . . New York: G. P. Putnam.
- Cullen, F. T., Maakestad, W. J., & Cavender, G. (1987). *Corporate crime under attack*. Cincinnati: Anderson Publishing Co.
- Cullen, F. T., Mathers, R. A., Clark, G. A., & Cullen, J. B. (1983). Public support for punishing white-collar crime: Blaming the victim revisited? *Journal of Criminal Justice*, 11, 481–493.
- Darley, J. M., & Latane, B. (1968). Bystander intervention in emergencies: Diffusion of responsibility. *Journal of Personality and Social Psychology*, 8, 377–383.
- Deschamps, J.-C. (1984). The social psychology of intergroup relations and categorical differentiation. In H. Tajfel (Ed.), *The social dimension: European developments in social psychology* (Vol. 2) (pp. 541–559). Cambridge: Cambridge University Press.
- Ermann, M. D., & Lundman, R. (1982). *Corporate deviance*. New York: Holt, Rinehart, & Winston.
- Epstein, R. A., Gregory, C. O., & Kalven, H., Jr. (1984). *Cases and materials on torts* (4th ed.). Boston: Little, Brown.
- Geis, G. (1973). Detering corporate crime. In R. Nader and M. J. Green (Eds.), *Corporate power in America* (pp. 246–258). New York: Viking.
- Gibbons, D. (1969). Crime and punishment: A study of social attitudes. *Social Forces*, 47, 391–417.
- Grabosky, P. N., Braithwaite, J., & Wilson, P. R. (1987). The myth of community tolerance to white-collar crime. *Australian and New Zealand Journal of Criminology*, 20, 33–44.
- Hammit, J. K., Carroll, S. J., & Relles, D. A. (1985). Tort standards and jury decisions. *Journal of Legal Studies*, 14, 751–762.
- Hans, V. P., & Vidmar, N. (1986). *Judging the jury*. New York: Plenum Press.
- Jacoby, J. (1980). *The American prosecutor: A search for identity*. Lexington, Massachusetts: D. C. Heath.
- Kaplan, J., & Weisberg, R. (1986). *Criminal law: Cases and materials*. Boston: Little, Brown.
- Kalven, H., & Zeisel, H. (1966). *The American jury*. Boston: Little, Brown.
- Latane, B. (1981). The psychology of social impact. *American Psychologist*, 36, 343–356.
- Lind, E. A., & Tyler, T. R. (1988). *The social psychology of procedural justice*. New York: Plenum.
- McCaughey, C., & Jacques, S. (1979). The popularity of conspiracy theories of Presidential assassination: A Bayesian analysis. *Journal of Personality and Social Psychology*, 37, 637–644.
- McCormick, A. E., Jr. (1977). Rule enforcement and moral indignation: Some observations on the effects of criminal antitrust convictions upon societal reaction processes. *Social Problems*, 25, 30–39.
- Newman, D. J. (1957). Public attitudes toward a form of white collar crime. *Social Problems*, 4, 228–232.
- Opinion Roundup. (1986, November/December). *Public Opinion*, pp. 21–28.
- Pritchard, D. (1986). Homicide and bargained justice: The agenda-setting effect of crime news on prosecutors. *Public Opinion Quarterly*, 50, 143–159.
- Roper, B. W., & Miller, T. A. W. (1985). Americans take stock of business. *Public Opinion*, 8(4), 12–15.
- Ross, E. A. (1907, January). The criminaloid. *The Atlantic Monthly*, 99, pp. 44–50. In G. Geis & R. F. Meier (Eds.), *White collar crime* (rev. ed.) (pp. 29–37). New York: Free Press, 1977.
- Rossi, P. H., Waite, E., Bose, C. E., & Berk, R. (1974). The seriousness of crimes: Normative structure and individual differences. *American Sociological Review*, 39, 224–237.
- Schrager, L. S., & Short, J. F. (1978). Toward a sociology of organizational crime. *Social Problems*, 25, 407–419.
- Sellin, T., & Wolfgang, M. E. (1964). *The measurement of delinquency*. New York: Wiley.
- Shaver, K. G. (1985). *The attribution of blame*. New York: Springer-Verlag.
- Sutherland, E. H. (1983). *White-collar crime: The uncut version*. New Haven: Yale University Press. (Original publication in 1949: *White-collar crime*. New York: Holt.)



- Swigert, V. L., & Farrell, R. A. (1980–1981). Corporate homicide: Definitional processes in the creation of deviance. *Law and Society Review*, *15*, 161–182.
- Tyler, T. R. (1987). Why people follow the law: Procedural justice, legitimacy, and compliance. Paper presented at the annual meeting of the American Psychological Association, New York.
- U.S. Congress: House. (1985). *E. F. Hutton mail and wire fraud case*. Hearings. Subcommittee on Crime of the Committee on the Judiciary, 99th Congress, 1st Session, June 19, July 19, and August 21. Washington, D.C.: U.S. Government Printing Office.
- Welch, W. (1985, May 16). Hearing feels heat from E. F. Hutton decision. *The Morning News*, Wilmington, Delaware: p. A14.
- Wilder, D. A. (1986). Social categorization: Implications for creation and reduction of intergroup bias. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 19) (pp. 291–355). New York: Academic Press.