



Losing Control: A Test of Containment Theory and Ethical Decision Making

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Abstract

This paper applies Reckless' theory of containment to the problem of unethical business decision making. Containment theory asserts that deviance will occur when controls are weakened to the point of being insufficient to contain motivated behavior in the presence of an unethical opportunity. The theory accounts for the presence of inner controls and outer controls, as well as factors that push or pull an individual toward deviant acts. Results of this study indicate that factors of outer containment may be more important to controlling the development of unethical business behavior. However, the influences of factors of containment, either inner or outer, vary by the type of situation an individual is facing.

Keywords: Containment Theory, Ethical Decision-Making, Deviance.

Introduction

The vast majority of studies exploring unethical business decision-making have used theories related to social processes (i.e. social learning, differential association, or rational choice) or positivism (i.e. the role of gender, biology, or factors of one's personality) to explain the occurrence of deviant acts. Collectively, these theories assert that deviant acts are the result of internal or external pressures to violate ethical standards of the business environment. Pressures within the business environment are assumed to move previously unmotivated individuals into a state of motivation, sometimes in interaction with other factors present in the environment, wherein individuals make the choice to engage in an act they know to be unethical.

However, what would happen if we were to think of all people as having some level of innate motivation? In a basic test of the general control thesis, this paper applies Reckless' theory of containment (1961a), a theory of internal and external controls, to unethical business decision-making in an attempt to assess how certain factors of inner and outer containment influence one's decision to engage in an unethical business act. To the author's knowledge there have only been a handful of studies using the control perspective to explain deviant business behavior, and none that have tested the theory of containment.

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This paper argues that understanding unethical business behavior does not require us to understand the situations or factors that may lead “good” people to go “bad”. Rather, we must understand how, in the presence of opportunities to engage in deviant acts, factors of control work to maintain conformity. The unethical acts being examined here are typically considered to be *mala prohibita* offenses – wrong because they are prohibited by law or regulation. Absent these laws, the behavior in question would be considered normal behavior as there would be no proscriptions against the behavior. As such, this paper also seeks to advance a theoretical discussion of how factors of control work to contain behavior that may be expected within the business environment. This expected behavior is performance maximizing and goal directed in nature, and represents a desire on the part of the actor to succeed at a given task or assignment. Businesses reward employees for taking just such an approach, however, the laws, rules, and regulations of the business environment work to contain such behavior when socially undesirable ends could be the result.

Theoretical Framework

Unethical business behavior will occur when controls are weakened to the point of being insufficient to contain motivated behavior in the presence of an unethical opportunity. Therefore, it may be appropriate to suggest that what needs to be understood is not why certain individuals engage in deviant acts, but rather what factors bring conformity to an inherently motivated population of potential offenders when those offenders are given opportunities to offend. Control theories seek to explain conformity to the rules and dictates of society, allowing for an exploration of the elements of society that constrain and control one’s behavior. Additionally, they allow us to understand how systematic breakdowns in elements of control lead individuals to engage in socially undesirable acts. When taken within the context of the work environment, deviant goal seeking and performance-maximizing behavior should be expected when individuals are given the opportunity to engage in unethical acts, and controls are weakened to the point that they are unable to prevent the occurrence of undesirable behavior.

The drive to maximize our own self-interests provides a constant motivation to engage in some form of deviance (Gottfredson, 2006). The only thing stopping us from engaging in acts that society has deemed to be socially injurious are controls. From the perspective of social control theories, like containment theory, all controls are social controls. This is because controls form out of the bonds that we have with society, as these bonds force us to recognize the social undesirability of our behavior, as well as to contemplate the effects of our actions on those with whom we have formed the bond (Hirschi, 1969). When these social controls weaken, we are freed to engage in deviant activities and will seek to pursue a maximization of self-interest until current controls are strengthened, or new controls are put in place.

Furthermore, containment theory assumes that controls, both inner and outer, develop throughout the life course beginning with early life socialization. From the very moment that we are exposed to standards of right and wrong that are reinforced by significant others, we are exposed to behavioral controls (Cullen, Benson & Makarios, 2011). As we progress throughout adolescence and even into adulthood, the influence of our peers’ behavior and values orientation influences our decision-making by acting as a type of control that influences our own values and attitudes (Young & Rees, 2013). In short, the effects of factors of containment are dynamic and change with life-course trajectory

adjustments, as well as with social, personal and environmental changes (Na & Paternoster, 2012).

Other theories of ethical decision-making (Kohlberg, 1971; Rest, 1986) suggest a similar approach to moral development, where one's moral reasoning skill level progresses over time. As individuals progress throughout life, they learn new means of problem-solving that allow for a more ethical approach to decision-making (Roberts and Wasieleski, 2012). Containment theory similarly argues that the use of decision-making skills is dynamic – once an individual learns a new way to approach an ethical dilemma, the use of this approach in solving ethically challenging issues will depend upon the level to which the individual identifies with the approach. In short, possessing the skill and using the skill are two very different things.

Containment Theory

While control theories, in general, assert that deviant behavior is a reflection of self-interested behavior, containment theory goes one-step further by taking into account variation in opportunities for deviance. However, unlike other control theories (e.g., social bonds, self-control and, power-control) containment theory is not a “general theory” in that it is not intended to be applied to all varieties of offending (Reckless, 1961a). Specifically, Reckless (1961b) states that containment theory is not appropriate for acts considered to be irrational (i.e., impulsive), acts resulting from severe psychological distress, or acts of “parasitic” cultures (i.e., cultures defined by begging or panhandling, or criminogenic communities). Previous research has found that deviant acts occurring within the business environment are highly rational (Paternoster & Simpson, 1996; Piquero, Exum & Simpson, 2005), and that deviant actors are far from being in a state of psychological distress, nor are these actors part of an established and accepted community of deviance.

Reckless' theory, therefore, is a good fit for exploring issues of deviant activity within the business environment, yet it cannot be applied to all types of deviant business behavior. Because the theory assumes a rational actor operating within an environment of socially defined deviance, acts that could be considered to be wrong *per se* (e.g., corporate violence, pollution leading to death/significant harm to the environment) should not be studied using containment theory. Containment theory is not a general theory of deviance, rather it focuses upon rational acts that, but for some social undesirability, would be normal behavior.

Containment theory accounts for the presence of inner (internal to the individual) and outer (originating through one's association with some group or culture) controls, as well as factors that *push* or *pull* an individual toward deviant acts (Reckless, 1961b). In particular, containment theory asserts that there is an ordering to these elements, with factors of inner containment being developed to address the onset of deviant pushes, and factors of outer containment serving as secondary reinforcement mechanisms and buffers against deviant pulls (Reckless, 1961a). According to Reckless, we should expect to see factors of inner containment exhibit a strong and primary influence on decision making over and above the factors of outer containment.

Hypothesis 1: Breakdowns in factors of inner containment will display a stronger relationship with unethical decision making when compared to breakdowns in factors of outer containment.

Deviant Pushes and Pulls. Reckless (1961b) stated that factors of containment sit between the social *pulls* and inner *pushes* that lead to deviant acts. Within the business environment, this relationship can be conceptualized in the following way: 1) individuals come into the business environment with a focus on goal attainment and performance maximization – inner pushes directing their behavior within the workplace; 2) factors of inner control work to contain the individual's desire for illicit or unethical goal attainment/performance maximization in accordance with one's internalized standards of appropriate behavior both within and outside of the business environment; 3) factors of outer containment are developed through the individual's interaction with the business environment, creating buffers that protect against the development of deviant business behavior; and, 4) social pulls within the business environment work in concert with inner pushes to weaken factors of inner and outer containment, freeing the individual to engage in deviant acts.

A situation that may *push* an individual toward a deviant act is one in which the individual feels some type of pressure to engage in deviance as a way to escape, or improve, their current situation (Lilly, Cullen and Ball, 2007). As the individual is self-interested, the presence of the negative situation is pushing them toward a socially undesirable act because they see this act as a way to alleviate their current pain. The only thing keeping the individual from engaging in the undesirable behavior is the presence of strong factors of inner or outer containment.

Pulls are factors that “draw” an individual away from social conformity. Despite the innate desire to engage in self-interested behavior, factors of containment work to direct an individual toward pro-social action, whereas pulls work to free the individual from these factors of containment. Factors that *pull* an individual into socially undesirable behavior are things like the presence of opportunities for deviance, one's close attachment to antisocial peers, and the influence of pro-deviant networks or groups. As these pulls increase in their intensity, the self-interested nature of the individual will free them to follow along with the deviant pulls. However, if factors of containment are strong, such self-interested behavior can be contained. These concepts of deviant pushes and pulls acknowledge that opportunities for specific forms of deviance are not ubiquitous throughout society. Therefore, the influence of specific factors of inner and outer containment should be expected to vary across individuals and situations.

Inner Containment. Factors of inner containment represent self-imposed limits on one's conduct that are formed out of a recognition and internalization of pro-social norms, as well as one's attachment to pro-social ideals. While factors of one's personality may have an influence on decision-making, this influence may merely be a reflection of the way in which personality shapes the systematic development of factors of inner containment.

For example, much has been written about the relationship between gender and ethical decision making, and while the evidence as a whole is mixed, a large portion of the evidence does suggest that women are typically more ethically inclined than men (Loe, Ferrell & Mansfield, 2000; Piquero & Moffett, 2014). However, work by Daly (1989) and Dodge (2007) suggests that gender-based differences found in empirical tests of deviant white-collar behavior may represent the gender-based differential distribution of

opportunities, as well as the strong influence of gender-based socialization during developmental and formative years.

According to Reckless, aspects of inner containment, such as one's ability to avoid risk seeking behavior, aid the individual in rejecting the deviant pushes and pulls they may experience (1961b). Reckless (1961b) further states that inner containment is in the best position to act against the pushes and pulls toward deviant acts that one may experience. He asserts that strong factors of inner containment, in conjunction with factors of outer containment, make it easier to contain deviant behavior. This idea has support in the literature that has tested control theories on other types of deviant behavior, with several authors finding that factors of inner and outer containment were significantly related to the avoidance of delinquent behavior (Gibson & Wright, 2001; Lawrence, 1985; Jensen, 1973). As the opportunity for deviance changes, so too should the influence of factors of inner containment, as individuals rely upon different aspects of their personality to address the situations they face.

Hypothesis 2: The influence of factors of inner containment will vary across different types of unethical business situations.

Outer Containment. Factors of outer containment work to tie the individual to some group or association that has value to the individual, and with which the individual has made a conscious choice to identify. Reckless (1961b) identified these factors as "buffers" established by groups supportive of one's pro-social behavior. Because there are many different external buffers that originate from many different sources, it is likely the case that no one factor of outer containment will exhibit universal influence over an individual's behavior. Irrespective of the fact that many factors of outer containment may be present within the business environment, one may only be expected to internalize those factors that have some level of importance to their specific business role. Even when considering the case of general ethical business principles, it should be expected that individuals will internalize these principles to varying levels. It is also possible that people will chose to suspend these factors at times when deviant pushes or pulls exert a significant influence on their decision-making.

Hypothesis 3: The influence of factors of outer containment will vary across types of unethical business situations.

The Role of Opportunity. The opportunity perspective has come to define a large portion of the criminological literature, and it is generally acknowledged that without opportunity there can be no deviance. However, opportunities for deviant business behavior have previously been viewed by crime scholars as pervasive, as opposed to being limited by situational and contextual factors. These factors include one's position within the company, the level of autonomy and responsibility given to the individual, the specific role being performed by the individual, and the need for the individual to recognize the presence of the opportunity and include the opportunistic behavior in their normal pattern of behavior (Simpson & Piquero, 2002). This study acknowledges the role of opportunity, yet it presents all respondents with the same level of opportunity to engage in an unethical act.

If the influence of opportunity were ubiquitous across situations, then one might expect to see individuals with weakened factors of containment engaging in a whole host of unethical acts. However, if individuals are selective in their choices to engage in unethical acts irrespective of opportunity, it is possible that factors of containment gain or lose salience across different situations. This variability is what should be expected, as we cannot assume that weakened factors of containment that lead an individual to engage in unethical actions in one situation will lead this same individual to engage in unethical actions in every potential situation.

Hypothesis 4: Individuals who choose to engage in one type of unethical act cannot be expected to engage in all types of unethical acts.

Methods

Data and Sample

Data for this study were obtained from a sample of undergraduate and graduate students registered for classes during the fall 2009 semester at two mid-western universities. There were a total of 90 useable surveys returned to the author. A survey was deemed to be useable if data on relevant measures were present, and at least one of the situational vignettes was completed. Because of differences in the completion of situational vignettes, the sample sizes for statistical analyses varied.

Measures

Dependent Variables. Three dichotomous dependent variables were created to capture responses to three ethically challenging business situations addressing financial manipulation (2 scenarios), and accepting inappropriate gifts. Respondents were asked how they would act in the given situation were they to be in the role of the actor in the vignette. Responses to each of the scenarios were open-ended and allowed the respondent to state, in their own words, what they would do. The responses were coded into one of two outcomes: the individual indicated they would engage in an unethical activity, or they indicated they would refrain from engaging in the activity. No guidance was given as to what would be an appropriate or an inappropriate response, and there was no guidance given as to how long or short their answer should be.

The author coded the open-ended responses to the several situational vignettes. Following this, two graduate students unaffiliated with the study independently coded these same responses; their results were combined with those of the author and a Krippendorff's alpha reliability estimate was calculated to determine the level of intercoder reliability. This procedure produced an alpha of .8083 and a probability of failure (q) of 4.12%; these values indicate there is a high level of coder agreement regarding the open-ended responses obtained from survey respondents. Where disagreements upon the coding of a response occurred, the author and the two coders reviewed the items in question and came to a consensus regarding the appropriate coding choice. In all such cases (n = 24, 10%) one of the coders was unclear about a respondent's answer.

The first vignette, a financial manipulation situation, addressed a sales manager's decision to improperly record a sale that had yet to be made. The vignette stated:

Due to the poor economy, a company's sales organization is \$10,000 short of reaching its quarterly goal. The sales manager chooses to record a sale of \$12,000 in this quarter that would not officially close until the following quarter.

This situation captures a push toward deviance because the sales manager is seeking to move out of their current undesirable position; recording the sale early would allow the sales manager to alleviate the stress resulting from their inability to reach a legitimate business goal, however no one is explicitly pressuring the manager to engage in the unethical act. Two clear categories of responses emerged from the data: one group of respondents indicated that they would not go along with the activity, while the other group indicated they would have no issue with recording the sale early. Responses from the later grouping of respondents captured the fact that they had no strong aversion to the activity: *"I don't think it makes a difference, the money was made either way," "Do the same thing,"* and *"I might do the same thing, even though I know it's unethical."* The following responses were typical of individuals who indicated they would not engage in the behavior: *"Record the sale in the proper quarter," "Report the actual figures,"* and *"Not record, violation of accounting principles."*

The second financial manipulation vignette placed respondents in the position of an individual being asked to engage in an unethical business activity while under the direction of a senior official, capturing a "pull" toward deviance. This situation represents a pull toward deviance because the superior is coercing the subordinate into a deviant activity; absent the superior's directives, this individual would not feel pressure to engage in the deviant act. Specifically, the vignette stated:

A young executive has been placed under the mentorship of a senior company executive. The senior executive shares business practices used by the company which are meant to misrepresent the company's financial statements by making them appear better than what they truly are. The young executive is informed that the practices are normal procedure for the company, and that he will be expected to follow them as well.

As with the previous vignette, clear differences presented themselves when comparing individuals who responded in a way that was condoning of the activity, and those who saw the behavior as unethical. Responses that indicated the respondent was willing to engage in the behavior were similar to the following: *"Do as I was told," "Go along with it, it is difficult to get a good job,"* and *"I would probably go along with it (for awhile)."* Conversely, responses indicating that the respondent wanted no part in the activity were as follows: *"Quit," "Not play with the numbers,"* and *"Not be unethical."*

In the final vignette, accepting inappropriate gifts, respondents were asked what they would do if they were offered a gift from a company to which they owed a duty to be impartial; this would represent another "pull" toward deviance. Specifically, the vignette stated:

An independent accountant receives an expensive gift from a company for which she is contracted to perform work. The gift is received a week prior to the completion of the company's financial statements, and a positive review would mean an increase in the company's stock price.

Unlike the other vignettes, this situation does not present a clearly unethical situation, but rather one that could be determined to be unethical by the respondent. Because no information is given regarding the accountant's actual action, what is being assessed is the

respondent's belief about the ethicality of accepting the gift. This situation represents a pull toward deviance because, but for the offer of the company, the accountant would not have the opportunity to engage in a potentially deviant act. The offer by the company acts as an incentive that works to pull the individual away from conformity and toward deviance.

As such, respondents who chose to engage in the act may have done so because they did not perceive the act to be deviant, rather than because of a desire to engage in a deviant act. Responses indicating the individual would go along with the behavior were typically stated as follows: "Yes, I like gifts," "It is just a gift," and "I don't owe them anything for it." Responses indicating the individual would not go along with the behavior were typically stated as: "No, accepting gifts is unethical," "It is improper," and "It is still a bribe."

Factors of Inner Containment. Factors of inner containment originate from within the individual and work to maintain pro-social behavior. The factors of inner containment used in this study capture characteristics of respondents that are innate to the individual, and which affect socialization over the life-course. The variable *Gender* is measured using a dichotomous variable capturing the gender (Female = 1) of the respondent. *Egoism* is the notion that an individual engages in activities that will ultimately advance their own self-interests, and provide the individual with a way to maximize the obtainment of goals that are of primary value to the individual. As such, an individual with a high level of egoism is likely to view the attainment of goals from an intrinsic point of view; the value of the goal is determined by what the individual receives from reaching the goal.

This self-focused behavior has been linked to multiple forms of deviance (Piquero, 2012; van Gelder & de Vries, 2012; Weigel, Hessing & Elffers, 1999), and has a great impact upon the pursuit of tangible rewards that represent great intrinsic value to the individual. To measure *Egoism*, respondents were asked a series of questions related to their desire to be perceived by others as being successful. Respondents were asked to indicate on a scale of 1 to 5, where "1" = "not at all important" and "5" = "very important," how important the following were: *having nice clothes and shoes to wear; that others think they are wealthy; to make more money than peers; that others think they are successful; and, having money to buy expensive things.*

A principle components factor analysis indicated that a single factor solution was the most appropriate fit for the data. This factor accounted for 52.8% of the total variance and all measures loaded at .645 or higher. Regression scores from the factor analysis were saved and used in the several regression analyses with higher scores on this index indicating higher levels of egoism. A reliability analysis of these measures produced a Chronbach's alpha of .764.

The measure *Risk* was created to serve as a proxy for the respondent's personality, and in general it reflects their propensity to engage in risky and impulsive behaviors. The variable is composed of several measures used by Grasmick, Tittle, Bursik and Arneklev (1993) in a study of self-control theory. For the current study, four measures of risk seeking behavior and impulsivity, as identified by Grasmick et al. (1993), are used. The measures were: "I often act on the spur of the moment without stopping to think," "I often do whatever brings me pleasure here and now, even at the cost of some distant goal," "I like to test myself every now and then by doing something a little risky" and, "Sometimes I will take a risk just for the fun of it."

Because this study does not utilize the full Self-Control scale as delineated by Grasmick et al., it was necessary to consider whether it was appropriate to assume that these items formed a unitary concept. The measures were analyzed using a principle components factor analysis, which indicated that a single factor solution was most appropriate: this factor accounted for 53% of the variance. Regression scores obtained from the factor analysis procedure were saved and used in the subsequent statistical analyses. Higher scores indicate that the respondent had a higher propensity to engage in risk seeking behavior. Reliability analyses produced a Cronbach's Alpha of .703.

Factors of Outer Containment. These measures capture factors originating outside of the individual as a result of their selection into certain groups or environments. The variable *Business Student* indicates whether the respondent was enrolled as a student in a college of business at the time the survey was completed. Students enrolled in a college of business are exposed to the general business principles and concepts delivered through the business education process. This is not to suggest that non-business students have not been socialized to seek out "business-like" objectives, rather this variable reflects the fact that business school coursework focuses exclusively upon preparing students to enter the business world (Cornuel, 2005; Prince & Stewart, 2000). This focus places a particular emphasis on the benefits of goal attainment, and performance maximization within the business environment.

The variable *Business Ethics* captured the respondent's level of ethical business standards, and represents the extent to which they have internalized factors of outer containment. This measure has been adapted from Froelich and Kottke's (1991) study of individual beliefs regarding organizational ethics. Froelich and Kottke identified two ethical scales comprised of a total of 10 measures; the present study uses nine of these measures, as well as an additional and related measure, to recreate the scales developed by Froelich and Kottke. A list of these measures, along with their factor loadings, can be found in Table 1.

This study uses only nine of the original measures because one measure was determined to be too ambiguous for the present study. This measure read "It is okay for a supervisor to ask an employee to support someone else's incorrect viewpoint," and does not address the occurrence of unethical or illegal behavior in the same way as the other measures in the index. The measure that was added follows the "lying to protect the company" theme established by Froelich and Kottke (1991) by addressing the appropriateness of lying to a government official to protect the company.

A principle components factor analysis was used to determine whether these 10 measures captured similar ethical themes as Froelich and Kottke's (1991) study. A review of the analysis results (Eigenvalues and scree plot) indicated that a two factor solution was the most appropriate fit for the data, a solution that explained a total of 55.088% of the variance. The first factor (*Lying*) was composed of six measures, and accounted for 43.658% of the variance; all items loading at .519 or higher. Similar to Froelich and Kottke's second factor, these items capture an individual's willingness to lie to protect the company. The second factor (*Support*) was composed of four measures and accounted for an additional 11.43% of the variance; all items loaded at .599 or higher. These items capture an individual's support for unethical behavior occurring within the company. Reliability analyses produced a Cronbach's alpha of .838 for the first factor, and .641 for the second factor.

Regression scores for both factors were saved to be used in the several logistic regression analyses. Higher scores on each factor indicate the respondent holds a higher level of ethical standards. While the current analysis does a good job of recreating the Froelich and Kottke scale, it is interesting to note that one measure found in their factor of *Support the Company* (“sometimes necessary for the company to engage in shady practices”) loaded onto the factor *Lying to Protect the Company* in the current analysis. It is possible that respondents in this study made qualitative connections between the various acts of lying to protect the company and a company’s need to engage in shady company practices.

Table 1. Measures Used to Create Ethical factors

<u><i>Lying to Protect the Company</i></u>	<u>Loadings</u>
It is sometimes necessary for a company to engage in shady practices.	0.519
An employee may need to lie to another company's representative to protect the company.	0.827
An employee may need to lie to government officials to protect their company.	0.844
An employee may need to lie to a supervisor/manager to protect their company.	0.682
An employee may need to lie to a coworker to protect their company.	0.765
An employee may need to lie to a customer/client to protect the company.	0.526
Eigenvalue:	4.366
<u><i>Support for Deviant Company Practices</i></u>	<u>Loadings</u>
It is more important to act ethically in business than to make a profit.	0.749
There is nothing wrong with a supervisor asking an employee to falsify a document.	0.637
An employee should overlook someone else's wrongdoing if it is in the best interest of the company.	0.599
A supervisor should not care how results are achieved as long as the desired outcome occurs.	0.615
Eigenvalue:	1.143

Results

Preliminary Analyses

A preliminary exploration of the data found that 53 (58%) respondents indicated they would not engage in any of the unethical acts described in the situational vignettes. Of the 37 respondents who indicated they would engage in an unethical act, 21 would engage in only one act, 14 indicated they would engage in two of the acts, and two respondents indicated they would engage in all three. With respect to each scenario, nine (10%) respondents indicated they would engage in the first act of financial manipulation (sales manager scenario), while 25 (27.8%) indicated they would engage in the second financial manipulation situation. A total of 18 (20%) respondents indicated they would accept an inappropriate gift. Respondents who indicated they would engage in only one activity were significantly more likely to choose to engage in the second financial manipulation scenario (manipulation of a company's financial documents) than any other scenario ($\chi^2(1) = 4.818, p < .05$). These findings indicate support for Hypothesis 4. Only 2.2% of all respondents chose to engage in all three acts of deviance, and the majority of respondents who did choose to engage in an unethical act (21, which is 23% of the total sample or 57% of those who chose to engage in an unethical act) chose to engage in only a single act.

Regression Analyses

A step-wise binomial logistic regression was used to determine which of the independent variables significantly predicted the choice to manipulate sales figures in order to help one's sales team reach its quarterly goal. Results indicate that at Step 1, none of the factors of inner containment attained statistical significance and the model was not reliable in distinguishing between the choice to manipulate the sales figures ($\chi^2(3) = 1.294, p = .731$). At Step 2, however, the model reliability does reach significance ($\chi^2(6) = 12.780, p < .05$), and the model correctly classified 90.1% of the cases. Regression coefficients are displayed in Table 2, and indicate that respondents who are more likely to lie to protect the company (*Lying*: 1.491, $p < .05$) and those who are more likely to support deviant behavior within the company (*Support*: 1.360, $p < .05$) are significantly more likely to choose to manipulate sales figures.

Next, a step-wise binomial logistic regression was conducted to determine which of the independent variables significantly predicted the choice to manipulate a company's financial statements. At Step 1, the model was able to reliably determine between the choice to manipulate the company's financial documents ($\chi^2(3) = 15.200, p < .01$), and correctly predicted 76.1% of the cases. The only variable at this step to attain statistical significance was *Ego* (1.023, $p < .01$), which indicated that as one's level of egoism increased, so did the likelihood they would manipulate financial documents. At Step 2, the addition of the remaining independent variables improved the model fit as the -2 log likelihood decreased from 76.922 at Step 1 to 56.700 at this step. Additionally, the model reliability statistics improved ($\chi^2(6) = 35.421, p < .001$), as did the model's ability to correctly predict cases, which increased to 83.1%.

Table 2: Results of Binomial Logistic Regression Models

<i>Regression Coefficients for Sales Manager Financial Manipulation Model</i>						
	Step 1			Step 2		
	<u>B</u>	<u>S.E.</u>	<u>Exp(B)</u>	<u>B</u>	<u>S.E.</u>	<u>Exp(B)</u>
Gender	-.286	.731	.751	.338	.867	1.403
Risk	.394	.405	1.482	.016	.456	1.016
Egoism	-.122	.381	.886	-.629	.452	.533
Business Ethics				-2.116	.782**	.121
Previous Ethics Course				.029	.862	1.030
Business Student				.799	.917	2.224
Constant	-1.975***	.502	.139	-	3.295**	1.131**
Nagelkerke R ² :	.032			.291		

<i>Regression Coefficients for Manipulation of Company financial Documents Model</i>						
	Step 1			Step 2		
	<u>B</u>	<u>S.E.</u>	<u>Exp(B)</u>	<u>B</u>	<u>S.E.</u>	<u>Exp(B)</u>
Gender	-.107	.571	.898	-.329	.697	.720
Risk	.190	.315	1.209	-.575	.453	.563
Egoism	.917**	.333	2.502	1.146*	.478	3.145
Business Ethics				-	1.909**	.647
Previous Ethics Course				.256	.691	1.292
Business Student				-1.723	.787	.179
Constant	-.695	.422	.499	.021	.707	.979
Nagelkerke R ² :	.234			.535		

<i>Regression Coefficients for Financial Manipulation Model</i>						
	Step 1			Step 2		
	<u>B</u>	<u>S.E.</u>	<u>Exp(B)</u>	<u>B</u>	<u>S.E.</u>	<u>Exp(B)</u>
Gender	-.043	.622	.958	.012	.706	1.012
Risk	.027	.346	1.027	-.326	.455	.722
Egoism	.960**	.339	2.612	-.987*	.416	2.683
Business Ethics				-.608	.497	.545
Previous Ethics Course				1.801**	.681	6.054
Business Student				-.794	.733	.452
Constant	-1.378**	.470	.252	-1.994*	.776	.136
Nagelkerke R ² :	.210			.418		

Note: * = $p < .05$, ** = $p < .01$, *** = $p < .001$

Regression coefficients for both steps are displayed in Table 2, and indicate that at Step 2 *Ego* remained statistically significant, yet its level of significance decreased (1.090, $p < .05$). Additionally, respondents who were more supportive of lying to support the company (.969, $p < .05$), and more supportive of deviant company behavior (1.496, $p < .01$), were significantly more likely to choose to manipulate a company's financial documents. Collectively, this indicates that respondents with higher levels of egoism, lower inhibitions against lying to protect the company and lower levels of resistance to deviant company behavior were more likely to engage in this unethical activity. The coefficients also suggest that choosing to manipulate a company's financial documents is most strongly influenced by one's willingness to go along with deviant company practices.

The final step-wise regression was conducted to determine if the independent variables were significant predictors of the choice to accept an inappropriate gift. At Step 1 the model reliably determined between the choice to engage in the act ($\chi^2(3) = 12.207$, $p < .01$), and correctly predicted 76.7% of the cases. As with the previous model, the only variable at this step to attain statistical significance was *Ego* (1.075, $p < .005$), which indicated that as one's level of egoism increased, so did the likelihood they would accept an inappropriate gift. At Step 2, the addition of the remaining independent variables improved the model fit as the -2 log likelihood decreased from 67.032 at Step 1 to 59.904 at this step. Additionally, the model reliability statistics improved ($\chi^2(6) = 19.334$, $p < .005$), as did the model's ability to correctly predict cases which increased to 82.2%.

Regression coefficients for both steps are displayed in Table 2 and indicate that at Step 2 *Ego* remained statistically significant (1.334, $p < .005$). However, none of the factors of outer containment attained statistical significance. These results suggest that individuals with higher levels of egoism are more likely to accept a gift that could be viewed as being inappropriate, while factors of outer containment do not significantly affect one's decision to engage in the act.

Discussion and Conclusion

This paper tested Reckless' theory of containment in an effort to understand how factors of control work to contain the occurrence of deviant business behavior. This study's first hypothesis was that breakdowns in factors of inner containment would display stronger relationships with unethical decision making than breakdowns in factors of outer containment. The results of the analyses offer partial support for this hypothesis. Results suggest that for certain acts occurring within the corporate environment, factors of outer containment may be more important to preventing unethical behavior than are factors of inner containment. This relationship breaks down when considering acts that do not present clear violations of ethical or legal standards, but may rather reflect differences in personal standards of behavior. On the whole, findings appear to contradict Reckless' assertions regarding the relationship between factors of inner and outer containment, as the influence of factors of control are likely to vary by the situation being faced.

The nature of the business environment is such that one's behavior is typically defined, at least in part, by the role they occupy within an organization. This role places limitations or buffers upon one's conduct. Accordingly, it may be expected that, so far as the business environment is concerned, factors of outer containment may be more important to controlling clearly defined deviant business activity.

When an individual enters the business environment, they learn certain manners of dress, speech, action, and interpersonal exchange (Buchanan, 1974; Schleef, 2006). In the absence of these processes, the individual will likely act in a manner similar to the manner in which they acted prior to entering the organization. Results suggest that it is important to understand how breakdowns occurring in factors of outer containment free individuals to engage in deviant behavior in circumstances where the act in question is ethically ambiguous. When ethical ambiguity does exist, employees may ignore factors of outer containment and instead rely upon the factors of inner containment that have guided their behavior throughout their lives.

This study's second hypothesis that the factors of inner containment would vary across the several situations, is supported. This assessment rests upon the fact that none of the factors of inner containment attained statistical significance in the first model, *Egoism* attained statistical significance in the second model, yet its influence was reduced with the addition of factors of outer containment, and finally, *Egoism* was the only variable to attain significance in the third model. The fact that *Egoism* reached statistical significance also suggests something about the role inner containment plays in controlling unethical business behavior. Namely, aspects of personality that aim to increase personal rewards and maximize one's attainment of goals viewed as pleasurable and desirable can significantly increase the likelihood of deviance (Wiebe, 2006).

This study's third hypothesis was that the influence of factors of outer containment would vary across the several situational vignettes; this hypothesis is supported. In the first model, two factors of outer containment, *Lying* and *Support*, attained statistical significance, and the same variables attained significance in the second model as well. However, the relative influence of each variable changed over the two models, with *Lying* exerting a greater influence in model one, and *Support* exerting a greater influence in model two. Finally, no factor of outer containment attained statistical significance in model three. These results collectively indicate that the influence of factors of outer containment will vary by the type of situation being addressed.

The fourth hypothesis stated that individuals who engage in one deviant act cannot be expected to engage in all types of deviant acts; this hypothesis is supported. Out of the three scenarios presented to respondents, those respondents choosing only to engage in one act were more likely to engage in the second financial manipulation scenario. This may be a result of the scenario itself as the respondent was following the directions of a superior who was telling them to engage in an unethical act as part of their job. It is possible that this situation was significantly more likely to be chosen by those who engaged in only one offense because it captures something other than the respondents desire to seek performance maximization or goal attainment – namely, the fear of losing their job. Several respondents indicated through their responses that they would engage in the act not because they felt comfortable with manipulating financial documents, but because they felt their job depended upon them performing such an act. Many of these respondents felt as though they had no choice but to engage in this act, as failure to do so would place their employment in jeopardy.

Limitations and Future Research

As with any research study, there are limitations to the current study that need to be addressed. The first limitation needing attention is related to the generalizability of the results due to the study's small sample size. However, as this was an exploratory test of a novel theory on a unique social problem, these results should induce researchers to conduct further tests of containment theory with larger, more representative samples. The findings from this study should be used to guide future discussion on the usefulness of applying containment theory to understanding and addressing the problems associated with unethical business decision making.

The generalizability of this study's results is also limited by the overall number of factors of containment included in the several analyses. As this was a preliminary test of containment theory, it was determined that the best analytical strategy would be to focus upon those variables that would best capture factors affecting business decision makers. Therefore, future research should begin to include additional relevant variables to determine which factors are most important to understanding unethical business behavior. Additionally, because of the potential for interactions between factors of inner and outer containment (Reckless, 1961b), and because of the situational and contextual nature of opportunities for deviance (Koch, 1998), future research should include variables at multiple levels of analysis, while utilizing appropriate tests to explore the impact of these cross-level interactions.

Future research should also explore the possibility of relationships existing between the sources of deviance (push vs. pull) and factors of inner and outer containment. It is possible that within the business environment, factors of containment may have differential influences on decision making depending upon the source of the deviance. Future research should also explore the influence of additional factors of inner containment, as these factors may be important to understanding the decision to engage in unethical business behavior. However, within the current study it is interesting that neither of the other two factors of inner containment (gender, risk seeking behavior) came close to reaching an acceptable level of statistical significance, specifically that of gender given the long literature supporting its relationship with unethical business behavior.

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