
A STUDY ON WHITE COLLAR CRIME AND ITS IMPACT ON THE SOCIETY WITH SPECIAL REFERENCE TO CHENNAI

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ABSTRACT

White Collar Crime refers to non-violent offences committed by individuals or corporations, typically in the business or professional world, for financial gain. Examples of such offences include fraud, embezzlement, insider trading, bribery, money laundering, cybercrime etc. These actions can erode trust in institutions, businesses, and professionals. The individuals in positions of authority who engage in unethical behaviour can damage the credibility of entire industries and professions, leading to decreased public trust. This can have economic consequences, as investors may become hesitant to invest in markets perceived as susceptible to fraud or manipulation. There are various laws covering different types of white collar crime but no codified law in India. Empirical research was conducted in this study. The study was conducted in Chennai with 200 samples through a simple convenient sampling method. The independent variables are gender, age, educational qualification, occupation and place of living. From the study it came to be known that the white collar crime on low income and minority communities are likely to become victims of fraud and other scams. The major effect of white collar crime is financial losses as it is non violent crime in nature as it is individuals in the positions of trust and access to financial resources who have committed such crimes. By improving corporate governance and by implementing effective laws it can be prevented. Finally, prosecuting white collar crimes can be complex and resource intensive, requiring extension investigations and legal proceedings. Law enforcement agencies and regulatory bodies must allocate substantial resources to identify, investigate and prosecute perpetrators, diverting resources from other priorities. This used to understand and observe the white collar crime which most people were not aware of, it's really a needed topic to society.

Keywords: White Collar Crime, Criminology, Higher authority, Financial fraud and Trust.

INTRODUCTION

White-collar crime, a term coined by sociologist Edwin Sutherland in the late 1930s, refers to non-violent offences committed in the business, finance, and professional sectors. These crimes, which include fraud, insider trading, embezzlement, and corporate misconduct, can have significant impacts on society including erosion of trust, economic distortion, and perpetuation of inequality. While often concealed behind a facade of respectability, these offences wield profound and insidious effect on society, undermining trust, distorting economic structures, and perpetuating inequality. Understanding the multifaceted repercussions of white collar crime is imperative for devising effective strategies to combat its prevalence and mitigate its adverse impacts on the fabric of our communities. By examining specific instances and trends within the region, the study seeks to identify key factors contributing to the perpetuation of the white collar crime and assess the efficacy of existing regulatory mechanisms in addressing these challenges. Furthermore, the research endeavours to shed light on the broader societal implications of white collar crime, including its impact on trust, inequality, and public perception of governance. In India, there are various laws governing White Collar Crimes. The Indian Penal Code, 1860 is a central law governing a range of white collar crime like cheating, forgery, criminal breach of trust (embezzlement) and criminal conspiracy. There are several laws targeting particular white collar crime including The Prevention of Corruption Act, 1988 for bribery and corruption, The Companies Act, 2013 for corporate fraud, The Information Technology Act, 2000 for cyber crimes like hacking and data theft, The Prevention of Money Laundering Act, 2012 for laundering illegally obtained funds, The Securities and Exchange Board of India, 1992 (SEBI) Act for securities fraud etc. There is no single act which covers overall White Collar Crime. The Investigating Agencies are the Central Bureau of Investigation (CBI) which investigates and prosecutes corporate fraud. Despite these efforts, Chennai grapples with systemic issues of corruption, financial fraud, and corporate malfeasance, which undermine public trust, distort market mechanisms, and impede socio-economic progress. The white collar crime remains a challenge globally and in Chennai. This research paper examines the complex nature of white collar crime and its societal implications, focusing on Chennai. By analysing historical context, socio-economic dynamic, and regulatory landscape, the study aims to identify patterns and trends in white collar criminal activity and assess the effectiveness of existing measures to prevent, detect, and prosecute these crimes. The ultimate goal is to understand the impact of white-collar crime on society.

OBJECTIVES

- To examine the impact of white-collar crime on both the economy and society.
- To analyze the effectiveness of regulatory framework and law enforcement mechanisms in white collar crime.
- To analyze preventive measures to reduce white collar crime in society.
- To analyze the white collar crime have a disproportionate impact on low income and minority communities.

LITERATURE REVIEW

The author reviews white collar crime and its main focus on identification methods in India. It starts with explaining the different forms of white collar crime such as fraud, corruption, money laundering and the recent one is cybercrime. It erodes trust and transparency in economic stability and also social harmony. In this research the detection mechanism found the traditional financial Audi, forensic accounting to artificial intelligence (**Singhania 2024**).

The author made a contemporary study on case studies on white collar crime and analyses about it. He aimed primarily at UG and PG students in criminology, criminal justice and business management students. He made a record of 70 large corporations to analyse about the white collar crime and made interpretations about it (**Sutherland 1983**).

The article examined forensic psychiatrists who are in a position to study individual character to study about white collar crime as it increases in society. He explains about the theories of white collar crime. The persons who committed this crime are high profile. There should be change in the society to change in the culture to bring change in the operations of the business (**Price and Norris 2009**).

The paper examined the use of biomarkers in white collar crime and he focused on bio prediction and prevention of white collar crime. As the white collar crime is quite expensive compared to blue collar crime. The traits of the person who is biomarkers also plays a major role as he associates with senior positions in corporate. This research suggests that the future research should focus on investigating potential biorisk indicators (**Zohny et al. 2019**).

The author explains the convenience triangle in white collar crime that is dependent on financial motives, organizational opportunities and personal willingness of the person to commit white collar crime and to conceal it. For the study the data was collected from 408

convicted white collar crime offenders. The triangle was proved ,where convenience is the key concept to understand white collar crime (**Gottschalk 2019**).

The paper analysed the state corporate crime and tried the theoretical concept about such crime. He analyses the historical relation of state corporate crime with prior constitutional features of relationship between the state and corporation in the capitalistic economy. It also deals with regimes of permission of such corporations which includes specific beach of law, gain of rights and evades liability in doing wrongful activities (**Whyte 2014**) .

The author examined the state corporate crime and about certain conceptual limitations connected with crime with large scale investment, commercial banks , enterprises which are sponsored by the government and international institutions which are related to finance. In this 21st century understanding the relationship between such crime with these entities will be a core project for criminologists in the criminal environment (**Friedrichs and Rothe 2014**) .

The author examined that white collar crime causes like fraud, embezzlement etc. It start by interactionist theory helps to understand the white collar crime and the main two reasons are motivation and opportunity. This theory explains that people's motivation comes from how they see the world around them but fails to explain why they commit it. It looks at how society and culture influence people's motivations that by environmental pressure make people do it to succeed even by breaking the law. People's opportunities can also lead to commit white collar crime. People in positions of power and access to certain resources may likely commit this harm (**Coleman 1987**) .

The paper analyses about the white collar crime in this book especially in the USA. The author explores this book from various perspectives including history, theory and law. It provides foundations in investigation and analytical techniques. The white collar crime has a long history with ancient roots in forestalling. Modern day white collar crime includes fraud, embezzlement and price fixing. The savings and loan crisis and recent corporate scandals demonstrates the ongoing nature of these crimes (**Brightman 2011**) .

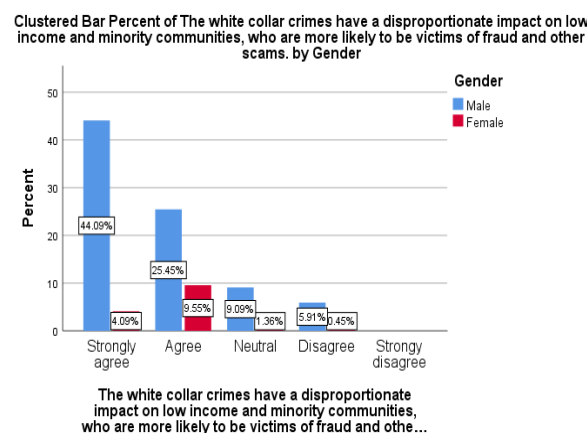
The author examines the provides guidance on detecting and preventing fraud and corruption in organizations. It emphasizes the importance of encouraging a healthy sense of curiosity and providing training to recognize and report suspicious activity. By empowering organizations to detect fraud easily a Fraud Watch community can be created, ultimately saving resources and promoting a culture of integrity (**Iyer 2019**).

METHODOLOGY

Empirical research is followed for the purpose of the study. 200 samples were collected through a convenience sampling method. The sample frame was taken from all over Chennai. The Independent variables are age, area, education qualification and gender. Dependent variables are the white collar crime have a disproportionate impact on low income and minority communities, who are more likely to be victims of fraud and other scams, improving corporate governance can lead to control fraud and other forms of white collar crime, effects of white collar crime in the economy and society, preventive measures to reduce white collar crime in society, rate the question on individuals in positions on trust and access to financial resources have a greater opportunity to commit white collar crime. Statistics tools used for this analysis are graphical representations taken for this survey.

ANALYSIS

FIGURE 1



LEGEND

Figure 1 shows the opinion of the respondents that white collar crime has a disproportionate impact on low income and minority communities, who are more likely to be victims of fraud and other scams based on gender.

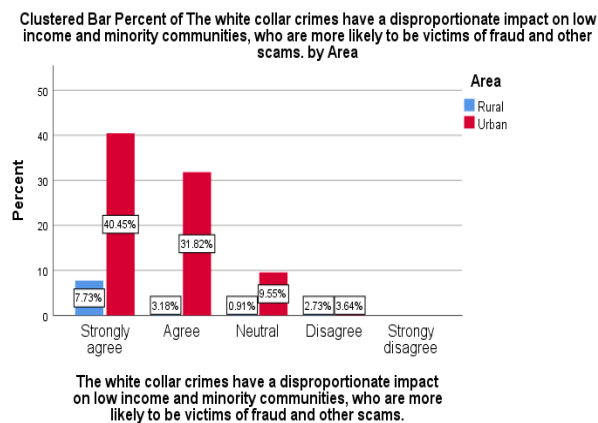
FIGURE 2**LEGEND**

Figure 2 shows the opinion of the respondents that white collar crime has a disproportionate impact on low income and minority communities, who are more likely to be victims of fraud and other scams based on area of residence.

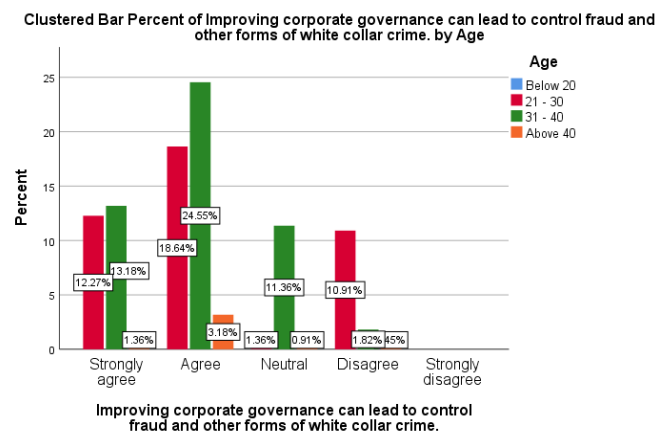
FIGURE 3**LEGEND**

Figure 3 shows the opinion of respondents that improving corporate governance can lead to control fraud and other forms of white collar crime based on age.

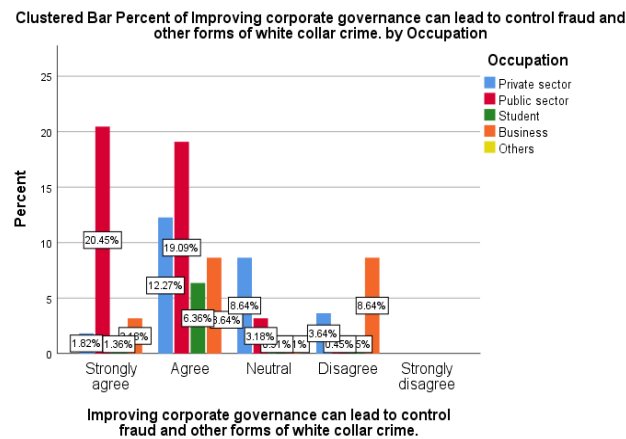
FIGURE 4**LEGEND**

Figure 4 shows the opinion of the respondents that improving corporate governance can lead to control fraud and other forms of scams based on occupation.

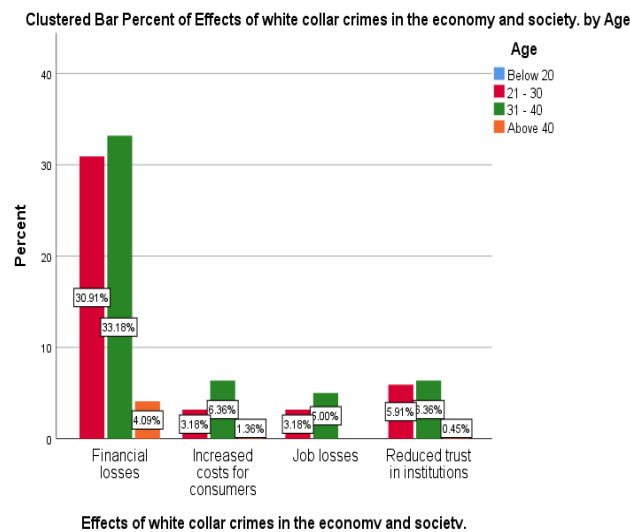
FIGURE 5**LEGEND**

Figure 5 shows the opinion of the respondents on the effects of white collar crimes in the economy and society based on age.

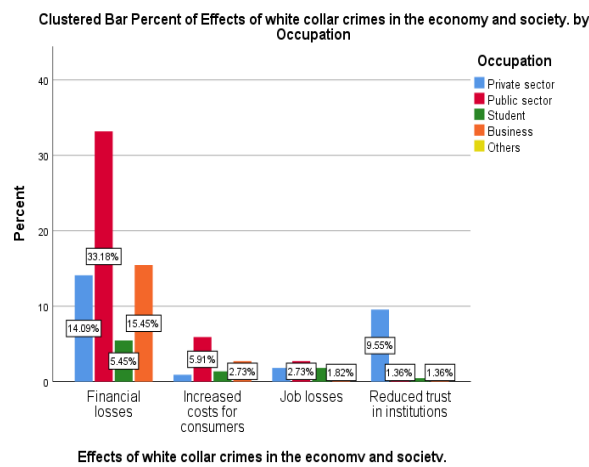
FIGURE 6**LEGEND**

Figure 6 shows the opinion of the respondents on the effects of white collar crime in the economy and in society based on occupation.

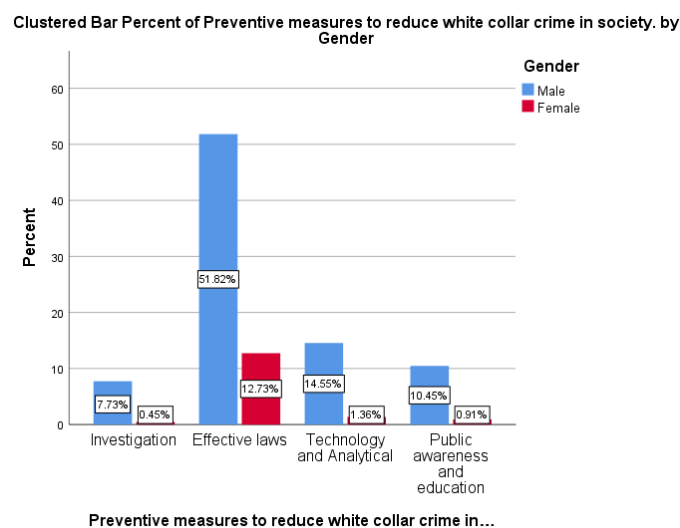
FIGURE 7**LEGEND**

Figure 7 shows the opinion of the respondents on the preventive measures to reduce white collar crime in society based on gender.

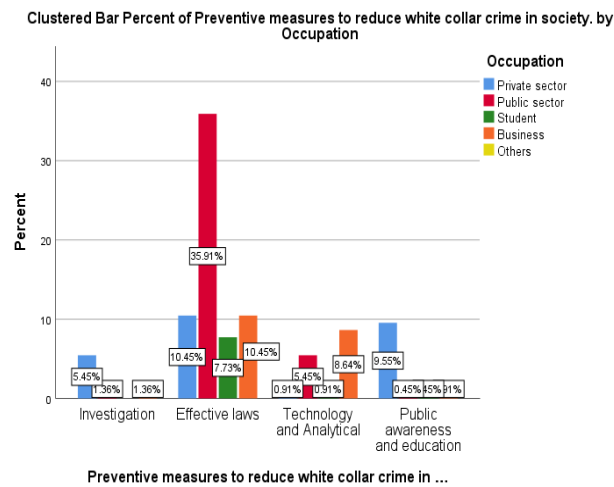
FIGURE 8**LEGEND**

Figure 8 shows the opinion of the respondents on the preventive measures to reduce white collar crime in the society based on occupation.

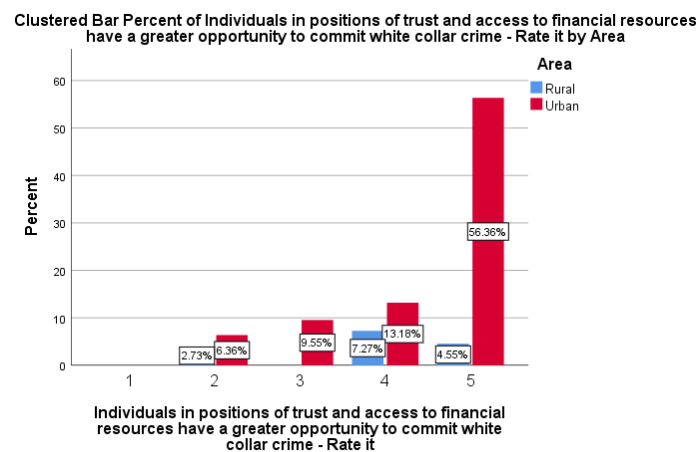
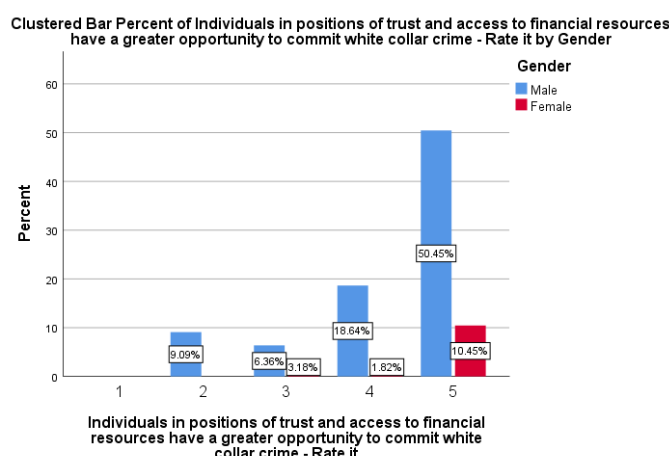
FIGURE 9**LEGEND**

Figure 9 shows the opinion that individuals in positions of trust and access to financial resources have a greater opportunity to commit white collar crime based on area of residence.

FIGURE 10



LEGEND

Figure 10 shows the opinion that individuals in positions of trust and access to financial resources have a greater opportunity to commit white collar crime based on gender.

RESULTS

From **figure 1** it is clear that 44.09% of male respondents strongly agree that the white collar crime has a disproportionate impact on low income and minority communities, who are likely to be victims of fraud and other scams . From **figure 2** it is clear that 40.45% of urban based respondents strongly agree that the white collar crime has a disproportionate impact on low income and minority communities,who are likely to be victims of fraud and other scams. From **figure 3** it is clear that 24.56% of people belonging to 31-40 agree that improving corporate governance can lead to control fraud and other forms of white collar crime. From **figure 4** it is clear that 20.45% of the public sector strongly agree that improving corporate governance can lead to control fraud and other forms of white collar crime. From **figure 5** it is clear that 33.18% of people who belong to the 31-40 age group say that financial losses are the major effect of white collar crimes in the economy and society. From **figure 6** it is clear that 33.18% of public sector respondents say the major effect of white collar crime in the economy and society is financial losses. From **figure 7** it is clear that 51.82% of male state that preventive measures to reduce white collar crime in society by implementing effective laws. From **figure 8** it is clear that 35.91% of public sector people say that implementing effective laws is one of the most effective preventive measures to reduce white collar crime in society. From **figure 9** it is clear that the 56.36% majority of urban based people rated 5 for individuals in positions of trust and

access to financial resources have a greater opportunity to commit white collar crime. From **figure 10** it is clear that 50.45% of females rated 5 for individuals in positions of trust and access to financial resources have a greater opportunity to commit white collar crime.

DISCUSSION

From **figures 1 and 2** it shows that these communities and low income people have less access to opportunities for economic advancement and legal resources when victimised by white collar crime. From **figures 3 and 4** shows that by implementing corporate governance practices, organisations can enhance transparency, accountability, and ethical conduct, thereby reducing the opportunities for fraudulent activities to occur. From **figures 5 and 6** shows that white collar crime such as embezzlement, insider trading, and financial scams can deplete financial resources, disrupt markets, and erode confidence, leading to economic instability and downturns. From **figures 7 and 8** it shows that the government should enact new laws which cover all forms of white collar crime insider trading, embezzlement, etc and these tactics should be updated based on to keep pace on criminal tactics . From **figures 9 and 10** it shows that these individuals such as executives, managers, professionals, and employees may exploit their positions to engage in fraudulent activities for personal gain.

LIMITATION

This study has several limitations. Firstly, the sample frame was convenience-based, collected from public areas such as bus stand and malls, which may not have yielded respondents who were fully engaged or invested in providing thoughtful answers. Additionally, the sample size was limited, which may impact the generalizability of the findings. The further limitation is the lack of awareness among respondents regarding the research topic. The lack of understanding may have influenced the validity of the responses, making it challenging to present accurate findings.

CONCLUSION AND SUGGESTION

In essence, addressing white collar crime necessitates a holistic approach that spans regulatory, organisational, and societal realms. Only through concerted efforts to prevent, detect, and respond to these offenses can society hope to mitigate their widespread and enduring consequences, fostering an environment where trust, fairness, and integrity prevail. Moreover, white collar crime contributes to social inequality by disproportionately affecting vulnerable populations, perpetuating disparities in wealth and opportunity. The victims, often from low

income and minority communities, bear the brunt of these offenses, exacerbating existing socio-economic inequalities.

Enhance regulatory framework and enforcement mechanism to detect, prevent, and prosecute white collar crime effectively. Implement stricter penalties and enforcement actions to deter potential offenders. And enhance transparency and disclosure requirements for financial transactions, corporate governance practices and executive compensation. Raise public awareness about the prevalence and consequences of white collar crime through education campaigns, media outreach, and community initiatives.

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