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**Convenience Theory and White-Collar Crime:  
The Role of Corporate Governance and Financial Pressure in Large  
Organisations**

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## **Abstract**

This study examines how financial incentive pressures and governance weakness interact to increase organisational convenience as a driver of white-collar crime, drawing on Convenience Theory as its conceptual foundation. Using a qualitative multi-case study design, the research analyses five major corporate scandals: Enron, Volkswagen, Wirecard, Wells Fargo, and Siemens through a structured analytical framework built around two dimensions: financial incentive pressure and governance weakness. The Siemens case is included as a comparative example to assess whether governance reform can interrupt the pathway from financial pressure to crime.

The findings demonstrate that financial incentive pressure is a necessary but not sufficient condition for sustained white-collar crime. Governance weakness emerges as the decisive variable: across all four crime cases, significant governance failure is present in distinct forms: active deviance, power abuse, corruption, and cultural normalisation. The Siemens case provides the study's most important contribution: financial pressure remained high after reform, yet misconduct ceased, providing direct evidence that governance change, rather than reduced motivation, interrupts the pathway to crime.

The study concludes that effective governance reduces organisational convenience by increasing the perceived cost and detectability of misconduct. Recommendations for corporations and regulators are provided on this basis.

*Keywords: white-collar crime, convenience theory, corporate governance, financial incentive pressure, governance weakness, organisational misconduct*

## **Abstracto en español**

Este estudio examina cómo las presiones de incentivos financieros y la debilidad de gobernanza interactúan para aumentar la conveniencia organizacional como factor impulsor del delito de cuello blanco, apoyándose en la Teoría de la Conveniencia como fundamento conceptual. Mediante un diseño cualitativo de estudio de casos múltiples, la investigación analiza cinco grandes escándalos corporativos: Enron, Volkswagen, Wirecard, Wells Fargo y Siemens, a través de un marco analítico estructurado en torno a dos dimensiones: la presión de incentivos financieros y la debilidad de gobernanza. El caso de Siemens se incluye como ejemplo comparativo reformado para evaluar si la reforma de gobernanza puede interrumpir el camino de la presión financiera hacia el delito.

Los hallazgos demuestran que la presión de incentivos financieros es una condición necesaria pero no suficiente para el delito de cuello blanco sostenido. La debilidad de gobernanza emerge como la variable decisiva: en los cuatro casos de delito analizados, se observa un fallo significativo de gobernanza en formas distintas: desviación activa, abuso de poder, corrupción y normalización cultural. El caso de Siemens aporta la contribución más importante del estudio: la presión financiera se mantuvo elevada tras la reforma, sin embargo, la conducta indebida cesó, lo que constituye evidencia directa de que el cambio en la gobernanza, y no la reducción de la motivación, es lo que interrumpe el camino hacia el delito.

El estudio concluye que una gobernanza eficaz reduce la conveniencia organizacional al aumentar el coste percibido y la detectabilidad de la conducta indebida. Sobre esta base se ofrecen recomendaciones para empresas y organismos reguladores.

*Palabras clave: delito de cuello blanco, teoría de la conveniencia, gobernanza corporativa, presión de incentivos financieros, debilidad de gobernanza, conducta indebida organizacional*

## **Introduction**

White-collar crime (WCC) represents one of the most significant challenges facing organisations and the economy. Unlike conventional crime, WCC is committed by individuals in positions of trust and authority, typically within legitimate organisations, making it exceptionally difficult to detect and prevent (Gottschalk, 2022). Despite decades of reform and development, high-profile corporate scandals continue to emerge across industries, raising persistent questions about why governance mechanisms so frequently fail to prevent WCC and what conditions make crime not merely possible but, for those who commit it, the most practical action.

Early explanations of WCC focused on individual characteristics: personality and psychology as the primary drivers of misconduct. More recent scholarship has shifted toward organisational and structural explanations, recognising that corporate environments, incentive systems, and governance failures play a far bigger role in facilitating crime than individual traits alone (Gottschalk, 2022). Within this evolving literature, Convenience Theory has emerged as an integrative framework, arguing that WCC occurs when illegal action is perceived as the most convenient solution to organisational or personal problems, like when it saves time, effort, and discomfort compared to lawful alternatives (Gottschalk, 2017). The Convenience theory is structured around three interrelated dimensions: economic motive, organisational opportunity, and behavioural willingness, with crime most likely to emerge when all three are simultaneously present and mutually reinforcing (Stadler and Gottschalk, 2022).

In theory, effective governance increases the perceived cost and detectability of crime, reducing convenience (Steinmeier, 2016). In practice, however, the relationship between governance and misconduct is more complex. The cases of Enron, Volkswagen, Wirecard, Wells Fargo, and Siemens, among the most extensively documented corporate scandals in recent history, each reveal distinct ways in which formal governance structures failed to prevent misconduct, despite their nominal existence. Governance can exist in form while failing in actuality, and understanding the specific conditions under which governance succeeds or fails is essential for both theory and practice.

## **Research Gaps and Justification for the Study**

Despite the substantial body of literature on WCC and corporate governance, significant gaps remain. Much existing research on Convenience Theory has focused on describing the three-dimensional framework: organisational, economic and behavioural convenience without going into specifics. There is little to examine which specific governance mechanisms are most effective in reducing organisational convenience. While there are many individual case studies of corporate scandals in the literature, comparative analyses that examine multiple cases alongside a reformed counterpart, one where governance change interrupted the pathway to crime, are notably absent. This limits the field's ability to move from description to explanation: identifying not just that governance failed, but how specific governance mechanisms, when genuinely strengthened, change the conditions under which financial pressure operates.

Additionally, the existing literature has mainly focused on the economic and individual dimensions of Convenience Theory, with comparatively less attention paid to the organisational dimension: that is, how governance structures actively shape the perceived risk and feasibility of misconduct. This gap is particularly important because the organisational dimension is the one most easily controlled: unlike individual willingness or broader market pressures, governance mechanisms can be designed and evaluated. A study that centres the organisational dimension of convenience, and assesses its interaction with financial incentive pressure across multiple empirical cases, therefore offers a meaningful contribution to both theoretical understanding and practical governance design.

## **Research Question**

In order to address these gaps, this study is guided by the following research question: *How do financial incentive pressure and governance weakness interact to increase organisational convenience as a driver of white-collar crime?* The study addresses this question through comparative case study analysis of five major corporate scandals: Enron, Volkswagen, Wirecard, Wells Fargo, and Siemens. The first four cases represent clear instances of financial incentive pressure combined with governance failure; Siemens is included as a reformed comparative case, allowing the study to observe what changes when governance is strengthened while financial pressure remains elevated.

## **Contributions of the Study**

This study makes both theoretical and practical contributions. On the theory side, it provides empirical grounding for Convenience Theory's interactional hypothesis: that economic motive requires organisational convenience to become criminal action, through cross-case comparison rather than a single case. By introducing a reformed comparative case, the study extends the standard multi-case design to introduce variation in the outcome variable, which shows governance as a causal mechanism. This methodological contribution addresses a limitation in the existing literature, which has predominantly examined cases where crime occurred without testing whether governance reform can interrupt the pathway from financial pressure to crime.

Practically, by identifying which specific governance failure modes correspond to which types of misconduct across five cases, the study provides an evidence-grounded basis for governance reform recommendations for corporations and regulators.

## **Methodology**

This study adopts a qualitative multi-case study design following Eisenhardt's (1989) theory-building approach. Five cases were selected through theoretical sampling and analysed using a structured framework built around two dimensions, financial incentive pressure and governance weakness. Each is scored based on sub-variables to enable systematic cross-case comparison.

The structure of the thesis is designed to build toward the study's central argument. It begins with a literature review that critically examines the competing explanations of WCC, introduces Convenience Theory as an integrative framework, and identifies the analytical dimensions- financial incentive pressure and governance weakness. The methodology section details the research design, case selection rationale, data sources, and analytical framework. Individual case analyses follow, each structured around the two dimensions, with a reformed comparative case (Siemens) included to introduce variation in the outcome variable. A cross-case comparative analysis then examines convergences and divergences across cases, before the discussion and conclusion draw out the study's theoretical contributions, practical recommendations, limitations, and directions for future research.

## **Literature Review**

### **Convenience Theory, Corporate Governance, and White-Collar Crime**

#### **Introduction**

White-collar crime (WCC) refers to economic, non-violent offences committed by individuals of high trust and in positions of power within organisations, typically for financial or personal gain (Sutherland, 1949). It differs from conventional crime, as it is often embedded in otherwise legitimate business conduct, making it much more difficult to detect and prosecute (Gottschalk, 2022). Early explanations of WCC focused on the individual and individual behaviour. Yet a trend in modern explanations has shifted to argue that organisational environments, structures, and governance failures are the primary facilitators of misconduct (Gottschalk, 2022).

This literature review synthesises competing explanations of WCC from individual and psychological accounts to organisational and opportunity-based frameworks, building toward Convenience Theory as the conceptual foundation for the analytical framework applied in the case studies that follow.

#### **White-Collar Crime and the Shift Toward Organisational Explanations**

As previously stated, contemporary literature increasingly emphasises organisational and structural explanations, as there has been a shift in trend away from previous individual and psychological explanations of WCC. The literature researches how corporate environments, authority structures, incentive systems, and governance failures facilitate crime (Petrick and Scherer, 2003). This change has given rise to different perspectives, such as convenience-based perspectives, and, more recently, to frameworks like the ‘Convenience Theory’, which seeks to explain not only how white-collar crime becomes possible but also why it is actually preferable and chosen over lawful alternatives.

#### **Individual Dimension in Understanding White-Collar Crime**

While organisational factors are central to this study, the individual dimension matters because, ultimately, individuals choose to commit these acts. Two people in identical

circumstances may make different choices, and individual-level factors help explain that variation.

In terms of the psychological aspects of understanding WCC, Botchkovar et al. (2025) associate self-interest and morality as motivational forces in criminal behaviour. They argue that self-interest increases the likelihood of offending, while altruistic or 'moral' tendencies act as a protective factor against crime. If someone has a higher sense of self-interest, they will perceive crime as more appealing. In contrast, if someone has a high sense of altruism, they are less likely to commit a crime because they are more likely to be subject to moral constraints and to perceive greater risks associated with wrongdoing.

Drawing on modern psychology, Dearden (2021) explains WCC with cognitive decision-making biases, such as optimism bias, confirmation bias, and financial stress. For example, optimism bias may lead individuals to underestimate or ignore the likelihood of detection. Confirmation bias may cause them to focus solely on evidence supporting risky strategies and ignore warning signals. And under financial stress, they may prioritise immediate rewards over long-term consequences.

Research has also explored how demographics influence WCC. For example, Gottschalk (2022) examines gender differences in white-collar offending, suggesting that male and female offenders may differ in their perceptions of opportunities and target selection. He finds that female offenders are more likely to target employers or random individuals, while being less likely to target acquaintances or investors compared to male offenders.

More broadly, there are many opposing explanations of what causes an individual to commit fraud. Gottfredson and Hirschi (1990) argue that all forms of crime, including WCC, stem from low self-control, a personality trait developed in early childhood. Individuals with low self-control are characterised as impulsive, risk-seeking, self-centred, and oriented toward immediate gratification (Jenkins, 2017). According to this perspective, white-collar offenders are not fundamentally different from conventional offenders; the only distinction lies in their access to opportunities. Crime occurs when individuals with low self-control encounter these opportunities, regardless of social status or organisational context.

McGrath (2020), however, challenges the adequacy of this explanation. Drawing on empirical research, he notes that many white-collar offenders demonstrate high levels of education, stable employment histories, and long-term career planning, characteristics inconsistent with chronic impulsivity or deficient self-control.

Despite the controversy, both perspectives agree that rather than attributing misconduct solely to individual pathology, white-collar crime must be understood through a multi-level framework that incorporates organisational culture, structural pressures, and situational dynamics alongside individual decision-making processes. In other words, the opportunity for crime enters the scene.

### **Opportunity Perspectives on White-Collar Crime**

Opportunity-based theories argue that economic crime occurs when organisations create conditions that make deviant behaviour feasible, concealed, and low-risk (Benson and Simpson, 2018). Professional position and authority grant access to resources, information, and decision-making power that can be exploited for illegal activity (Gottschalk, 2022).

Organisational complexity, trust-based roles, weak oversight, and poor accountability can create environments in which misconduct is more likely to occur and remain undetected (Steinmeier, 2016). Authority plays a key role in this process, as it allows individuals to control information flows, delegate responsibility, and shape organisational practices in ways that may normalise wrongdoing. In this sense, opportunity is not accidental, but emerges from structures and environments developed over time, often as a result of managerial decisions (Benson and Simpson, 2018).

Opportunity-based explanations therefore emphasise that these conditions are frequently actively created rather than passive. Senior executives, for example, may design reporting systems and internal controls in ways that expand their discretion while reducing transparency (Benson and Simpson, 2018). This highlights not only the importance of organisational structure in enabling or constraining misconduct, but also the central role of top managers and directors in shaping the conditions under which economic crime can occur.

However, opportunity-based approaches do not fully explain why individuals choose crime over lawful alternatives when opportunities arise, pointing to the need for a more integrative framework (Stadler and Gottschalk, 2022).

### **Convenience Theory as an Integrative Framework**

Convenience theory addresses the limitations of opportunity-based approaches by integrating organisational conditions, opportunity perspectives, and decision-making dynamics.

Convenience is defined as the perceived saving of time, effort and discomfort compared to alternatives or lawful solutions (Mai and Olsen, 2016).

The theory is structured around three interrelated dimensions: economic motive, organisational opportunity, and behaviour/personal willingness (Gottschalk, 2018). Crime is most likely to occur when all three dimensions are present and mutually reinforcing (Stadler and Gottschalk, 2022). This theory proposes that WCC occurs when illegal actions are perceived as the most convenient solution to organisational or personal problems.

A key contribution of the Convenience Theory lies in its emphasis on perceived alternatives. The theory recognises that individuals do not evaluate choices in a vacuum, but within contexts that shape perceptions of feasibility, legitimacy and risk. Lawful options may exist, such as disclosure, restructuring or regulatory compliance, but may be perceived as impractical due to constraints, market pressure or internal expectations. In this sense, the Convenience Theory bridges structural and behavioural explanations by focusing on how organisational conditions influence subjective assessments of options.

Furthermore, the Convenience Theory is particularly suited to the study of economic crime as it accounts for the normalisation of misconduct within professional environments, which is often a central aspect of WCC. When illegal actions are repeatedly used to resolve organisational problems, they become routinised and morally normalised (Gottschalk, 2018).

This study will primarily focus on the economic and organisational conveniences, as these dimensions are observable through corporate structures, governance mechanisms and regulatory frameworks, making them suitable for empirical case-study analysis. While the individual dimension is also observable, it typically requires direct questioning via interviews, surveys, or psychological assessments and is therefore more prone to subjectivity. This study prioritises structural factors while acknowledging that individual-level processes may operate within and be shaped by these organisational environments.

### **Economic and Organisational Convenience within the Convenience Theory**

Economic convenience refers to the financial pressures or incentives that make otherwise illegal actions appear attractive, such as reputational damage, performance bonuses or financial gain (Gottschalk, 2022). When lawful options are perceived as slow or costly, illegal alternatives may appear economically efficient to save the business or the individual (Gottschalk, 2017). Incentives such as stock-option schemes and aggressive growth targets increase the economic convenience of WCC.

Organisational convenience captures how internal structures make misconduct easy to commit and difficult to detect. Weak internal controls, ineffective boards and compliance systems, excessive blind trust in senior executives and poor transparency reduce organisational resistance to wrongdoing (Steinmeier, 2016). In these contexts, crime becomes embedded within cultures rather than treated as deviant behaviour (Gottschalk, 2018). The Convenience Theory indicates that organisational structures do not just allow crime; they actively reduce the perceived risk associated with WCC (Stadler and Gottschalk, 2022).

It is important to note that economic and organisational convenience are not independent. Financial pressures alone do not inevitably lead to crime; rather, they become the outcome when organisational structures normalise it and fail to impose effective constraints. Similarly, weak governance mechanisms may not lead to crime unless combined with pressures or incentives that make it appear attractive. The Convenience Theory, therefore, emphasises the interaction between organisational context and economic motivation, highlighting how governance failures can transform pressure into crime.

Proper corporate governance mechanisms play a central role in mediating this interaction. Effective boards, independent audit functions, transparent reporting systems and robust compliance frameworks can increase the perceived cost and risk of crime, therefore reducing convenience. Conversely, ineffective governance can reinforce convenience by tolerating misconduct or prioritising performance over accountability.

### **Governance Failures and Financial Incentives in the Literature**

Across studies of large-scale corporate misconduct, a recurring theme emerges: white-collar crime reflects the interaction between financial pressures and governance weaknesses rather than isolated individual acts.

Corporate governance research identifies several structural vulnerabilities that increase the likelihood of misconduct. Weak board independence, excessive concentration of CEO power, compromised audit functions, ineffective internal controls, and regulatory failures are repeatedly cited as mechanisms that reduce oversight and increase executive discretion (Elson and Gyves, 2003; Steinmeier, 2016). When boards fail to challenge management or auditors become economically dependent on their clients, monitoring functions weaken, and organisational resistance to misconduct declines. In such environments, formal governance structures may exist symbolically, yet fail substantively in practice. Studies of organisational ethics further suggest that weak governance environments contribute to workplace cultures in

which deviant behaviour can become normalised and tolerated (Appelbaum, Deguire and Lay, 2005).

In parallel with governance failures, the literature emphasises the role of financial incentive systems in shaping executive behaviour. Performance-based compensation, stock-option schemes, aggressive growth targets, and market expectations tied to short-term share price performance increase the salience of financial rewards (Gottschalk, 2022). When executive compensation is closely aligned with market valuation, decision-making may become disproportionately focused on maintaining or inflating financial metrics (Mukweyi, 2010). This dynamic intensifies under competitive or high-growth conditions, where failure to meet targets may result in reputational or financial loss.

Importantly, these two dimensions are interdependent. Financial pressure alone does not inevitably produce crime; it becomes consequential when combined with ineffective oversight and low accountability. Similarly, weak governance does not automatically result in misconduct without incentives that make rule-breaking appear beneficial. The literature therefore conceptualises WCC as emerging from the interaction between structural opportunity and reward-driven motivation (Benson and Simpson, 2018; Madsen, 2014).

This interaction aligns with the economic and organisational dimensions of Convenience Theory. Economic convenience captures how financial incentives and market pressures increase the perceived benefits of misconduct, while organisational convenience reflects how governance failures reduce the perceived risks and barriers associated with illegal action (Gottschalk, 2018; Stadler and Gottschalk, 2022). However, beyond convenience theory itself, broader corporate governance scholarship reinforces the argument that crime becomes more likely when monitoring mechanisms fail to impose meaningful friction, transparency, and accountability.

## **Conclusion**

The literature confirms that WCC cannot be explained by a single factor but emerges from the interaction between individual decision-making and organisational conditions.

Convenience Theory brings these elements together, explaining why illegal actions become the most practical option in certain contexts, and highlighting that decisions are shaped by environments rather than made in isolation.

A consistent theme across the literature is that WCC becomes more likely when financial pressures are combined with weak governance and oversight. Incentive structures that prioritise short-term performance, alongside ineffective monitoring mechanisms such as weak boards or poor internal controls, create conditions where misconduct is both easier to carry out and more appealing. In these settings, the risks of wrongdoing are reduced, while the potential rewards are amplified, increasing the likelihood that individuals will engage in illegal behaviour.

Based on this, this study builds its analytical framework around two primary structural dimensions identified in the literature: financial incentive pressure and governance weakness. These provide a clear and practical framework for analysing how organisational environments influence the likelihood of white-collar crime and form the basis for the case study analysis that follows. Table 1 below summarises both dimensions and their key variables.

**Table 1: Analytical Framework for White-Collar Crime**

Dimension	Key Variables	Description
<b>Financial Incentive Pressure</b>	Performance-based compensation (e.g. bonuses, stock options)	Incentives tied to financial performance
	Short-term earnings pressure	Need to meet quarterly/annual targets
	Aggressive growth targets	Unrealistic expectations driving risk-taking
	Market/analyst expectations	External pressure to sustain performance
<b>Governance Weakness</b>	Board independence and oversight	Strength of board supervision
	Internal controls and audit effectiveness	Ability to detect/prevent misconduct
	Transparency and reporting systems	Ease of concealing misconduct
	Concentration of executive power	Level of checked authority

*Source: Author's own work*

## **Methodology**

### **Research Design**

This study adopts a qualitative multi-case study design aimed at developing an in-depth understanding of how WCC emerges within organisations. This approach is appropriate given the complexity and qualitative nature of corporate misconduct, which cannot be properly analysed through quantitative methods (Eisenhardt, 1989).

Rather than treating case studies as descriptive accounts, this study uses them as a method for theory building. Theory develops through a structured process of observing empirical cases, categorising patterns, and identifying relationships between them, allowing research to move beyond description and towards explanation (Christensen and Carlile, 2009).

The study follows the multi-case theory-building approach outlined by Eisenhardt (1989), which emphasises comparing multiple cases to identify recurring patterns and underlying mechanisms. The methodology also incorporates a comparative reformed case where governance change happened after misconduct, for a more rigorous assessment.

### **Case Selection**

The study employs theoretical sampling, selecting cases based on their relevance to the research objective rather than representativeness. This approach is consistent with Eisenhardt's (1989) methodology, which emphasises choosing cases that are particularly informative for understanding the focal phenomenon.

Five cases were selected:

- Enron
- Volkswagen
- Wirecard
- Wells Fargo
- Siemens (comparative case)

The first four cases were chosen for three main reasons:

1. **Relevance:** Each case represents a well-documented instance of white-collar crime linked to organisational and governance failures.

2. Variation: The cases span different industries, types of misconduct, and governance failure modes, enabling meaningful comparative analysis.
3. Theoretical value: All cases are widely referenced in the white-collar crime and corporate governance literature, allowing for strong alignment between theoretical discussion and empirical analysis.

Siemens was selected as a fifth case on the basis of a fourth criterion: analytical contrast. Following a major bribery scandal uncovered in 2006, Siemens undertook one of the most extensively documented corporate governance reform programmes in recent history (Pieth, 2011). This makes it analytically valuable because it provides a case where strong financial incentive pressures and governance failure coincided, like with the other cases, yet with reform, reduced subsequent misconduct.

### **Data Collection**

The study relies on secondary qualitative data, drawn from:

- Academic journal articles
- Case-based literature
- Regulatory and investigative reports

Multiple sources allow for triangulation, enhancing credibility (Yin, 2014). Primary regulatory and investigative documents, including reports on Enron (US Senate, 2002), Volkswagen (EPA, 2015), Wells Fargo (CFPB, 2016), and Siemens (DOJ, 2008), are used alongside academic literature to ensure evidential grounding.

### **Analytical Framework**

The analysis is guided by a tailored analytical framework developed from the literature. It has two dimensions:

#### ***Financial Incentive Pressure***

This dimension captures the extent to which the subjects were exposed to strong performance-related pressures. It includes:

- Performance-based compensation
- Short-term earnings pressure
- Aggressive growth targets

- Market and analyst expectations

These variables assess whether organisations created incentive structures that made misconduct more attractive or difficult to resist, the economic dimension of organisational convenience.

### ***Governance Weakness***

This dimension captures the extent to which organisational oversight and control mechanisms failed. It includes:

- Board independence and oversight
- Internal controls and audit effectiveness
- Transparency and reporting systems
- Concentration of executive power

These variables assess whether governance structures were capable of constraining, detecting, or preventing misconduct, and the organisational dimension of convenience that determines whether a financial motive can translate into criminal action.

The framework does not treat these dimensions in isolation. The study focuses on their interaction: white-collar crime is most likely to occur in contexts where strong performance pressures coincide with weak oversight and limited accountability (Gottschalk, 2017; Stadler and Gottschalk, 2022). To operationalise this comparatively, each case is assessed against all sub-variables using a scoring approach (Low / Medium / High), supported by evidential justification drawn from the case literature. This scoring forms the basis of the cross-case comparative matrix in the analysis chapter.

### **Data Analysis**

The data was analysed through three stages: within-case analysis of each scandal against the two framework dimensions; cross-case comparison to identify recurring patterns and divergences; and interaction analysis examining how financial incentive pressure and governance weakness combine within each case. With additional analysis of Siemens's post-reform governance changes, providing the critical counterpoint that allows governance to be assessed as a causal mechanism and introduces variation in the outcome variable that reduces confirmation bias.

## **Results**

This chapter presents the empirical analysis of five cases selected to examine how financial incentive pressure and governance weakness interact to produce, or, in one case, to cease producing, white-collar crime. Each case is analysed individually using the analytical framework developed in the literature review, with each sub-variable assessed and graded to enable systematic comparison. Following the individual analyses, a comparative scoring matrix consolidates the findings, and a cross-case analysis identifies patterns, divergences, and theoretical implications.

### **Case Analysis 1: Enron**

#### ***Contextual Overview***

Enron is the major case in this study: the only instance where governance was actively dismantled by those in authority over it. The company collapsed in December 2001 after Special Purpose Entities were used to hide billions in debt while reporting inflated revenues, resulting in the largest corporate bankruptcy in American history at that time and the dissolution of auditor Arthur Andersen (US Senate Permanent Subcommittee on Investigations, 2002).

#### ***Financial Incentive Pressure***

##### **Performance-Based Compensation: High**

Compensation and wages of executives were heavily tied to stock price through options and short-term bonuses, creating a direct structural incentive to inflate reported earnings (Mukweyi, 2010). When executive pay is closely aligned with market valuation, decision-making becomes disproportionately focused on maintaining or inflating financial metrics, making misrepresentation financially rational for those with the authority to authorise it (Gottschalk, 2022).

##### **Short-Term Earnings Pressure: High**

The company faced intense pressure to meet quarterly analyst forecasts, which meant any shortfall risked immediate share price decline, discouraging transparency and incentivising accounting mechanisms that allowed current performance to be reported favourably (Gottschalk, 2017).

### **Aggressive Growth Targets: High**

Enron's identity as an innovation leader in energy trading required the continuous appearance of growth (McLean and Elkind, 2003). When underlying performance cannot meet expectations, illegal action becomes attractive when lawful alternatives are perceived as insufficient to meet organisational demands (Gottschalk, 2017).

### **Market and Analyst Expectations: High**

Similarly to growth targets, Enron was widely regarded as one of America's most admired companies; maintaining this external reputation became a strategic necessity that made deception increasingly necessary as the gap between expectations and reality widened (McLean and Elkind, 2003). External scrutiny reinforces the perceived convenience of fraud over disclosure when performance cannot be honestly sustained (Gottschalk, 2018).

### ***Governance Weakness***

#### **Board Independence and Oversight: Very Low**

The board approved a waiver of its own code of ethics to permit CFO Fastow to manage the SPEs, not merely inadequate oversight but active complicity in creating the conditions for fraud (Elson and Gyves, 2003; US Senate Permanent Subcommittee on Investigations, 2002).

#### **Internal Controls and Audit Effectiveness: Very Low**

Mark-to-market accounting, which is basically valuing an asset based on estimations, created significant discretion in financial reporting, while auditor Arthur Andersen's consulting relationship with Enron created a financial dependency that compromised its independence (Powers, Trough and Winokur, 2002). When audit functions become economically dependent on their clients, monitoring functions weaken, and organisational resistance to misconduct declines substantially (Steinmeier, 2016).

#### **Transparency and Reporting Systems: Very Low**

SPE structures moved debt off the balance sheet, creating a reporting system deliberately engineered for concealment rather than transparency (Powers, Trough and Winokur, 2002). Senior executives may design reporting systems in ways that expand their discretion while reducing transparency, actively creating opportunity for misconduct rather than simply failing to prevent it (Benson and Simpson, 2018).

#### **Concentration of Executive Power: High**

Power concentrated among Skilling and Fastow limited internal challenge and fostered a culture in which employees who raised concerns faced marginalisation (Gottschalk, 2022). Concentrated authority reduces the likelihood that misconduct will be identified and escalated through internal channels, contributing to the normalisation of deviant behaviour within the organisation (Appelbaum, Deguire and Lay, 2005).

### ***Critical Moment***

The decisive failure was the board's 2000 decision to waive its own code of ethics, removing the last institutional constraint on the fraud mechanism (US Senate Permanent Subcommittee on Investigations, 2002). From this point, governance existed in form but not in substance. Enron establishes the highest level of both dimensions in this study, the example case against which the others are compared.

## **Case Analysis 2: Volkswagen**

### ***Contextual Overview***

Volkswagen is the only case in this study where WCC took the form of regulatory evasion rather than financial fraud, and where the governance failure was cultural rather than structural. In 2015, the US Environmental Protection Agency issued a Notice of Violation revealing that defeat device software had been installed in approximately eleven million diesel vehicles, allowing them to pass emissions tests while emitting far higher pollutants in real-world conditions (EPA, 2015). The scandal resulted in approximately €30 billion in fines and settlements (Hotten, 2015). Its analytical value lies in demonstrating that moderate rather than extreme scores on both dimensions are sufficient for misconduct when hierarchical culture increases the interaction between them.

### ***Financial Incentive Pressure***

#### **Performance-Based Compensation: Medium**

Managerial performance was linked to strategic targets, particularly market share and sales volume, rather than directly to short-term stock price, moderating but not eliminating financial incentive pressure (Mansouri, 2016).

#### **Short-Term Earnings Pressure: Medium**

Developing legitimate clean diesel technology to meet US emissions standards would have required significant investment and time, creating tension between compliance costs and

profitability (Mansouri, 2016). When lawful options are perceived as costly or slow, illegal alternatives appear economically efficient (Gottschalk, 2017).

### **Aggressive Growth Targets: High**

Volkswagen had publicly committed to becoming the world's largest automaker by 2018, requiring rapid US expansion where diesel vehicles were central to its growth strategy (Hotten, 2015). This ambition created institutional pressure to succeed in the US market, and the failure of legitimate emissions technology threatened the viability of the entire strategy.

### **Market and Regulatory Expectations: High**

The 'clean diesel' brand positioning created reputational pressure to maintain environmental credentials, while the EPA's progressively strict emissions standards imposed compliance demands that available technology could not meet without performance compromises (EPA, 2015; Mansouri, 2016). External expectations shape the perceived attractiveness of rule-breaking when compliance is commercially inconvenient (Benson and Simpson, 2018).

### ***Governance Weakness***

#### **Board Independence and Oversight: Medium**

The defeat device programme was never escalated to board level, indicating critical failures in information flow between engineering operations and governance functions (Volkswagen AG, 2015). Governance structures may exist formally without functioning substantively when information flows within the organisation are constrained (Steinmeier, 2016).

#### **Internal Controls and Audit Effectiveness: Low**

Internal compliance systems did not detect the manipulation over approximately seven years (Mansouri, 2016). Weak governance environments generate workplace cultures in which deviant behaviour becomes tolerated, reducing the likelihood that internal controls will be used to challenge established practices (Appelbaum, Deguire and Lay, 2005).

#### **Transparency and Reporting Systems: Low**

Knowledge of the defeat device was confined to engineering and technical management, never flowing to compliance or legal functions, a failure of hierarchical information culture rather than deliberate architectural concealment (Volkswagen AG, 2015).

#### **Concentration of Executive Power: High**

The organisation was widely characterised as authoritarian under CEO Winterkorn, actively discouraging challenge and making it professionally risky to raise concerns about target feasibility (Mansouri, 2016). Excessive concentration of executive power is a recurring structural feature of governance environments that fail to constrain misconduct (Gottschalk, 2022).

### ***Critical Moment***

The critical moment was the internal decision, reportedly around 2006-2008, to implement the defeat device rather than acknowledge a huge technical problem (Mansouri, 2016). The governance failure was not in the absence of oversight structures but in their effectiveness to dismantle a hierarchical culture that treated regulatory compliance as an engineering problem to be solved by any available means. Organisational culture can disable formal governance mechanisms from within, creating conditions in which misconduct becomes normalised and tolerated (Appelbaum, Deguire and Lay, 2005).

## **Case Analysis 3: Wirecard**

### ***Contextual Overview***

Wirecard is the case in this study where governance failure extended beyond the firm to encompass the regulator itself, testing the outer boundary of what the framework can explain. Wirecard AG collapsed in June 2020 after EY refused to sign off on accounts, revealing that approximately €1.9 billion in reported cash balances did not exist (Financial Times, 2020). The fraud was sustained through fictitious third-party revenues attributed to Asian partners, while journalists and analysts raising concerns faced active legal suppression (McCrum, 2022). When analysts started raising concerns about Wirecard's activities, investors started betting on the price drop of their stocks. In response, Germany's financial regulator BaFin banned this short-selling of Wirecard shares and filed criminal complaints against investigative journalists, effectively using regulatory authority to protect a fraudulent enterprise (Storbeck, 2020).

### ***Financial Incentive Pressure***

#### **Performance-Based Compensation: High**

CEO Markus Braun held substantial personal stakes in Wirecard's share price, directly aligning his financial interests with maintaining exceptional reported performance (McCrum,

2022). Braun owned a large chunk of Wirecard stock, meaning his personal wealth rose and fell with the share price. When executives hold significant equity stakes, the incentive to sustain inflated valuations becomes personal as well as organisational (Gottschalk, 2022).

### **Short-Term Earnings Pressure; High**

As a publicly listed fintech firm, continuous investor pressure to demonstrate revenue growth meant any deceleration would have been severely punished by markets (Financial Times, 2020). Publicly listed firms in high-growth sectors face particularly intense economic convenience pressures, as the cost of honest disclosure may be existential (Gottschalk, 2018).

### **Aggressive Growth Targets: High**

Wirecard's valuation at its peak was higher than Deutsche Bank, one of Germany's most established financial institutions. When a company is valued highly by the market, it's because investors expect strong future growth. The higher the valuation, the bigger the growth expectations. The problem was that Wirecard's actual business wasn't generating anything close to the performance it was reporting. So to maintain the share price, the company had to keep fabricating results (McCrum, 2022). Opportunity structures can become self-reinforcing once misconduct is embedded in organisational routines, making escalation difficult to avoid (Madsen, 2014).

### **Market and Analyst Expectations: High**

Wirecard was included in DAX 30 in 2018, which is Germany's stock market index listing the top 30 largest publicly traded companies. This intensified scrutiny and elevated performance expectations (Storbeck, 2020). Wirecard responded by using regulatory mechanisms and legal threats to suppress analytical challenge, actively managing external oversight rather than merely avoiding it (McCrum, 2022)

### ***Governance Weakness***

#### **Board Independence and Oversight: Very Low**

The supervisory board repeatedly failed to investigate credible, publicly documented allegations, including extensive Financial Times reporting from 2019, and did not commission independent verification of reported cash balances (Storbeck, 2020). Failure to act on available warning signals represents a severe abdication of the oversight responsibility central to effective board governance (Elson and Gyves, 2003).

### **Internal Controls and Audit Effectiveness: Very Low**

EY signed off on Wirecard's accounts for over a decade without verifying cash balances claimed to be held in Philippine escrow accounts, representing one of the most significant audit failures in recent European corporate history (Financial Times, 2020). Auditor economic dependency is a critical mechanism through which external controls are neutralised (Steinmeier, 2016).

### **Transparency and Reporting Systems: Very Low**

Wirecard routed much of its alleged revenue through third-party partners in obscure jurisdictions, a structure that made it extremely difficult for auditors or regulators to verify whether the underlying transactions actually existed (McCrum, 2022). Senior executives may actively design reporting structures to expand discretion while reducing transparency (Benson and Simpson, 2018).

### **Concentration of Executive Power: High**

Power concentrated among Braun and COO Marsalek enabled orchestration of the fraud across multiple geographies with effective freedom from internal challenge or oversight (McCrum, 2022). Concentrated authority structures reduce accountability and enable decision-making without sufficient checks and balances (Gottschalk, 2022).

### ***Critical Moment***

The critical moment was EY's decade-long pattern of non-verification: each unqualified audit opinion extended the fraud and reinforced management's confidence (Financial Times, 2020). Where Enron's board actively disabled governance, Wirecard's failed through inaction, professional inadequacy, and regulatory capture (Storbeck, 2020).

## **Case Analysis 4: Wells Fargo**

### ***Contextual Overview***

Wells Fargo is the only case in this study where both incentive pressure and misconduct were at the employee level rather than the executive, slightly challenging the framework's assumption that white-collar crime flows top-down. Between approximately 2002 and 2016, employees opened an estimated 3.5 million unauthorised customer accounts to meet aggressive internal sales targets (Consumer Financial Protection Bureau, 2016). The misconduct became public in 2016, resulting in over \$3 billion in penalties and the

resignation of CEO John Stumpf (US Senate Committee on Banking, Housing and Urban Affairs, 2016). Its analytical value lies in showing that when incentive systems are extreme, and governance fails to constrain them, fraud can become institutionalised at every level of an organisation simultaneously (Gottschalk, 2022).

### ***Financial Incentive Pressure***

#### **Performance-Based Compensation: High**

Employee pay, bonuses, and job security were tied directly to product sales volumes, creating intense personal financial pressure at the front line rather than exclusively among executives (Consumer Financial Protection Bureau, 2016). Sales-based compensation structures create immediate pressure that leaves employees with very limited practical alternatives to misconduct when targets are unrealistic (Mukweyi, 2010).

#### **Short-Term Earnings Pressure: High**

Branch managers faced daily and weekly sales scrutiny with disciplinary action for missed targets (US Senate Committee on Banking, Housing and Urban Affairs, 2016). Financial convenience is most acute when the perceived cost of non-compliance is immediate and personal rather than diffuse or long-term (Gottschalk, 2017).

#### **Aggressive Growth Targets: High**

The ‘eight is great’ strategy targeted eight products per customer, widely recognised internally as unachievable through legitimate means, yet maintained and intensified for years (Consumer Financial Protection Bureau, 2016). Management did not merely tolerate misconduct but constructed the structural conditions that made it virtually inevitable (Benson and Simpson, 2018).

#### **Market and Analyst Expectations: Medium**

Cross-selling ratios, when a bank persuades existing customers to open additional accounts or take out additional products, had become a distinguishing feature of Wells Fargo’s investment narrative, with analysts tracking them specifically and adding external pressure to sustain performance appearances (US Senate Committee on Banking, Housing and Urban Affairs, 2016). While less acute than in Enron or Wirecard, this external expectation reinforced internal pressure and increased the reputational cost of honest disclosure.

### ***Governance Weakness***

### **Board Independence and Oversight: Low**

The board failed to act on years of warning signals, including ethics hotline reports and regulatory concerns, reflecting governance oriented toward the performance narrative rather than operational oversight (US Senate Committee on Banking, Housing and Urban Affairs, 2016). When a board becomes too aligned with management's goals, it tends to prioritise hitting targets over asking difficult questions, which defeats the purpose of having independent oversight in the first place (Elson and Gyves, 2003).

### **Internal Controls and Audit Effectiveness: Low**

Internal monitoring was inadequate to detect the scale of fraud, with accountability diffused across thousands of decentralised branch locations and no effective escalation of known misconduct (Consumer Financial Protection Bureau, 2016). Organisational complexity reduces the effectiveness of internal controls by creating accountability gaps that misconduct can exploit (Steinmeier, 2016).

### **Transparency and Reporting Systems: Medium**

The reporting failure was less structural opacity and more active suppression: employees who reported misconduct faced retaliation, making the reporting system hostile and ineffective (US Senate Committee on Banking, Housing and Urban Affairs, 2016).

### **Concentration of Executive Power: Medium**

In most corporate fraud, the people at the top are the ones actively committing it, yet with this case the pressure culture and targets were designed at the top, while misconduct was at employee level. Oversight systems oriented toward executive behaviour alone may be insufficient when incentive-driven misconduct is diffused across an entire organisation (Mukweyi, 2010).

### ***Critical Moment***

The critical moment was the sustained institutional response to complaints: retaliation against whistleblowers and continued enforcement of unrealistic targets despite clear evidence of fraud (Consumer Financial Protection Bureau, 2016). The governance failure was not one of detection but of response; information was available, but institutional will to act was absent (Appelbaum, Deguire and Lay, 2005). This distinguishes Wells Fargo from the other crime cases.

## **Case Analysis 5: Siemens AG- Comparative Reformed Case**

### ***Contextual Overview***

Siemens is the only case in this study where governance was reformed after misconduct, making it the critical counterpoint that allows the study to move from description to explanation. Siemens operated a systematic and geographically widespread bribery programme, paying government officials across multiple continents to secure infrastructure contracts, a practice so embedded in the company's operations that it functioned as standard business procedure rather than isolated misconduct (US Department of Justice, 2008). Investigations from 2006 revealed that Siemens had paid approximately €1.4 billion in bribes across dozens of countries to secure public contracts, resulting in record fines of approximately \$1.6 billion agreed with US and German authorities in 2008 (US Department of Justice, 2008). Financial incentive pressure did not reduce after the scandal: Siemens continued operating in the same competitive infrastructure markets. What changed was the governance environment. This is direct evidence that governance reform, rather than reduced financial pressure, is what interrupts the pathway to WCC.

### ***Financial Incentive Pressure- Unchanged Pre and Post-Reform***

#### **Performance-Based Compensation: High**

Compensation was tied to contract wins in competitive infrastructure markets, embedding financial incentives to secure business through any means (Pieth, 2011). This pressure remained essentially unchanged after reform, a critical feature of the comparative design, as it allows the post-reform reduction in misconduct to be attributed to governance change rather than reduced motivation (Gottschalk, 2017).

#### **Short-Term Earnings Pressure: Medium**

Divisional leadership faced consistent pressure to deliver contract pipelines, intensified by the large-contract dynamics of public infrastructure markets where a small number of wins could dominate divisional performance (US Department of Justice, 2008).

#### **Aggressive Growth Targets: High**

Operating in markets where competitors also engaged in bribery, Siemens faced conditions in which illegal payments were perceived as a commercial necessity, a competitive dynamic that persisted after reform (Pieth, 2011).

### **Market and Analyst Expectations: Medium**

As a major DAX-listed company, Siemens faced investor expectations of revenue growth, though less intense than the existential pressure faced by Enron or Wirecard (US Department of Justice, 2008). These expectations continued after reform.

### ***Governance Weakness- Pre-Reform***

#### **Board Independence and Oversight: Low**

The supervisory board failed to oversee bribery institutionalised across divisions and geographies, with the slush fund (pool of money set aside for unofficial purposes) operating as a parallel financial system, indicating governance that was absent or deliberately avoided (Pieth, 2011). The failure to challenge complex financial arrangements is a defining feature of board independence failures (Elson and Gyves, 2003).

#### **Internal Controls and Audit Effectiveness: Low**

Controls failed to detect systematic fund movements managed through informal networks and off-book arrangements (US Department of Justice, 2008). Bribery operations managed through intermediaries and informal channels represent a challenging detection problem for internal controls, as they are designed to remain invisible (Steinmeier, 2016).

#### **Transparency and Reporting Systems: Low**

Arrangements managed through intermediaries and shell companies across dozens of countries rendered transparency systems wholly inadequate to detect the misconduct (US Department of Justice, 2008). Organisational complexity actively reduces the detectability of misconduct by diffusing accountability across jurisdictions and structures (Benson and Simpson, 2018).

#### **Concentration of Executive Power: Medium**

The scheme operated at the divisional level, but its institutional character, treated as standard practice across multiple divisions, indicates senior leadership condoned or failed to investigate widely known practices (Pieth, 2011). As previously stated, governance failure is not always active suppression; it can take the form of wilful inattention at senior levels (Gottschalk, 2022).

### ***The Reform Programme and Post-Reform Scores***

Following the 2008 settlement, Siemens restructured its compliance function as an independent unit reporting directly to the management board; implemented a global financial transparency system requiring documentation of all significant payments; established a protected whistleblowing system with an independent ombudsman; reformed the supervisory board's audit committee with independent external members; and integrated compliance performance into executive compensation (Pieth, 2011; US Department of Justice, 2008). Board oversight, internal controls, and transparency all moved from Low to High. Siemens invested approximately \$1 billion in this programme (Pieth, 2011), and subsequent governance assessments rated its board oversight among the strongest in the DAX (Transparency International, 2009).

### ***Critical Moment***

The critical moment is the reform programme itself. Financial incentive pressure did not diminish; Siemens continued operating in intensely competitive infrastructure markets where bribery remained a risk. What changed was the governance environment (Pieth, 2011). The post-reform reduction in misconduct provides direct evidence that governance reform can interrupt the pathway from financial pressure to crime, identifying the specific mechanisms most consequential: independence of oversight, transparency of financial flows, protection of internal reporting, and integration of compliance into executive incentive structures (Gottschalk, 2017; Steinmeier, 2016).

### **Comparative Scoring Matrix**

Table 2 below consolidates the analytical assessments from the five individual case analyses. Each sub-variable is scored on a scale from Low to Very High. For both financial incentive pressure and governance weakness, High scores (shown in red/amber) indicate more problematic conditions. For governance weakness specifically, a High score means severe governance failure (weak oversight), while a Low score (shown in green) means strong, effective governance. Siemens is distinguished between pre- and post-reform periods.

**Table 2: Comparative Scoring Matrix**

Variable	Enron	Volkswagen	Wirecard	Wells Fargo	Siemens (Pre)	Siemens (Post)
<b>FINANCIAL INCENTIVE PRESSURE</b>						
Performance-based compensation	High	Medium	High	High	High	High
Short-term earnings pressure	High	Medium	High	High	Medium	Medium
Aggressive growth targets	High	High	High	High	High	High
Market / analyst expectations	High	High	High	Medium	Medium	Medium
<b>GOVERNANCE WEAKNESS</b>						
Board independence & oversight weakness	Very High	Medium	Very High	High	High	Low
Internal controls & audit weakness	Very High	High	Very High	High	High	Low
Transparency & reporting systems weakness	Very High	High	Very High	Medium	High	Low
Concentration of executive power	High	High	High	Medium	Medium	Medium
<b>OVERALL CRIME OUTCOME</b>	Fraud / Collapse	Regulatory Evasion	Fraud / Collapse	Customer Fraud	Bribery	Reform / Reduced

Source: Author's own work

Note: All variables are scored on a scale of Low to Very High, indicating the degree of problem or weakness. For Financial Incentive Pressure: High = strong pressure driving misconduct (problematic). For Governance Weakness: High = governance failure (problematic, Low = strong governance. Siemens (Pre) = pre-2008 reform period; Siemens (Post) = post-reform period.

## **Discussion**

### **Cross-Case Comparative Analysis**

The individual case analyses and the comparative scoring matrix together provide the evidential basis for a systematic cross-case comparison. This section examines where the cases converge and where they diverge, what those patterns reveal about the interaction between financial incentive pressure and governance weakness, and what the Siemens comparative case contributes to the study's central argument. The analysis is structured around four analytical questions that together address the study's research question.

#### ***1. Where Do the Cases Converge? The Role of Financial Incentive Pressure as a Necessary Condition***

Across all four crime cases, Enron, Volkswagen, Wirecard, and Wells Fargo, the matrix reveals a consistent pattern of significant financial incentive pressure. In particular, aggressive growth targets score High in all four cases, and performance-based compensation scores High in three of the four (Medium in Volkswagen). This convergence confirms that financial incentive pressure is present in all observed instances of WCC in this dataset, supporting the literature's identification of economic convenience as a consistent feature of the context in which misconduct occurs (Gottschalk, 2017; Gottschalk, 2022).

The Siemens pre-reform case reinforces this finding: financial incentive pressure was high before the reform period and remained high afterwards. If financial pressure alone were sufficient to produce crime, misconduct should have continued after reform; the fact that it did not indicates that financial incentive pressure is a necessary but not sufficient condition for sustained WCC (Gottschalk, 2017).

#### ***2. Where Do the Cases Diverge? The Decisive Role of Governance Weakness***

While financial incentive pressure is consistently high across crime cases, the governance weakness dimension reveals meaningful variation that is analytically important. The matrix shows clear differences in both the degree and the type of governance failure across cases:

- Enron and Wirecard exhibit the most extreme governance failures, with Very High scores across board oversight, internal controls, and transparency. Both cases involved the systematic engineering of misconduct, SPEs in Enron's case, fictitious

third-party revenues in Wirecard's, indicating that governance was not just lacking but was actively corrupted.

- With Volkswagen, the board scored Medium on independence weakness, rather than High. This suggests that even moderate governance weakness, combined with high financial pressure, is sufficient to enable misconduct when organisational culture amplifies both.
- Wells Fargo exhibits the most distinctive governance profile, with Medium rather than High scores on transparency weakness and concentration of executive power. Its governance failure was characterised by cultural normalisation rather than by structural concealment.

These divergences demonstrate that governance failure is not rigid: it can take different structural forms, each of which represents a distinct pathway from governance weakness to misconduct (Steinmeier, 2016).

The critical analytical contribution of the Siemens post-reform case is the contrast it provides with the pre-reform period. Financial incentive pressure scores are essentially unchanged between the two periods, while governance weakness scores shift dramatically downward, from High to Low across board oversight, internal controls, and transparency. The associated reduction in documented misconduct provides direct evidence that it is the governance dimension, rather than the financial incentive, that is decisive in determining whether financial pressure translates into crime (Pieth, 2011). This supports the framework's interactional hypothesis and aligns with convenience theory's proposition that organisational convenience, reducing the perceived risk and barriers to misconduct, is the structural mechanism through which economic motive becomes criminal action (Gottschalk, 2018; Stadler and Gottschalk, 2022).

### ***3. What Does the Interaction Between Dimensions Reveal?***

Examining the interaction between financial incentive pressure and governance weakness across cases reveals three important patterns:

First, the cases confirm that the interaction between two dimensions multiplies the effect of one another (Gottschalk, 2018). In Enron and Wirecard, both dimensions are at their most extreme, and the resulting misconduct was sustained over many years and involved the entire organisational infrastructure. In Volkswagen, where financial pressure was high, but

governance failure was less complete, the misconduct was more contained, restricted to a specific technical problem, and did not involve the same degree of cultural normalisation.

Second, the cases show that the interaction operates differently depending on where within the organisational hierarchy it is most intense (Gottschalk, 2022). In Enron, Wirecard, and Volkswagen, it was senior executive decision-making. In Wells Fargo, it was at the employee level, producing a different character of misconduct: distributed, operational, and customer-facing rather than concentrated, strategic, and market-facing. This distinction matters for governance design: the appropriate interventions differ depending on whether the risk is executive misconduct or incentive-driven employee behaviour (Mukweyi, 2010).

Third, the Siemens case demonstrates that the interaction can be disrupted by targeted governance reform even when financial pressure remains (Pieth, 2011). This is consistent with convenience theory's argument that effective governance reduces organisational convenience by increasing the perceived risk of crime rather than by eliminating motivation (Gottschalk, 2017; Stadler and Gottschalk, 2022).

#### ***4. What Are the Limits and Tensions in the Framework?***

The cross-case analysis also surfaces limitations and tensions that require acknowledgement:

- The Wells Fargo case partially challenges the framework's implicit assumption of top-down misconduct. Primary actors of misconduct were the employees, not the executives. The framework accommodates this, but the case suggests that the analysis may need to be the incentive system rather than senior executive behaviour specifically.
- Volkswagen's defeat device was enabled by a culture of hierarchical deference that is not fully captured by any single governance sub-variable. Culture is in some sense a product of governance failure, but it is also a condition that shapes how governance mechanisms function.
- The Siemens comparative case, while analytically valuable, carries inherent evidential limitations. The post-reform reduction in documented misconduct may reflect improved concealment as much as genuine behavioural change. It provides strong suggestive evidence but not proof.

These tensions do not undermine the framework but point to productive directions for its further development, which are discussed in the conclusion.

## **Implications for the Research Question**

This study set out to answer a central question: how do financial incentive pressure and governance weakness interact to increase organisational convenience as a driver of white-collar crime?

### ***Financial Pressure is Necessary but Not Sufficient***

The cross-case analysis confirms that significant financial incentive pressure is present in all five cases, including Siemens, both before and after its governance reforms. This establishes financial pressure as a necessary contextual condition for the cases studied, but not a sufficient one. The Siemens comparative case demonstrates that when governance mechanisms are strengthened, misconduct does not persist even in the presence of continued high financial pressure.

### ***Governance Weakness is the Decisive Variable***

Across all four crime cases, significant governance failure is present; in the Siemens post-reform period, where governance was substantially strengthened, misconduct stopped. This pattern supports the study's central argument: that governance mechanisms do not merely respond to white-collar crime after the fact, but actively shape the conditions under which crime is possible.

### ***The Mechanisms That Matter Most***

The case evidence points to several specific governance mechanisms as particularly consequential:

- Independence of oversight functions: The cases most characterised by governance failure (Enron, Wirecard) both involved weak audit and board functions through economic dependency or pressure from the top (Elson and Gyves, 2003; Steinmeier, 2016). Independence is evidently a major aspect of corporate governance.
- Transparency of financial flows: In Enron and Wirecard, cloudiness was engineered as a way to commit WCC (Benson and Simpson, 2018). Governance mechanisms that require genuine financial transparency directly prevent WCC.
- Protection and empowerment of internal reporting: In Wells Fargo, misconduct continued despite internal awareness because reporting was suppressed through retaliation (Consumer Financial Protection Bureau, 2016). Governance frameworks

that create protected, independent channels for internal reporting address this failure and prevent misconduct (Appelbaum, Deguire and Lay, 2005).

- Cultural accountability: The Volkswagen case suggests that structural governance mechanisms are necessary but not sufficient in isolation: organisational cultures that prioritise target achievement over compliance require cultural interventions alongside structural reform (Appelbaum, Deguire and Lay, 2005).

## Conclusion

### Summary of Findings

This study set out to answer one central question: how do financial incentive pressure and governance weakness interact to increase organisational convenience as a driver of white-collar crime? Drawing on Convenience Theory, the literature on corporate governance, and empirical analysis of five cases, the research has produced a clear and evidence-grounded answer.

The analysis confirms that white-collar crime does not emerge from a single cause. Financial incentive pressure, through performance-based compensation, aggressive growth targets, short-term earnings scrutiny, and market expectations, is consistently present across all four crime cases and represents a necessary condition for misconduct (Gottschalk, 2017). However, it is not sufficient. The Siemens comparative case demonstrates that when governance mechanisms are genuinely strengthened, sustained misconduct does not persist even when financial pressure remains high (Pieth, 2011). This is the study's central empirical finding: governance weakness, not financial pressure, is the decisive variable that determines whether organisational convenience translates into criminal action.

The cross-case comparison further reveals that governance failure is not a single phenomenon. It takes meaningfully different forms across cases: deliberate institutional sabotage (Enron), hierarchical cultural suppression (Volkswagen), erosion of regulatory independence (Wirecard), and the normalisation of retaliation against internal reporting (Wells Fargo). Each represents a distinct pathway from weak governance to misconduct, and each requires different governance interventions to address. This variation is an important refinement of the analytical framework developed in this study, which might otherwise treat governance weakness as a single undifferentiated variable (Steinmeier, 2016).

The study also surfaces a productive tension in the framework. The Wells Fargo case partially challenges the assumption that white-collar crime flows primarily from the top down, demonstrating that when incentive systems are sufficiently extreme, and governance fails to constrain them, fraud can become institutionalised at every level of an organisation simultaneously (Gottschalk, 2022). This suggests that governance frameworks must address the full organisational hierarchy, not only at the executive level.

## **Limitations**

Several limitations should be acknowledged. The reliance on secondary data introduces interpretive risk, as the analysis depends on the accuracy and framing of existing sources. The focus on high-profile, large-scale scandals may limit generalisability to smaller organisations or less visible misconduct. The Siemens comparative case, while analytically valuable, cannot definitively establish if the reform itself is what prevented future WCC; the post-reform reduction in documented misconduct may partly reflect improved concealment rather than genuine behavioural change. Finally, the framework's two-dimensional structure, while analytically tractable, does not fully capture the reflexive relationship between organisational culture and governance mechanisms, as the Volkswagen case illustrates.

## **Directions for Future Research**

Future research could address these limitations in several ways. Most research looks at governance reform in a snapshot; we need long-term research that follows reforms as they are put into effect, to investigate whether they actually reduce misconduct. Volkswagen revealed a gap, that organisational culture (attitudes and norms) plays its own role, so the framework should add a third layer- organisational culture. Comparative studies incorporating smaller organisations, or sectors where misconduct is less likely to become publicly visible, would improve generalisability. Finally, interview-based research with compliance and governance practitioners would add an empirical dimension that secondary case analysis cannot provide.

## **Recommendations**

Based on the evidence assembled across five cases and the analytical framework developed in this study, the following recommendations are offered for corporations and regulators.

### **1. Establish Genuinely Independent Oversight Functions**

The Enron and Wirecard cases demonstrate that governance which exists in form but is compromised or lacks substance provides no meaningful resistance to misconduct.

Auditors should be rotated regularly and prohibited from providing non-audit consulting services; board audit committees should comprise genuinely independent external members; and regulators must maintain operational independence to prevent the regulatory capture observed in the BaFin-Wirecard relationship.

### **2. Mandate Transparency of Financial Flows**

In Enron and Wirecard, financial cloudiness was deliberately engineered as a precondition for fraud. Corporations should require comprehensive documentation of all significant financial flows, including third-party payments, mandate independent verification of off-balance-sheet arrangements, and implement the global financial transparency system adopted by Siemens post-reform as a minimum standard for large, multi-jurisdictional organisations.

### **3. Protect and Empower Internal Reporting**

Wells Fargo demonstrates that misconduct persists for years despite internal awareness when reporting channels suppress rather than surface concerns. Corporations should establish independent, protected whistleblowing systems modelled on the Siemens post-reform approach, treat retaliation against whistleblowers as a serious governance violation, and ensure ethics mechanisms are genuinely anonymous and independently managed.

### **4. Integrate Compliance into Executive Incentive Structures**

Across the crime cases, incentive structures rewarded financial performance without equivalent consequences for governance failures. The Siemens post-reform programme directly addressed this by linking compliance performance to executive compensation. Compliance should be an explicit condition of executive pay.

## **Concluding Remarks**

The evidence points to a clear conclusion: financial incentive pressure and governance weakness interact to increase organisational convenience by raising the attractiveness of misconduct and reducing the friction that constrains it. When governance is genuinely independent, transparent, protective of internal reporting, and aligned with incentive structures, it disrupts that interaction, making crime less convenient and compliance more so, even when financial pressure remains elevated.

The Siemens case demonstrates that this is not a theoretical proposition but an observable outcome. Governance can be reformed, and when reform is genuine and comprehensive, it works. The challenge for corporations and regulators is to ensure that governance operates in substance rather than merely in form; a distinction that, as the cases in this study show, is the difference between organisations that constrain misconduct and those that enable it.

## **Declaración de Uso de Herramientas de Inteligencia Artificial Generativa en Trabajos Fin de Grado**

ADVERTENCIA: Desde la Universidad consideramos que ChatGPT u otras herramientas similares son herramientas muy útiles en la vida académica, aunque su uso queda siempre bajo la responsabilidad del alumno, puesto que las respuestas que proporciona pueden no ser veraces. En este sentido, NO está permitido su uso en la elaboración del Trabajo fin de Grado para generar código porque estas herramientas no son fiables en esa tarea. Aunque el código funcione, no hay garantías de que metodológicamente sea correcto, y es altamente probable que no lo sea.

Por la presente, yo, Lyla Corcoran, estudiante de E4-A de la Universidad Pontificia Comillas al presentar mi Trabajo Fin de Grado titulado "Convenience Theory and White-Collar Crime: The Role of Corporate Governance and Financial Pressure in Large Organisations", declaro que he utilizado la herramienta de Inteligencia Artificial Generativa ChatGPT u otras similares de IAG de código sólo en el contexto de las actividades descritas a continuación:

- Brainstorming de ideas de investigación: Utilizado para idear y esbozar posibles áreas de investigación.
- Corrector de estilo literario y de lenguaje: Para mejorar la calidad lingüística y estilística del texto.
- Sintetizador y divulgador de libros complicados: Para resumir y comprender literatura académica compleja.
- Revisor: Para recibir sugerencias sobre cómo mejorar y perfeccionar el trabajo.
- Traductor: Para traducir textos de un lenguaje a otro, en particular el resumen del trabajo al español.

Afirmo que toda la información y contenido presentados en este trabajo son producto de mi investigación y esfuerzo individual, excepto donde se ha indicado lo contrario y se han dado los créditos correspondientes (he incluido las referencias adecuadas en el TFG y he explicitado para que se ha usado ChatGPT u otras herramientas similares). Soy consciente de las implicaciones académicas y éticas de presentar un trabajo no original y acepto las consecuencias de cualquier violación a esta declaración.

Fecha: 02/06/2026

Firma: 

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