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Financial Crime & The Influence of Business Culture

America is a country that differs strongly from other nations that are currently recognized around the world. Not only is it exceptionally young, but historically, The United States has had a weight that few nations have had on the world, regardless of age. One reason being the framework of American identity being built off the need for capital gain. This groundwork resulted in an aggressive business climate that fosters a “workaholic” mindset. It is not uncommon that victims of this vicious environment resort to extreme, sometimes deceitful, practices. It is important to identify not just the event of a financial crime and its perpetrator, but the deep-rooted causes of widespread financial crime through the study of crime, specifically by culture, which is often helpful to analyze other instances of widespread crime in other cultures, in order to produce helpful solutions to real-world problems within our own.

It is important to establish a baseline idea of a “financial crime” due to the widespread nature of impact and severity. It will be assumed that a “financial crime” encompasses any action in which currency was acquired by illegal or unacceptable financial practices. This does not necessarily include crimes that resulted in a loss of capital. It is important to note the difference between what is considered a “financial crime” and any illegal activity in which property was damaged or stolen resulting in one or more party(s) losing assets. In *Customs, Mores and Culture in Determining the Scope of Law and Financial Crime Control – Relevance of Savigny and Lord*

Denning's Analysis. The author discusses a time where “law” is determined by moral law, it was much easier to get away with a practice that would be considered a financial crime than in today’s standards. However, it is also important to be distinct about the culture that is being studied, even today, due to the nature of our widespread and vastly differing financial environments that combine to create a global economy. These distinctions serve to define what a “financial crime” is, since the definition of a crime has varied throughout time, it also incites the spatial aspect of the definition of a crime.

Once an idea of definition of financial crime is established, it is appropriate to introduce the idea of corruption. *The supply-side of corruption: a review of scenario, causes and prevention measure* discusses corruption and the causes of financial crimes, while also identifying how corporations might go about trying to avoid financial crime. These are critical to understand how and why a financial crime might take place. While not new information, it points to the underlying issues that result in financial crime. If one can understand the underlying cause of the statistical majority of financial crime in a given environment, it can be much easier to not just identify the root cause of strife caused by financial crime, but it can lead to improvements in legislature to defend against financial crimes.

Determinants of Corruption in Developing Countries: Case of Tunisia documents and examines the specific case of cultural determinants of financial crime in Tunisia. Specifically, what factors of culture are most likely to produce financial crime? *Zouaoui, Arab, and Alamri* discuss economic, political, and sociocultural factors as well as establish metrics such as CPI to determine and analyze corruption. “The results show that economic freedom is the most important variable of corruption in Tunisia. In second place comes the subsidies granted by the government, which is one of the best shelters of corruption in Tunisia through their use for

purposes different from those already allocated to them. Third, this paper finds the high unemployment rate, which, in turn, is getting worse even nowadays.” The use of Tunisia explains a case in which valuable data can be gathered and applied to markets such as the American and European.

Corruption in Latin America: how politicians and corporations steal from citizens is another example of corruption, however, the authors examine this case from the perspective of how, specifically, perpetrators are stealing from the public. This just gives another point of view to the root causes of corruption and crime, explaining the connection between this form of financial crime and corporate/political culture in Latin America. “None of this happened quickly or necessarily opportunistically, but it is instead the result of entrenched social norms with deep historical roots.” This stresses the importance of culture in determining financial crimes. The question becomes, which cultures have the highest volume of financial crime? If one can determine the highest volume of financial crime and relate it to a cultural faculty in that region, you can then better determine how to combat financial crime within that region.

“For example, the reciprocity or “fair exchange” in insider trading is information for information or information for monetary reward.” With an idea of different regions cultural influence on financial crime, what can we surmise about American business culture? It is no doubt that the United States has fostered one of the most aggressive business cultures in the world. It is one of the top capitalist nations and consequently harbors one of the most feverish financial crime environments of all time. So, how did it get this way? After the further development of cities that housed financial markets such as New York and the stock exchange, culture began to follow the money-making mindset. What this produced was a small number of

grossly successful people with an unquenchable excess of greed. However, the bright side is that financial crime can be curbed if it is properly understood and respected.

To decide the impact of business culture on financial crime, one must first step back and define the borders of financial crime, what elements of culture influence corruption, and finally, analyze many cases of financial crimes in different environments to get a holistic view of the impact that culture has on the volume and severity of financial crime. Then, one can assess the influence that culture has on financial crime and apply that knowledge to the case of American business culture. However, it is vital that the conversation does not stop there. Behind every statistic and case, there are real people trying to solve their real problems. We must as academics step out from behind the shield of observation to make real changes to help those that need it after we have gathered the necessary information and identified helpful solutions.

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