Accounting for Organizational Misconduct*  
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ABSTRACT. Organizational misconduct (white collar, corporate and occupational crime, unethical behavior, rule violations, etc.) is an increasingly important social concern. This paper proposes that a necessary step toward preventing and treating such misconduct is the understanding of the explanations, called accounts, given by the actor. We argue that the theorizing and findings in the literature on accounts can be organized into a 2 × 2 matrix framework. The first dimension centers on whether or not the actor admits that some net harm is done by the act, and the second consists of whether or not the actor admits responsibility. When both are admitted (cell 1), the account is a concession, while denial of both constitutes a refusal (cell 4). Admitting responsibility but not harm equates to a justification (cell 2), and the opposite condition is an excuse (cell 3). Building on this matrix, we specify a typology of explanations within each cell which will highlight inter-cell differences. Finally, we explore the implications of this analysis for managers, regulators, and the public.

Organizational misconduct (white collar, corporate and occupational crime, unethical behavior, rule violations, etc.) is an increasingly important social issue. This paper proposes that a necessary step toward preventing and treating such misconduct is the understanding of the explanations, called accounts, given by the actor.

Most classifications of organizational misconduct have now been well established as matters of serious social and economic concern. In financial terms alone, experts have estimated annual costs in multiple billions of dollars each for employee theft (Blank, 1986a; Hollinger and Clark, 1982, 1983; Willis, 1986), anti-trust (Simpson, 1986, 1987; Szwajkowski, 1986), regulatory violations and corporate income tax evasion (Clinard and Yeager, 1980). Meier and Short (1982) describe the impact of such acts as "so substantial that it equals or surpasses that of homicide, robbery, forcible rape, and mass murder" (p. 23). Furthermore, there is a strong consensus among experienced misconduct researchers "that the annual cost from white-collar and corporate crime is far greater than that from ordinary crime" (Meier and Short, 1982, p. 25).

Because acts of organizational misconduct are characteristically clandestine, little of their scope, nature, or dynamics are readily observable. Thus, investigations tend to be limited to cases of detected behavior and self-report surveys. The former comprise the primary methodology for large-sample studies of corporate crime, such as price-fixing (Baucus, 1988; Simpson, 1986, 1987; Staw and Szwajkowski, 1975; Szwajkowski, 1981). This type of study has been criticized in part because one cannot know whether comparison samples of "non-violator" firms (randomly selected or matched control groups of companies not cited for illegality) have avoided engaging in the illegal behaviors or have merely escaped detection, prosecution, or conviction (see Braithwaite, 1985).

Similarly, self-reports, the focus of this essay, are frequently dismissed out of hand as being inherently unreliable because of their self-serving function. This paper will demonstrate that such an assessment is myopic and results in missed opportunities for
discovering valuable insights concerning the sources of organizational misconduct.

**Failure and accounts**

Incidents of organizational misconduct come under the heading of “failure events” (Schönbach, 1980; Scott and Lyman, 1968). For the actor, the discovery of such an incident creates a “predicament,” defined as any “event that casts undesired aspersions on the lineage, character, conduct, skills, or motives of an actor” (Schlenker, 1980; quoted in Giacalone, 1988, p. 196).

Any such aspersions are potentially damaging to the social standing of the actor. Thus, predicaments tend to beg for explanation from the suspect party, whether or not an explanation is requested or demanded by observers. When such an explanation is offered retrospectively (that is, after the event) it is called an “account,” which is “a statement made by a social actor to explain unanticipated or untoward behavior” (Scott and Lyman, 1968, p. 46).¹

The literature on accounts includes a variety of approaches to the subject. A number of studies can be characterized as being focused primarily on “consciousness raising” about the existence and consequences of accounts, particularly as tools of impression management. Giacalone and Payne (1987, p. 26) refer to the “masks of organizational immorality” whose “use can harm society both by facilitating immoral actions as well as by rewriting events to obscure evidence of the truth.” Olasky (1985) analyzed “the amoral world of public relations” and found an artificial reality constructed from disinformation, including accounts, which made life and work a tangled web of fact and fiction. Lutz (1983) concluded that the justifications he called corporate doublespeak “breeds suspicion, cynicism, distrust, and, ultimately, hostility” (p. 22).

Other research has centered on the immediate effectiveness of accounts. For example, self-presentation has been found to be potentially harmful to the self-presenter’s reputation (Giacalone, 1985; Riordan et al., 1985). Giacalone and Pollard (1987) studied the acceptance by managers and non-managers of accounts concerning small versus large breaches of confidentiality. They found ratings of account acceptability to be related to individual perceptions of severity of the breach, but there was no difference by rank, contrary to prediction.

A third category of studies has explored the variation across taxonomic category of accounts as it relates to the development of the account process. These are discussed in the context of account typologies below. At this point, though, special mention must be made of Schönbach’s (1990) monograph, which builds on the work of Blumstein (1974) and others in developing a longitudinal model of the structure of account episodes. Schönbach identifies four phases: the failure event, the reproach phase, the account phase, and the evaluation phase. These stages alternate focus on the actor and the opponent (accuser). In addition to his conceptual discussion of the model’s dynamics, Schönbach constructed a taxonomy of reproach types and reported the results of a number of experiments concerning the last three episode phases.

The study of accounts holds the prospect of a rich vein of information about the antecedents and causes of failure events in general, and misconduct in particular. This is true despite the fact that accounts are a form of impression management, are self-serving, and are subject to potential social-desirability biases. Their value lies in their use as evidence for the purpose of triangulating the measurement of data.

A direct application of this point can be seen in a typical criminal case in a US court. Accounts are analogous to a defendant’s testifying in his or her own behalf. Judges and juries are well aware (and will be reminded by a prosecutor) of the defendant’s interest in putting the best possible face on the testimony given. There would be no point in testifying and risking the consequences of cross-examination if such testimony had no hope of conveying credible information that disconfirms the prosecutor’s hypotheses. What really happens, of course, is that the defendant’s account is weighed against evidence gathered by other methods (forensics, ballistics, eyewitnesses, etc.) in a process analogous to sound multi-method social science research.

Further indication of the importance of accounts can be found in the evidentiary weight accorded voluntary confessions and in the legal codification of the right to remain silent included in what has come to be known as the Miranda warning. Waiving the latter potentially provides accusers with information