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UCT doctoral study unravels systemic drivers of corporate crime across South Africa and Germany



Trevor Yingwane

Photo: Supplied

A new doctoral study at the University of Cape Town (UCT) offers a rigorous cross-jurisdictional analysis of how corporate crime emerges within listed companies, challenging conventional governance thinking, introducing new theories and proposing reforms to strengthen accountability in both emerging and developed markets.

Titled *Unravelling corporate crimes within listed companies: a multi-case study of selected South African and German Companies*, Trevor Yingwane's PhD examined the complex

relationships between shareholders, managers and non-executive directors, and how these dynamics can unintentionally create conditions for unethical and non-compliant practices.

Yingwane will graduate with a PhD in Commercial Law on Saturday, 28 March 2026.

A comparative lens on corporate misconduct

Yingwane's interest in corporate crime developed while he was living in Germany and completing his LLM, at a time when South Africa was confronting the state capture scandal. Observing large-scale misconduct in both countries raised deeper questions about how governance failures occur and why oversight systems so often fail to prevent them.

"Corporate crime is not confined to one jurisdiction," Yingwane explained. "It emerges from an interaction between micro drivers such as managerial avarice and pathogenic narcissism, and macro drivers such as ambiguous regulations, weak oversight, information asymmetry and dysfunctional stakeholder relationships."

To systematically analyse these drivers, his study includes a multi-case analysis of Steinhoff, Volkswagen and Wirecard. Each company operated globally, had a significant social and economic impact and revealed distinct but comparable patterns of governance failure.

"These cases allowed me to examine corporate crime across different regulatory, cultural and economic contexts," he said. "There are surprisingly few academic studies that analyse them comparatively or through the lens of corporate crime. That gap made this research both necessary and timely."

Governance failures beyond theory

Yingwane's research showed that dominant corporate governance theories – including agency theory, shareholder primacy, stewardship theory and stakeholder theory – are individually useful but collectively inadequate for explaining how large-scale corporate crime actually develops.

"Governance failures are rarely the result of a single breakdown. They arise from the interaction between micro drivers such as toxic managerial cultures and macro drivers like weak oversight and unhealthy stakeholder relationships," he noted.

Across all three cases, he identified consistent patterns: weak board oversight, excessive trust in managerial performance, compromised independence among non-executive directors and close associations between executives and key stakeholders such as auditors and consultants.

A recurring feature was the manipulation of annual reports to project exceptional performance and sustain investor confidence. Yingwane describes this as "annual report syndrome", a situation where the desire to impress markets overrides ethical and legal obligations.

He explained: "In each case, the fixation on share price growth created incentives for managers to produce impressive numbers at any cost. When strong financial performance becomes the primary measure of success, it can create blind spots that are easily exploited."

Behavioural blind spots and oversight gaps

The study highlighted how non-executive directors often become paralysed by the illusion of strong managerial performance. Carefully curated – and in some cases false – information from executives created the impression of operational success, making it difficult to detect red flags.

“A key insight is that many boards lack organisational behaviour expertise. Without that expertise, directors are more vulnerable to manipulation and less equipped to recognise pathological traits or behavioural warning signs in senior leaders,” Yingwane said.

His research found no evidence that shareholders directly instructed managers to engage in misconduct. However, indirect pressures – particularly the relentless focus on performance metrics and share price growth – contributed to environments in which misconduct could flourish. In some cases, dominant shareholders holding influential board positions weakened oversight and blurred the boundaries between ownership and management. These phenomena Yingwane refers to as “shareholder risk theory”.

Shareholder activism and systemic reform

A significant contribution of the thesis is its analysis of shareholder activism as a mechanism for curbing corporate crime. Through meta-analysis and case-law analysis, Yingwane evaluated the extent to which activist investors can hold executives accountable.

“Shareholder activists do have sufficient power, particularly when they act collectively,” he said. “But sustainable change requires what I call decisive shareholder activism – a long-term, strategic and informed approach grounded in deep organisational understanding.”

He distinguished between short-term, transactional activism focused on rapid value extraction and long-term engagement aimed at stabilising organisations and strengthening governance. The latter, he argued, is more effective in preventing criminogenic practices.

The study also highlighted the potential for labour unions to adopt a more activist role beyond their traditional functions. In particular, it shows that unions can serve as effective governance watchdogs, especially in systems that provide for employee representation at board level.

Lessons for emerging markets

For emerging markets such as South Africa, Yingwane argued that corporate crime should be understood as systemic rather than exceptional.

“South Africa still treats corporate crime as a relatively new phenomenon,” he said. “But the patterns I identified – managerial autonomy, information asymmetry, weak oversight and toxic organisational cultures – are already visible in several local cases.”

He calls for reforms that move beyond compliance-based governance towards a more holistic approach integrating ethics, organisational behaviour and proactive oversight.

Among the proposals are:

- Revising performance measurement to include stakeholder relations, corporate culture, managerial behaviour, asset disposals and acquisitions. These indicators can reveal early signs of misconduct and help detect criminogenic patterns.

- Restricting close associations on boards, as these relationships contributed significantly to governance failures in all three cases. Amendments to the South African Companies Act and the German Stock Corporation Act should limit the number of directors with close personal or professional ties serving on the same board.
- Mandating organisational behaviour expertise on boards and in managerial recruitment processes. The pathological narcissistic traits exhibited by managers in Steinhoff, Volkswagen and Wirecard highlight the need for behavioural assessment in leadership selection. King VI should explicitly require this expertise to strengthen ethical judgment and oversight.

“Without mechanisms to screen for pathological traits or behavioural risks, companies remain vulnerable,” Yingwane cautioned.

He further argued that regulators should consider stricter liability and more punitive measures for directors and executives involved in large-scale misconduct, given the profound social and economic harm caused by corporate scandals.

“When misconduct is uncovered, companies often attempt to mislead regulators or deflect scrutiny. Stronger consequences would enhance accountability and serve as a meaningful deterrent,” he said.

A contribution to international scholarship

Yingwane, who holds an MBA from the University of Cumbria and an LLM in International Commercial Law from the University of Salford, began his career in the tourism industry before pursuing full-time doctoral studies. His interdisciplinary background informs the study’s blend of doctrinal, behavioural and governance analysis.

By offering a cross-jurisdictional and systemic account of corporate crime, his research contributes to international scholarship in an under-theorised area. It provides regulators, investors, boards and policymakers with a deeper understanding of how criminogenic environments develop – and how they can be prevented.

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