

Rogue Logics: Organization in the Grey Zone

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Abstract

This paper explores the concept of the ‘rogue’ through an examination of how the figure appears in business ethics and as the rogue trader. Reading the rogue trader through institutional logics and Jacques Derrida’s book *Rogues*, we suggest that the rogue is not on the dark side of organization so much as in an indeterminate grey zone, where the boundary between acceptable behaviour and misconduct is unclear. We further argue that this boundary is necessarily unclear as it is in the nature of organization, at least within capitalist trading systems, to push the boundaries of what is possible and acceptable. The rogue thus helps produce the boundaries of ethically acceptable organizational behaviour in the very act of transgressing them. The location-bound specificity of the rogue, as well as the symbolic process of naming an individual or a state a rogue finds a relevant correlate in the villain, as Derrida suggests. But what we call ‘rogue organization’ may be constitutive of organization *per se*. As such, there is a potential roguishness in

organization that should be addressed when considering the dark side of ethics in organization studies.

Keywords

rogue traders, business ethics, organizational misbehaviour, institutional logics, Derrida

Introduction: Rogue Traders and Organization

Although examples of ‘rogue trading’ can be traced back at least to the 1880s, it was in the mid-1990s that the term ‘rogue trader’ entered popular parlance when applied to Nick Leeson (Gilligan, 2011). Leeson’s mis-reporting and trading on the [Singapore International Monetary Exchange](#) brought down Barings Bank, the oldest merchant bank in London at the time. Since then the designation has been applied to a number of other traders, most spectacularly Jerome Kerviel, whose unauthorised trading cost Société Générale an estimated \$7bn when his positions were finally wound up in early 2008 (Schwartz & Bennhold, 2008; Gilligan, 2011). In the popular media, investigatory reports, and the official pronouncements of the banks themselves, these rogue traders are characterised as ‘bad apples’: mavericks acting on their own and in contravention of official policy, without approval or clearance from their supervisors. Labelling a trader as a rogue thus functions to individualise them as an organizational deviant, reasserting the legitimacy of their employer and of the institutional field of global finance and trading more broadly.

In this paper we take up the example of the rogue as a specific form of the dark side of organizational behaviour to suggest that roguishness should not be understood as a form of deviance discretely isolated in individuals. To develop this argument, and to delineate a rogue logic of capitalist organization, we first examine how the term ‘rogue’ has been used in the business ethics literature, primarily in a parodic register, to denote a supposedly common-sense explanation of unethical behaviour in terms of extreme individualism and amorality (Gormley, 2001). In contrast to this common sense approach, most studies of rogues explain their behaviour as resulting from faulty organizational systems, poor leadership and dysfunctional corporate cultures (Kuratko & Goldsby, 2004; Drennan, 2004; Paine, 1994). Other studies of unethical behaviour suggest that it is the result of interactions between individual traits and environmental factors (Kish-Gephart, Harrison & Treviño, 2010; Ashkanasy, Windsor & Treviño, 2006). The assumption throughout this literature is that ‘dark side’ behaviour can be clearly identified, that there is a social consensus on what counts as ‘unethical’, and that it can be avoided through good management.

Against this hypothesis that the dark side is both identifiable and can be managed out of an organization, we explore the figure of the rogue trader in relation to theories on boundaries and borders to suggest that there is something inherently roguish about capitalist organization. With the notion of the grey zone as a liminal zone of obfuscation, this paper argues that the qualitative differences separating negative roguish behaviour from positive entrepreneurial practices are rarely clear. The predominant concerns of business and finance organizations with productivity and capital gains necessarily obscure the boundaries of what is acceptable and what is unacceptable. As we argue,

these distinctions are only able to be clearly determined after, and even through, the act of transgression. As such, the rogue can be understood as a constitutive principle for the creation and maintenance of organizational boundaries, working in a grey zone where regulation and the legitimacy discourses of management meet 'bottom line' imperatives to deliver results.

In developing this conception of the rogue as constituent of the logic of organization, rather than as an aberrant individual who deviates from the established good order of organization, we draw upon a range of theoretical resources, including those associated with the institutional logics perspective and its precursors (Thornton, Ocasio & Lounsbury, 2012; Meyer & Rowan, 1977), to suggest that contradictory demands for trading profits on the one hand, and economic stability in accordance with the demands of regulatory authorities on the other, produce a decoupling of descriptive and injunctive norms (Garfinkel, 1967; Goldstein & Cialdini, 2011) within an organization. Our argument is that the gap between these discrepant norms opens up a kind of grey area in which the line between acceptable forms of entrepreneurial, creative trading, and damaging or even illegal and fraudulent trading is unclear. Where practices are innovative and established examples of acceptable and unacceptable behaviour or risk taking are not available then these limits, we argue, can only be established through the production of a rogue. This 'production' is used here in a doubled sense. First the limit of acceptable conduct is enacted by a rogue who performs it in the very act of its transgression. Second, it is this act that produces the rogue *as* a rogue rather than as an innovative or even star trader. Thus the designation is one that, in the analysis we develop here, can only be applied in retrospect: the rogue is produced as a rogue through transgression, and

concomitantly produces the very boundaries of transgression. In practical terms, the line separating the entrepreneurial activities of a star trader from the mis-deeds of a rogue trader can only be established retroactively (Gilligan, 2011). Whilst active, rather than when in the dock, the rogue operates in an indeterminate grey zone where clear distinctions between light and dark cannot be made. As this paper argues, rogue logics function in this grey zone of undecidability where incommensurable institutional logics are negotiated, reproduced and reinterpreted. Rather than deviating from well-established organizational norms, we argue, the rogue simultaneously establishes the boundaries of legitimate organizational behaviour and is sacrificed as a 'rogue' in order to restore the legitimacy of the organization after transgression and as a part of this determination of limits.

After reviewing the rogue in business ethics and analysing the concept of a limit within writing on rogue traders, we develop our analysis of rogue trading through the ethnomethodological concept of 'norms' (Garfinkel, 1967) and the organizational concept of 'institutional logics' (Thornton et al., 2012). These lenses allow us to unpack the dynamics of transgression and boundary, or border, hygiene. In terms of transgression, we argue that the rogue is transgressive, but produces the border through transgression. The naming of a rogue, we suggest, contributes to the policing of the borders of acceptable organizational behaviour. Although the rogue is a product of an organizational logic of creativity, entrepreneurship, and performativity in which the testing of limits is a central element of dynamism and profit maximisation, the naming of a rogue as a rogue enables the organization to re-establish legitimacy, exorcising the rogue as a sacrifice and

therefore reclaiming the legitimacy of both the organization and the industry of which it is a part.

Whilst ethnomethodological and institutional analysis help us to clarify the location of the rogue within competing institutional logics, the final section of the paper develops the idea of a distinctively rogue logic through the work of Jacques Derrida (2005). In this section we suggest that we can understand the rogue not only as the product of conflicting logics, but as embodying a deeper logic that cuts through the field of capitalist organizing, rendering it inherently roguish. Working through Derrida's writing on rogue states, we note that both the rogue state and the rogue trader emerge in popular discourse at roughly the same time. Although there are clear differences between naming a state and an individual employee a rogue, the process of designation, we argue, is the same in both cases. Derrida's analysis points to the production of the rogue state at the intersection of parallel but contradictory political discourses: sovereignty and democracy. The essence of his argument is that roguishness isn't a quality of the state but lies in the tension between these two discourses as they embody conflicting logics. We suggest a parallel move in which the rogue trader emerges from the contradictions of financial capitalism, which simultaneously seeks profit maximisation through trading on risk, on the one hand, while requiring a level of stability, reliability and trust in handling both bank and investor capital on the other. Extending Derrida's analysis and applying the structure of his argument to rogue trading, we thus argue that it is not the individual traders who are the real rogues, even if their actions are roguish, but the organization of capitalist finance itself that is the real rogue: it produces roguishness through its contradictory logics of performativity and ostensibly ethical responsibility. Derrida

claimed that ‘there are... only rogue states. Potentially or actually. The state is... roguish’ (2005, p. 102). We argue that organization, or at least its capitalist variant, is potentially or actually roguish. To suggest that we might rid ourselves of rogues with a more robust business ethics programme, or more enlightened leadership, would thus be to miss the constitutive rogue logic at the (dark) heart of business organization.

Business Ethics, Organizational Norms, and Roguish Behaviour

In studies of business ethics and corporate malfeasance ‘the rogue’ is characterised as an a-social, a-moral figure who, if he has anything so grand as an ethical philosophy, would be an ‘ethical egoist’ (Gormley, 2001, p. 189). Paine (1994) captures well the figure of the rogue as it appears in business ethics journals:

Many managers think of ethics as a question of personal scruples, a confidential matter between individuals and their consciences. These executives are quick to describe any wrong doing as an isolated incident, the work of a rogue employee. (Paine, 1994, p. 106)

In this literature ‘the rogue’ appears as an isolated figure, operating outside of corporate and social norms and usually driven by personal gain or some other private agenda. As Paine’s quote implies, this image of the rogue is something that theorists usually attribute to managerial common sense - an attribution made by executives rather than theorists - and not a realistic depiction of actual corporate miscreants. Paine continues:

Rarely do the character flaws of a lone actor fully explain corporate misconduct. More typically, unethical business involves the tacit, if not explicit, cooperation of others and reflects the values, attitudes, beliefs, language, and behavioral patterns that define an organization's operating culture. (Paine, 1994, p. 106)

In Paine's analysis the rogue is a cultural phenomenon rather than a scientific explanation of organizational (mis)behaviour attributable to an individual. Demarcating an individual as a rogue is therefore a systemic practice in organizational behaviour and potentially serves to occlude the real organizational dynamics behind unethical behaviour. For Paine and others (e.g. Kuratko & Goldsby, 2004; Drennan, 2004), the real reasons for rogue-like behaviour are to be found in a combination of faulty or unethical organizational culture and internal management systems. Such organizations might even actively encourage roguishness with internal management systems that incentivise rule bending and norm breaking or with weak leadership that leaves employees without a clear sense of right and what is acceptable within the organization (Drennan, 2004). In either case, the moral judgement of the subject is placed in a secondary position to the social, cultural and organizational forces that play upon them and shape their actions. In this literature dark side behaviour is not so much the product of a few roguish 'bad apples' acting against a set of clear, unified organizational norms (Kuratko & Goldsby, 2004, p. 24; Bakan, 2005), as it is the result of bad organization, or 'bad barrels': for example, morally ambiguous leadership or corporate culture that legitimates such behaviour (Ashkanasy et al., 2006; Treviño & Youngblood, 1990).

We pick up on this discussion of culture and norms in the following section, developing this analysis through both ethnomethodological work on norms and through the institutional logics perspective. For now, however, it is worth noting that although these studies recognise that a ‘bad barrel’ contributes to the production of unethical behaviour (Ashkanasy et al., 2006), or that corruption may be primarily a group (Mars, 1982) or organizational (Pinto, Leana & Pil, 2008) rather than individual phenomenon, some studies have found evidence that there remains something distinctive about rogue individuals who engage in such behaviour. For example, in their meta-analysis of 136 separate studies of unethical behaviour across the full range of behavioural and social sciences, Kish-Gephart et al. (2010, p. 18) found that individuals with low Cognitive Moral Development (CMD), who are ‘Machiavellian’ and treat others as a means to their personal gain, who have an external locus of control, and who hold a relativistic moral philosophy, ‘are more likely to make unethical choices at work’. These individual psychological factors are not the sole determinants of behaviour but interact with the specificities of the moral situation (the ‘bad case’) and the organizational context (the ‘bad barrel’) to produce unethical behaviour (Kish-Gephart et al., 2010).

Similar interactions are reported in Ashforth and colleagues’ review of ‘organizational corruption’, which goes further than Kish-Gephart et al. however, in suggesting that ‘otherwise decent people can end up engaging in questionable practices as a result of their immersion in, and socialization into, the social and cultural environment of a corrupt organization’ (Ashforth, Gioia, Robinson & Treviño, 2008, p. 672-3). In contrast to Kish-Gephart et al. (2010), Ashforth et al. (2008) suggest that there is nothing inherently bad about individuals that might predispose them toward dark side behaviour,

but rather that a bad organizational environment can corrupt anyone. A similar position is adopted in Pinto et al's (2008) framework, which distinguishes between organizations of corrupt individuals and corrupt organizations, both of which take the organization as 'the focal unit' (Pinto et al., 2008: 688). Corruption is not restricted to the organizational level either. Industrial, national, and even international levels can become corrupt, or conducive to corruption, which others have referred to as a 'bad orchard' (Gilligan, 2011). Ashforth et al. (2008, p. 671) also suggest that most perspectives on unethical behaviour place too much emphasis on 'rather static individual traits and behaviors and the individual-, interpersonal-, and group-level factors that influence them', arguing that corruption should also be understood as a process, rather like a virus infecting the host organization's body, thereby combining an organizational level of analysis with an explicitly processual perspective on the dynamics of corruption.

Whether understood as resulting primarily from individual factors, the organizational and social environment, the interaction between the two, or a dynamic process of 'corruption', these perspectives share an underlying assumption that unethical, corrupt, dark side, or roguish behaviour can clearly be identified. For example, Kish-Gephart et al. (2010, p. 2) define unethical behaviour as 'any organizational member action that violates widely accepted (societal) moral norms'; Ashforth et al. (2008) refer throughout their paper to 'corrupt behavior' as if it can be clearly identified as transgressing more generally accepted social norm; and Baucus and colleagues recommend that '[e]mployees at all levels should discuss the potential dangers of unintentionally engaging in or encouraging unethical conduct' as if such conduct could easily be recognised according to widely shared conceptions of the good (Baucus,

Norton, Baucus & Human, 2008, p. 113). In many contexts, however, such widely accepted moral norms might not exist. In new areas of financial trading, for example, where both the process of trading, and the products being traded, may be innovative and poorly understood by those outside a narrow group of specialists within the industry, there are unlikely to be any established, widely accepted moral norms. As Lightfoot and colleagues clearly demonstrate in their analysis of interviews with traders, in the early days of the London International Financial Futures Exchange many people were reluctant to trade in futures and to hedge risk because they did not understand the actual details of the market (Lightfoot, Lilley & Pelzer, 2009, p. 118). In Kish-Gephart et al.'s (2010) analysis, they suggest that people often act upon the basis of an 'ethical impulse', drawing on past experience and prototypical situations, rather than deliberative, ethical reasoning and calculus. In a novel situation, where prototypes might not be readily available, the normal guides to ethical conduct are simply missing.

Kuratko and Goldsby (2004) suggest a rather more subtle relationship between corporate values and roguishness when they point to the fine line between 'corporate entrepreneurship' and unethical behaviour. Defining the corporate entrepreneur as one who does 'not follow the status quo of their coworkers' (2004, p. 14), they suggest that the creativity and innovativeness that today's business corporations so desperately crave at all levels of organization can easily slip over into unethical behaviour. Crucial here is the concept of breaking with the status quo. If everyone simply followed the rules and norms, there would be no innovation or change and the organization would ossify (Baucus et al., 2008). Some breaking of norms is necessary, but by encouraging middle managers to act as entrepreneurs and 'revolutionaries' (Kuratko & Goldsby, 2004, p. 16),

business leaders and management gurus may inadvertently be encouraging unethical behaviour. At the risk of prefiguring our argument concerning rogue logics in the following sections, it is worth noting that this celebration of difference, deviation from the 'status quo' positions the entrepreneur as someone who breaks with convention and established social norms. In this the entrepreneur follows the logic of the rogue, who is defined by the violation of 'the customs and conventions, the customary practices, of their own community' (Derrida, 2005, p. 93).

Kuratko and Goldsby ultimately suggest that this line between 'good' entrepreneurial behaviour and 'bad' ethical misconduct, however thin, is real and can be reinforced by a combination of sound internal management systems and strong leadership. Companies just need to be clear on the degree of risk-taking and innovation required from employees; to enable middle managers to align their personal agendas with organizational initiatives, thereby discouraging them from roguishly setting out on their own account; and to ensure that the organization has a robust ethical training programme (Kuratko & Goldsby, 2004, p. 13). Two questions might be raised here regarding such a perspective. On the one hand it would seem that some risky, norm breaking behaviour, is necessary for organizations to remain flexible and competitive. On the other hand, if this entrepreneurialism goes too far it may slide over into something less than ethical, though exactly what counts as ethical behaviour might often be unclear. In part this lack of clarity can be an empirical issue, especially where new and innovative practices are concerned, the legitimacy of which have yet to be clearly established either within the organization or within the broader institutional field that an organization inhabits. At

another level however there is a question as to whether ethical boundaries can ever be clearly established other than through their transgression.

Rogue Traders Working the Edge

The Edge [...] There is no honest way to explain because the only people who really know were it is are the ones who have gone over. (Thompson, cited in Lightfoot, Lilley & Pelzer, 2009, p. 119)

Lightfoot et al. cite this quote from Hunter S. Thompson, writing about riding with Californian Hell's Angels, as indicative of a parallel with the sublime experience of trading. Both practices - riding a motorcycle along the white lines at over 100 mph, and risking millions on a hunch about the likely direction of movement in a market - offer an experience of risk and danger that take on an inexpressible pleasure for participants. Just as Thompson points to the inexpressibility of the sublime experience at the edge of risk in motorcycling, so Lightfoot and his colleagues' analysis of archival interviews shows how traders are incapable of clearly expressing the practices and experiences of trading. This inability to explain 'the edge' is not merely a psychological inadequacy when faced with the sublime but results from a fundamental indeterminacy whereby the edge can only be identified through its transgression (Lightfoot et al., 2009) . Like Thompson's motorbike gangs, traders can only really know where the 'edge' between star trader and rogue trader is, by retrospectively identifying 'the ones who have gone over'.

Nick Leeson became infamous as the 'rogue trader' who brought down Baring's bank and popularised the term to refer to a 'trader who acts independently of others - and

typically recklessly - usually to the detriment of both the clients and the institution that employs him or her' (Gilligan, 2011, p. 355). As Gilligan notes, the term 'is almost always applied in retrospect' as at the time when a rogue is trading their activities are often indistinguishable from those of a 'star trader'. Indeed, the designation 'rogue trader' is the product of institutional and regulatory investigation when a trader moves from 'star' to being responsible for huge losses. The designation is at least partially mobilised in order to stabilise the trading system, shifting the responsibility onto the shoulders of an individual and away from the systemic risk involved in trading in general (Lightfoot et al., 2009).

The narrative of Leeson acting as a 'rogue trader' was itself the product of several accounts of the events surrounding Barings' collapse. Andrew Brown (2005) gives a detailed analysis of one such account: the 'Barings Report' produced by the Board of Banking Supervision in 1995, the year in which Barings went bankrupt. Paralleling the 'common sense' version of the solitary rogue discussed previously, Brown demonstrates how the Barings Report uses 'an authorial strategy that demonises an individual [Leeson], presenting him as single-handedly responsible for negative outcomes' (Brown, 2005, p. 1589). Although the report also recognises that there was a 'failure of internal controls at Barings' (2005, p. 1590), this is a secondary factor as Leeson is portrayed as deceptive and highly intelligent, working around the internal systems of control at the bank, and actively misleading his superiors.

Mark Wexler (2010), recognises that this account of the rogue trader is common but suggests that rogue trading is actually an integral part of how financial capitalism works:

Rogue trading persists because firms, relying on profits derived from risk taking, benefit more from establishing an occupational culture immersed in financial edgework than they do by curtailing speculative traders from pushing the risk-taking envelope. This work runs contrary to the view that rogue-trading losses are due primarily to faulty internal controls, poor governance procedures, and the specialized genius of a small subset of self-interested and poorly socialized risk-taking professionals. (Wexler, 2010, p. 3)

In other words, the rogue trader is part of the normal organizational logic of a system that depends upon growth and ever-increasing profitability, often in new or recently deregulated environments (Ashforth et al., 2008). As Wexler (2010) further elaborates, the business of trading is risk, so traders must necessarily push the risk envelope in order to maximise profit, especially in times of bullish markets (see also Gilligan, 2011). As such, traders are involved in what Knorr-Cetina and Bruegger (2002) call ‘financial edgework’: trading that necessarily involves risk and danger. There are two specific boundaries in trading: the ‘trading limit’, which is regularly exceeded, often with the implicit approval of supervisors, and the ‘loss limit’, which marks the level of loss that threatens the stability of a trading house. These limits are often exceeded by star traders who push the risk envelope, venturing into the ‘danger zone’ where trades exceed officially sanctioned limits on the risk of loss, but also of potential profit (Wexler, 2010, p. 10). Operating in this zone, traders and the brokerage houses they work for stand to deliver above industry average returns to their investors:

Rogue trading enters the discussion when... brokerage houses... induce speculative traders, particularly those they see as stars, to escalate their risk taking. The houses rarely make these

inducements central to its [sic] public announcements... Speculative traders, however, get the message as their rewards shift in the direction of the houses' pursuit of greater profit. (Wexler, 2010, p. 12)

From this perspective, the rogue trader is not an anomaly but someone who pushes the 'edge' of risk with the implicit approval of their employer in accordance with how trading itself is organized. As in the case of Nick Leeson, a 'star' trader who appeared to be generating huge profits for Barings, risk taking is encouraged as long as it appears to produce a profit (Brown, 2005; Stein, 2000).

The case of Jerome Kerviel, rogue trader at Société Générale, follows a similar pattern to Leeson and other 'rogue' traders. Initially his excessive risk taking paid high dividends. When Kerviel triggered his first Eurex alert on 7 November, 2007, Société Générale replied to the regulator that there was no problem with his trading. Eurex asked for more information (26 November), which was duly provided on 10 December, and the matter was dropped, presumably resolved to everyone's satisfaction (Schwartz & Bennhold, 2008). By the end of December Kerviel was trading \$2 billion up, but when the next Eurex alarm was triggered on 18 January 2008, things were already too late. By the time Société Générale wound up Kerviel's positions over 21-22 of January 2008, he had accumulated estimated losses in excess of \$7 billion (Schwartz & Bennhold, 2008), or €4.9 billion (Gilligan, 2011). Gilligan offers a different reading of the unfolding of the Kerviel saga, suggesting that Société Générale's response to the Eurex alerts, as well as that of the Bank of France, may have been deliberately slow and cautious so as to allow Société Générale to unwind Kerviel's positions in such a way as to minimise their losses. At the height of his trading, Kerviel's risky and unprofitable long positions have been

estimated at as much as €50 billion, more than the entire value of Société Générale (Gilligan, 2011).

In either case, with so much at risk, it seems unlikely that all of Kerviel's or Leeson's superiors were entirely unaware of their activities. As Gilligan (2011, p. 356-7) puts it, there appears to be 'an almost *wilful blindness or Nelsonian knowledge...* prevalent within financial services organizations, regarding individuals and/or behaviours that generate profits for firms'. For a long time it appears that both Leeson and Kerviel were encouraged in their excessive risk taking, even when they breached internal trading limits. As long as they appeared to be generating profit, their actions were condoned or even defended. Of course, they could not be publicly defended because although this kind of risky 'edgework' is part and parcel of the system, so is its disavowal. Indeed, this hypocrisy (Brunsson, 1989), or the 'decoupling' of internal action from effective regulation and external judgement (Meyer & Rowan, 1977), is necessary within such organizations because they are subject to inseparable but contradictory logics deriving on the one hand from the institutional and regulatory environment, which is concerned with maintaining the integrity of the financial system and from an organizations' own needs for stability, solvency and client trust, and on the other hand the demands of investors and owners for the maximum possible returns. The relationship between these two demands constitutes a kind of rogue logic wherein systemically roguish behaviour is condoned, and even integral to business functions, but is disavowed as soon as it ceases to be profitable, or comes to public knowledge.

To explain this 'rogue logic' further, consider that in many cases traders will return from risky positions that exceed official trading limits in profit. In this case they will be

designated a star trader who appears to be generating large profits for an organization. In most cases their activities will be implicitly condoned, or even explicitly rewarded with high levels of performance related pay and ‘senior management... may have trouble in motivating themselves to shackle that trader’s seemingly profitable methods’ (Gilligan, 2011, p. 361). Whilst there may be official trade and loss limits, then, ‘star’ traders and brokerage houses appear to go beyond these limits to return above average profits, a result that is encouraged in the capitalist game of profit maximisation (Wexler, 2010). It is only when things go wrong that the label of a ‘rogue trader’ is mobilised as an ex post rationalisation of failure:

The explanation of rogue trading as a violation of the formal house rules is mobilized following the public discovery of a rogue scandal event. It is intended to reassure investors and calm criticism of the house and its governance by focusing attention upon rogue as a “bad apple” in what otherwise is a good barrel. (Wexler, 2010, p. 7-8)

From the above examples, it seems that the designation of a ‘rogue’ is thus a twofold process. On the one hand it establishes the limit that has been transgressed in pushing the trading envelope but this limit can only be recognised after the fact of its transgression, namely when profit turns to loss and risk taking no longer pays off. On the other hand, the scapegoating of the ‘rogue’ re-establishes the stability of the financial system by placing the blame for failure of a system on a lone actor even when risky trading is endemic. Rather than a bad apple, the rogue is produced by a system that depends upon risk taking in order to maximise profits, but within which the safe and acceptable limits of risk, and what separates entrepreneurial innovation from unethical

deception can only be established retrospectively. Without such transgressions it would not be clear what levels of risk might be productive. In this sense the rogue drives productivity and profit but also establishes the boundaries of acceptable risk by venturing beyond them. In such cases, the rogue trader is not so much the trader 'gone wrong', but a kind of embodiment of capitalist trading's internal dynamics taken to a logical limit. This does not, however, mean that whilst the rogue trader is simply the passive victim of a rotten system, or 'bad barrel'. Traders' actions should be understood as simultaneously a part of and a product of the contradictory logics of financial trading on risk. The edgework necessary to maximise profit takes place at a locus of flux and reflexive constitution of action and context. From this perspective, the organization of trading and its boundaries are inherently roguish, operating in an indeterminate 'grey zone' where lines – however fine – cannot be clearly demarcated except through the production of individual rogues. The rogue is thus a liminal character operating in a grey zone between informally condoned deviation from external injunctive norms, and the untested limits of internal practices, or descriptive norms. Should they return from the grey zone with profit and without having substantially destabilised the system, they will be a 'star trader' in the roguish logic of organization. But the boundary between 'star' and 'rogue' remains unclear when the limits of performance at the lower end have not been exceeded. Whether a potential rogue repositions the limits of the acceptable by exceeding the norms of profit maximisation or those of loss, he impacts an institution's cultural and material practices.

Institutional Theory and the Ethics of Transgression

Norm breaking, or the transgression of socially coded boundaries, is contingent on the shared practices within a specific culture and how these are perceived. A seminal figure in contemporary theories of social order and organization, Harold Garfinkel (1967) described the intersection of individual behaviour and group inclusion in terms of orientation, rationality and methods, where modes of orientation and the rationalisation of action are essential to interaction *qua* organization. According to Garfinkel, action and communication are coordinated around the display of shared practices and methods that can be observed. Nevertheless, an individual's justification of his or her own action cannot be sufficiently explained through a hierarchical model of causal primacy, with the display of normative behaviour as the cause and individual action as the effect. He proposed 'ethnomethodology' to describe the shared methods individuals use in deciding what constitutes appropriate action relative to a specific group. He also emphasised that shared methods and mutual sense making cannot be reduced to the sum of units of meaning, such as in actions, gestures and expressions, but exceeds them in a process of perpetual enactment. As such, there cannot be a formula of discrete practices whose combination results in coherent and stable organization. Rather, group organization is negotiated and action is legitimated through perpetual expression and enactment. A member actively participates in a group's organization and culture by behaving in specific ways that rationally reflect, or reflexively rationalise, the dynamic practices of a group, while the group dynamically reproduces the modes of on-going organization necessary to its development and relevant to the redefining of its boundaries. Individual behaviour and

group dynamics might thus be described as constituting a reflexive feedback loop in which individual action and group norms or organization have a bidirectional, reflexively causal relationship.

Approached from this perspective, the boundaries of risk and the justification of risky behaviour might be described in terms of a continuous process of negotiation and renegotiation: an individual may enter a group that has observable behavioural patterns and norms, but the individual also generates modes of legitimisation through the very fact of actively participating in the group. Within the context of capital management and trade, the limits of acceptability can be described as partially indeterminate or fluid due to the reflexive nature of perpetually negotiating what constitutes acceptable behaviour. We would further claim that such limits also generate an element of ontological indeterminacy: limits are generated as cultural phenomena that are both produced through and reflexively reproduce the boundaries of acceptable cultural practices. That is, limits of acceptability are not static nor can they be simply objectified. It is in this capacity that we see the rogue as a critical figure integral to the practices of trading, both in terms of material practices and symbolic gestures but also with particular ‘topological’ relevance, pertaining to a sense of place and space, as will be explained. Once a rogue is named, and thus distinguished from an organization’s culture through excommunication, the rogue symbolically determines the limits of justifiable risk at a given historical moment through a reflexive act of transgression.

In the ethnomethodological study of work, Anne Rawls sees ‘situated action, talk, sequential order and tacit understanding’ in relation to Garfinkel’s premise that constant attention to, and participation in, shared methods is needed for coherence (Rawls, 2008,

p. 701). Drawing on Garfinkel's ethnomethodology, she claims that 'mutual understanding [...] in interactions [...] requires constant mutual orientation to situated constitutive expectancies – *taken-for-granted methods of producing order that constitute sense* – accompanied by displays of attention, competence, and trust' (Rawls, 2008, p. 701). The workplace acts as a site of orientation for power, constraint, meaning, and sense making through objects, actions, iterations and enactments that display and communicate shared methods native to a given working culture. For example, when a new employee joins an organization, they insert themselves into the order of shared methods that exist upon their arrival and learn by praxis. As the shared methods and culture are not static, new members are quickly involved in a perpetual renegotiation of local practices and methods that define the organization's culture. An ethnomethodological approach thus logically asks 'how we come to 'see' intelligible things in common in the first place' (Rawls, 2008, p. 707). That is, how can we identify what acceptable behaviour is and what it is not?

Following Mary Douglas, risk and its justification shape material practices through individual sense making and collective ethos: 'culture is the publicly shared collection of principles and values used at any one time to justify behaviour' (Douglas, 1986, p. 67). According to Douglas, organizational behaviour takes place at the intersection of choice and constraint, or through the overlapping of what she termed group and grid. The former she articulates through the notion of a 'boundary around a group' that delimits it, whereas the grid structures 'degrees of autonomy' through forms of regulation (Douglas, 1992/2003, p. 201). Elaborating on Durkheimian notions of ideological and restrictive organization through practices of ritual and habit, Douglas's

grid and group theory examines the kinds of control a group has over individual behaviour and how the two interact. Not unlike Garfinkel's ethnomethodology, she proposed that culture and its organization are practiced through the rituals and habits that bind individuals to a group and establish group borders. She gives particular attention, though, to the maintenance of borders. Borders, Douglas claims, are maintained via distinctions such as purity and pollution, or dirtiness and cleanliness, memorably describing 'dirt' as 'matter out of place' (1966/2002, p. 50). Such distinctions might thus be described in terms of boundary or border hygiene that help to maintain the integrity of any identity, be it individual or collective.

In contrast to Garfinkel's shared methods, border hygiene is not necessarily linked to bottom-up modes of organization through situated action and tacit, shared knowledge. From the perspective of centralised direction, border hygiene may take a more regulative form of policing, which contrasts the roles of transgression and punishment in organization. Here again we would claim that there are material and symbolic functions fundamental to transgression and punishment. We propose the following categorisation in the organizational context of capital management:

- elimination of risk: material
- scapegoating and ritual purification: material and symbolic
- maintenance of superficial appearance: symbolic

The act of naming a group member a rogue might signal steps taken toward the elimination of risk in the form of capital losses, though there are two opposing points to

this material function. First, the damage has already been done. While naming a rogue might function symbolically in the capacity of scapegoating and ritual purification, it will not help an organization materially compensate for losses. Next, risk as inherent to the system is a shared knowledge characterising group membership in capital trading. Naming a rogue cannot have the effect of removing risk from the organization's culture, as this would be counter productive. From a material perspective, though, scapegoating may be a plausible tactic in the attempt to reduce a group's potential overall losses. In order for larger bodies within the group, or even the entirety of the group, not to be rendered accountable for rogue behaviour and suffering real material consequences as a result (loss of money, but also loss of jobs, credibility, and so forth), an individual group member might take the fall, so to speak, in the place of their fellows. This form of scapegoating was mobilised recently in the Barclays LIBOR rigging scandal, in which Barclays' CEO Bob Diamond himself resigned and ascribed responsibility for the entire affair to just fourteen of Barclays' thousands of traders (Sparrow, 2012).

Such an act has additional symbolic functions: that of ritualistic cleansing, for example, which Douglas articulated in terms of how cultures deal with pollution and of maintaining a border's capacity to orientate action. According to Douglas, purification makes border hygiene visible to the members within a group as well as to individuals with a vested (e.g. regulatory) interest in a given group's activities and organization. Douglas' notion of purification can thus provide a partial response to Rawls' query as to how we come to 'see' what unifies a group. With regard to social interaction theories of organization, naming an individual a rogue is a symbolic act separating that individual from the collective, and communicating differences in things like value, ideology,

acceptable methods and practices, and membership. The act of naming and thus producing a rogue can be seen an act of purification that (at least symbolically) separates the good from the bad, facilitating orientation by making the boundaries of acceptable behaviour visible for a specific moment in time, however transitory. From this perspective, a dismissal like Leeson's has a symbolic function of border hygiene and ethnomethodologically delimits a group's shared practices and other modes of mutual orientation. This is not to suggest, though, that organizations achieve or even seek to achieve real hegemony through such practices and methods.

Developments within organizational theory have reframed the micro-social, interactional analyses of cultural achievement at the meso-level of the organization to locate sense making within, and conditioned by, intersecting institutional fields (Friedland, 2009), with their own distinctive logics and rationalities (Thornton et al., 2012). Early new institutional theory focussed on the ways in which fields - 'those organizations that, in the aggregate, constitute a recognised area of institutional life' (DiMaggio & Powell, 1983, p. 148) - pushed organizations toward homogeneity. More recent new institutional theory has suggested that institutional logics - the 'cultural beliefs and rules that structure cognition and guide decision making in a field' (Lounsbury, 2007, p. 289) - are much more varied and contradictory than previously assumed, both in terms of symbolic representation and material practice. An institutional field consists of a range of organizations, cultural norms, and institutionalised practices that have distinctive, often divergent, contexts of rationality or regimes of justification (Boltanski & Thévenot, 2006). In this sense culture is not 'hegemonic, but... embodied in different spheres of institutional life' (Thornton et al., 2012, p. 150). Both organizations and individuals are

thus subject to potentially contradictory logics, emanating from distinctive fields of valuation (Bourdieu, 1993; Friedland, 2009). These logics do not simply shape action and meaning but rather provide sources for actors to draw upon reflexively. As an actor in the grey zone, both the symbolic and physical location of the rogue may necessitate a certain lack of clarity regarding methods of producing order and sense making in relation to potentially conflicting constitutive expectancies of the acceptable and the unacceptable. As previously noted, such methods also generate indeterminacy due to their reflexive and transitory nature, a potentially disorienting element that can be further compounded by the divergent logics within a given institutional field.

At another level of interaction, even if it is assumed that a community, organization, or institutional field has, or at least wishes to communicate, a relatively dominant hegemonic cultural logic, there still exists a potential for clash and disorientation between the values and methods of capital management and those of the lay community. In particular, these logics are likely to clash as the result of making known the internal common practices of a particular professional field (economical, political, juridical, etc.) to those outside the culture of that professional field; or when a set of institutionalised practices are moved to new contexts where they must be adapted. In both cases, the methods and practices in use may appear foreign and thus all the more contradictory when exposed to an uninitiated group. In pursuing such fields of contradiction and conflicting interest, we turn to the work of Jacques Derrida, one of the most important philosophical thinkers of internal contradiction, undecidability and the border (Linstead, 1993; Jones, 2004). In relation to the organizational functions of transgression and purification in institutional theory, Derrida can help to make evident both the symbolic

(linguistic) and topological framework of any attempt to reconcile the necessity of being ‘successful’ and ‘moral’ at the same time. We start with a brief recapitulation of his seminal argument regarding rogue states (in French: ‘état voyou’) and before extracting his central argument regarding organization more broadly.

Rogues according to Derrida: Between ‘moral’ and ‘successful’

In his book *Rogues*, Derrida turns his thoughts to questions of political rhetoric on an international level, addressing usage of the term ‘rogue state’ by the only world power at that time, the USA (Derrida, 2005, p. 85). Within the tensions between democracy and sovereignty following the Cold War, Derrida sees the USA and its allies as real rogue states:

...those states that are able or are in a state to denounce or accuse some “rogue state” of violating the law, of failing to live up to the law, of being guilty of some perversion or deviation, those states that claim to uphold international law and that take the initiative of war, of police or peacekeeping operations because they have the force to do so, these states, namely, the United States and its allied states in these actions, are themselves, as sovereign, the first rogue states. (Derrida, 2005, p. 102)

Unlike Chomsky (2000), on whom he draws in this part of his analysis, Derrida develops the idea that there is a constitutive aporia at the heart of democracy. Whilst the idea of universal democracy is grounded in a conception of ‘force without force’ (Derrida, 2005, p. 86) and the rule of a collectively shared, universal reason, it is nevertheless dependent

upon a sovereignty that must, ultimately, act so as to enforce a democratic, universal rule of law. In its empirical realisation on the world stage, Derrida attends to this process in the United Nations, where the General Assembly instantiates the principle of democratic universality and inclusive debate, and the Security Council provides the power without which any conception of 'right' would be impossible: the 'cracy' (kratos/κράτος, meaning force, power or strength) of democracy (Derrida, 2005, p. 98). Derrida thus stresses the very basic tension in the concept of peoples' sovereignty. Without force the rule of universal reason grounded in Kant's 'fact of reason' (Faktum der Verunft) cannot be executed or 'enforced' as it lacks reality and is not grounded in practical relevance, an argument that can equally be applied to Habermas' (1984) grounding of discourse ethics in terms of the power of pure reason, or the 'forceless force of the better argument' (zwangloser Zwang des besseren Arguments). As the permanent members of the Security Council are also the UN's main nuclear powers, the effective defence of democracy is only possible through actions that are ultimately sovereign and dependent upon the exercise of power that is not accountable to democratic dialogue, and yet which nevertheless seeks to account for its sovereignty through claims to democracy. This tension between democracy and sovereignty, between being at once 'moral' and 'successful', is at the heart of the contemporary geo-political order and, according to Derrida, comprises the core of its constitutive roguishness.

As both Derrida and Chomsky acknowledge, for the short time that the terminology of the rogue was in vogue, it was mobilised in relation to economic interests. Robert S. Litwak, Director of the International Studies Department at the Woodrow Wilson Center and part of Clinton's team in the National Security Board, made this clear

when he stated, 'A rogue state is basically whomever the United States says it is' (Derrida, 2005, p. 96), effectively extending the classification to anyone standing in the way of US political economic interests. As Derrida notes, before Iraq was designated a 'rogue state', Saddam Hussein had 'been, like Noriega, a long-standing ally and valuable economic partner' of the USA (Derrida, 2005, p. 97). The shifting relationship to sovereign power structuring a political order is what determines whether or not somebody will be designated as a rogue, rather than a clearly delineated set of unethical actions. The practices of the purported 'rogue' may not actually change but as the relationship to the centre of power alters, so the rogue becomes visible as such. As we have seen, the same holds true for rogue traders who may be star trader when deploying the same trading strategy that eventually produces them as a rogue.

One possible reading of this is to suggest that despite declaiming a 'rogue' in the name of a universal principle - democracy, humanity, civilisation, global markets, business ethics or even the law itself, as in Gordon, Clegg and Kornberger's (2009) study of police forces - the declamation itself is necessarily made in a sovereign moment that admits no democratic discourse. To defend its own interests, the US will label a state 'rogue' when it becomes an impediment, and do so in the name of democracy and universal human rights. Similarly, a bank or a regulator (Brown, 2005) will mark out a 'rogue' trader in order to stabilise the system and maintain order and its interests, even if what they are doing is following the descriptive norms that structure star trading within the banking system, and even if their actions have implicitly or explicitly been condoned previously.

Derrida's analysis of the relationship between 'world power' as 'word power' can also help us to understand the symbolic purificatory actions discussed in the previous section in ethnomethodological terms as border hygiene. The specificities of the performative linguistic act of labelling someone a rogue can be understood with reference to the term's etymological roots in French. As Derrida notes (2005, p. 63-70), the term 'rogue' (voyou) was used for the first time in 1830 in Algeria in the context of colonial circumstances under Charles X. It had a pejorative meaning: whoever spoke of a 'rogue' pointed an accusing finger at those not part of the community and its social order, those on the street, those outside the city walls (extra muros). Drawing on the etymology of 'voyou,' Derrida further stresses the relation to 'route' (voie) and the road networks (voirie), interpreting the rogue as a person that has lost their way, that misuses the streets, that loiters, eventually becoming a designation for a social figure that now might be stealing or burning cars in the suburban streets. His central argument is based in a play on words: In French 'Je suis un voyou' can mean 'I am a rogue' and at the same time 'I follow a rogue' or 'I'm taking after a rogue.' Derrida stresses, though, that it is never really understood as having the initial meaning: that one is oneself the agency behind deviation and the agent responsible for harmful acts. The result is ethical obfuscation and complexity at work in liminal space. If in organizational roguery one cannot be sure of who is 'intra' and who is 'extra' muros, the act of labelling a rogue realigns the walls as social and organizational borders. This reinforces the performative function of calling someone a 'rogue' as it is precisely this label that designates the subject as outside the system, or walls, and outside the community.

To better understand this logic of word play and interpellation, it should be pointed out that rogue traders like Kerviel are not referred to as ‘voyou’ in French, but as ‘escroc’, meaning swindler or crook, ‘pervers’ or ‘manipulateur’. One possible explanation is that these recent incarnations of financial border crossing are vilified and lack people’s sympathy. Looking into French cultural history, the figure of the ‘voyou’ is, at least since the French revolution, characterised as a figure of transgression and illegality *that nonetheless earns people’s respect and benevolence*.¹ In the 19th century novels by Eugène Sue or Honoré de Balzac, the figure of the voyou is situated in a certain *milieu* in conflict to some degree with the law. As characters these criminals are often justified in their actions and portrayed as not being entirely bad. The voyou might be contrasted, for example, with a character like Vautrin in Balzac’s ‘Human Comedy,’ who is not accepted by society. Up to his transformation into a police man, he remains a ‘pervers’, an evil other (Lucey, 2003, p. 171). This underworld milieu ‘de la pègre’ also provides the habitat for Maurice Leblanc’s popular gentleman thief Arsène Lupin, in renowned cinematic works such as ‘*Children of Paradise*’ (Carné, 2002/1945), and in the lettrism movement around Guy Debord, who described his artist friends as ‘voyous’ (Kaufmann, 2006). Mass media hero Jean-Paul Belmondo is the classic Nouvelle Vague (New Wave) incarnation of the voyou as staged in ‘*À bout de souffle*’ (*Breathless*; Godard, 2010/1960), ‘*Pierrot le fou*’ (released under French title in English version; Godard 2008/1965) or ‘*Flic ou voyou*’ (*Cop or Hood*; Lautner 2001/1979), where he plays a policeman employing illegal methods to fight corruption and crime amongst police (cf. Gordon et al., 2009). Though the rogue trader might commonly be referred to as an ‘escroc’ in French, the Derridean logic of the voyou presents a useful conceptual structure

for describing the classification of action in a liminal zone where the ethical distinction between good and bad is constantly obfuscated. Rogue Traders might lack the appeal of the voyou, and are thus referred to as ‘perverts’, but their behaviour and characteristics follow similar patterns of line crossing and border transgression discussed here. When the subsequently become popular cultural celebrities, as was the case with Nick Leeson, whose autobiography *Rogue Trader* (Leeson, 1996) was made into a film starring Ewan McGregor in the leading role (Dearden, 1999).

Derrida’s example of the term ‘voyou’ with its emphasis on the boundary that simultaneously joins (‘I am a rogue’) and separates (‘I follow a rogue’) provides for a theory of the line dividing inside and outside, in our case star trader from rogue trader, and the constitutive practices of financial markets from excess risk and gambling. This example can be further elaborated in two ways. As Robert Cooper (1989, p. 488), in his explanation of the value of Derrida for organization studies, puts it: ‘There are two ways of thinking about division: (1) by emphasizing the two separate terms, or (2) by emphasizing the actual process of division itself.’ If we apply this observation to the question of ‘light side’ ethical behaviour and ‘dark side’ unethical behaviour we can see that the dominant business ethics discourse is complicit in the production of rogues. It operates as though the distinction between ethical and unethical behaviour, or between star and rogue traders, were ontologically stable, external to analysis, and resulting from either individual attributes or facets of the organizational culture, climate and ethos. A deconstructive reading, with Derrida, of the ‘rogue’ emphasises the process of division, in which both material practices and linguistic statements of labelling serve to actively

produce the two sides of the division - ethical and unethical, star and rogue trader, light and dark side behaviour - rather than starting from the assumption that these two distinct categories exist independently of analysis and designation. This focus on the process of division is the central movement of deconstruction, or 'différance' as Derrida would have it. It can serve as our third theoretical framework to describe the essential logic of our argument. Parallel to ethnomethodological assumptions of indeterminacy whereby the edge can only be identified through its transgression, and Douglas' approach stressing the necessity of cleansing and border hygiene in order to make the in-group 'see', Derrida helps us to understand that the fact that the designation 'rogue' is conventionally applied to one side of a dichotomy after division only contributes to the reification of the division as if it were natural rather than culturally (linguistically and materially) organized and produced. By referring to this underlying logic as a 'rogue logic' we are emphasising the processes of producing a rogue, and thereby contributing to, but also deepening, Ashforth et al.'s (2008) call for a processual perspective on organizational corruption. Insofar as rogue trading can be understood as a form of systemic corruption, our analysis goes beyond Ashforth et al.'s (2008, p. 671) processual account of corruption as 'both a state and a process', however. Where they frame this process in terms of a 'dangerous, virus like 'infection' of a group, organization, or industry', we would question the idea that a healthy versus corrupt dichotomy can be established without a production of the kind of rogue logics that we have outlined in this paper. Rather, the underlying process of corruption, at least in the specific case of rogue trading, follows a logic whereby the rogue is produced, and in that production, creates the boundary dividing ethical from unethical behaviour. This is a more fundamental process than one in which an already

designated form of ‘corruption’ empirically spreads throughout a group, organization, or industry.

In the tradition of dismantling what are assumed to be clearly coded oppositions – such as organization/disorganization (Cooper, 1986), decision/action (Chia, 1994), resources/application (Rasche, 2007) and structure/agency (Knights, 1997) – a deconstructionist take on the dark side of organization would thus start by questioning the oppositional logic structuring the Manichaeian distinction between a light and a dark side. As we have sought to indicate in the preceding sections, this could include a deconstruction of the core distinction between inside and outside (Derrida, 1987, p. 45), which not incidentally is the distinction that makes the labelling of a rogue possible. ‘An outside’, as Cooper suggests, ‘is thus seen to be the most intrinsic feature of a system, displacing the inside’ (Cooper, 1989, p. 487). From this perspective the very attempt to exorcise and place the rogue ‘outside’ of, and ‘other’ to, normal, healthy, ethical organizational functioning, is what places the rogue - as a logic - at the very heart of organization. By delineating the boundaries of good organization, the rogue becomes its constitutive principle. Without a rogue, we would never know where the boundaries of good order lie.

If this rogue logic is thus to be considered a central category of organization, it can nonetheless be found in different shapes or configurations. Derrida’s analysis of the empirical operative distinction between principles (the UN’s General Assembly) and power (its Security Council) also finds a parallel in the distinction between accountability and performativity in capitalist finance organizations as both contexts are fundamentally characterised by disavowal necessitated by the clash of oppositional claims. Just as the

US government disavows its own conceptual sovereign power to produce ‘rogues’ in the name of democracy and world community, the bank produces and disavows the rogue trader in order to make money and maintain an appearance of responsible or ethical banking. Though being chiasmatically linked, these logics converge in a second disavowal that retroactively constitutes the borders of organization: all of a sudden Saddam or Noriega turn from allies into rogues and must be defeated, just as Leeson and Kerviel instantly move from cash cow to bad apple. In Derridean terms such practices of disavowal are to be seen as supplements that compensate for the constitutive outside that characterises the process of division (the ‘différance’): ‘The purity of the inside can only be attained, says Derrida, if the outside is branded as a supplement, something inessential, even parasitical’ (Cooper, 1989, p. 487) so the process of separation enacted by the rogue necessarily precedes, and contributes to, the achievement of a separation between light and dark. In process, however, the rogue operates in an indeterminate grey zone in which these distinctions have yet to be achieved, though, of course, at that point the rogue has not yet been named as a ‘rogue.’

Conclusions

Returning to an initial query in this special issue of *Organization Studies* – whether we should talk about a dark side of organization – one possible response is that a heuristics of dark villainous behaviour versus light ethical reasoning might be circumvented by scrutinising the grey-zone logic of the rogue. By seeking to demarcate clear boundaries between ethical and unethical behaviour, the mainstream business ethics discourse hides

the underlying undecidability of organizational ethical action that we have outlined in this paper. Even where they call for attention to processes of corruption (Ashforth et al., 2008), or recognise the complex interactions between individual attributes, organizational contexts and the specific attributes of the ethical situation (Kish-Gephart et al., 2010), all of the approaches reviewed in the first part of this paper assume that there is a clear and objectively determinable 'good' of ethically sound behaviour, or at least a clear social consensus on what is unethical. Without going into a wider ranging debate over ethical relativism, or the cultural specificities of ethics, our analysis of rogue trading suggests that such determinations are not only problematic, but also only possible through the actions and designation of a rogue.

In an evolving world of organizational practice where innovation is the norm and new forms of trading are constantly emerging, and in capitalist organizations where the profit motive drives entrepreneurial risk taking in the pursuit of ever-greater profit, the boundaries of ethically acceptable risk taking can only be established by the production of a rogue. This production, as noted above, is double in the sense that it is both produced by a rogue, and produces the rogue. In the first movement it is produced by the actions of a rogue going 'over the edge' and exceeding previously unknown limits of acceptable, or profitable, behaviour. In the second movement, this transgression produces the rogue as a rogue, by eliciting the linguistic designation and marking the rogue as outside of the normal operating logic of the organization at a particular historical moment. This othering process operates to re-establish institutional legitimacy and the balance between the conflicting logics of responsibility and profitability that characterise capitalist financial institutions. In this sense the rogue can be understood as a product integral to both

material trading practices and the linguistic operations of designation. Together, these practices produce rogues. Most of the time, other than in those moments of crisis when a rogue is named as such, rogues are still at work, but they are only potential rogues operating in a grey zone of undecidability. It is only with the generative labelling of a rogue that the true rogue logic of organization becomes visible, and the star-or-rogue-trader-to-be becomes a villain. As we have argued, the so-called rogue is characterised by an undecidability that functions in the unclear borders of organizational action. The real rogue logic, however, is the process of producing rogues, and thereby determining the limits of ethical organizational action itself.

This paper has outlined this rogue logic of organization in conceptual terms, using the example of the rogue trader and following the line of analysis that Derrida develops in the context of rogue states and geopolitics. There is clearly scope for further research into these processes however. In last thirty years there has been significant innovation in financial services, products, markets and regulation. An empirical analysis of institutional logics operating throughout the changing world of financial services from the late 1980s until the present would be a significant step toward illuminating the rogue logic of organization by enabling an analysis of the legitimatory discourses of justification and modes of regulation that arose alongside these innovations and how these intersected with the productions of specific rogue traders, as well as of ‘rogue trading’ as a widespread and recursive phenomenon. Whilst an analysis of the factors associated with the emergence of a rogue trader would offer great empirical insight, it must be recognised that empirical research of trading is notoriously difficult, and even more so when it involves accessing practices that might be deemed unethical (Lilley & Lightfoot, 2006;

Gilligan, 2011; Ho, 2009). Accessing the world of rogue traders is thus doubly difficult in that it requires research access both to a social elite and to an unethical practice, even if the ethicality of that practice, as we have argued, is likely to be indeterminate in action rather than in retrospect. In this sense it may not actually prove practical to gain access to the practices on rogue traders through direct participant observation. Nevertheless, much can be learned from combining broader empirical studies of trading, whether through ethnographic forms of analysis (Ho, 2009; McDowell, 2008) or interviews (Lilley and Lightfoot, 2006), with regulatory, media, and popular-cultural representations of rogue trading (eg Brown, 2005) and the kind of conceptual analysis that we have sought to develop in this paper.

As Karen Ho notes in discussing the difficulties of studying elites like Wall Street traders - a process she refers to as 'studying up' (Ho, 2009, p. 18) - participant observation may not necessarily be the only, or even the best, way to conduct such research. Citing Hugh Gusterson (1997, p. 116) she suggests that an:

ethnography of the powerful needs to consist of "interacting with informants across a number of dispersed sites, not just in local communities, and sometimes in virtual form; and it means collecting data eclectically from a disparate array of sources in many different ways [such as]... formal interviews... extensive reading of newspapers and official documents... careful attention to popular culture," as well as informal social events outside of the actual corporate office. (Ho, 2009, p. 18-19)

Combining this multi-sited approach to an examination of the everyday, normal practices of trading, with an exploration of accounts offered up when trading goes wrong, would

offer one avenue through which to further examine the grey zones of trading work. Given the difficulty in gaining direct access to trading, and in light of Gusterson's comments on 'popular culture', there would also be real value in working more closely with the wide range of often semi-fictionalised, autobiographical accounts of trading that have been published in recent years, for example, Geraint Anderson's (2009) *Cityboy*, or Tetsuya Ishikawa's (2009) *How I Caused the Credit Crunch*. Whilst such sources may not offer objective and verifiable, scientific accounts of the lived realities of trading work, having been written by insiders they do offer some insight into the culture of trading at least insofar as that culture understands itself. A careful analysis of these representations of rogues, even in the absence of reliable primary research, might well cast some light on the undecidable, grey area between light and dark side organizational behaviour. As Martin Parker notes in his study of 'alternative business', which focuses on banditry, piracy and the mafia, 'discovering the 'truth' of the outlaw is always difficult, and sometimes impossible' (Parker, 2012, p. 3). Rather than trying to uncover a single, economic reality of rogue trading perhaps it would be better to recognise, as Parker does, that the reality of rogue trading is economic, legal *and* cultural, and that this culture is not only a matter of the empirical culture of trading at the organizational level but also of wider cultural representations. In this sense we could learn much from analysing popular cultural analyses of rogues and organization - including quasi-autobiographical accounts of rogue traders - to build a clearer picture of how this rogue logic functions as a constituent part of the contemporary organizational imaginary, even if we can never access a single, objective truth about a practice that is necessarily shrouded in the dark, or at least grey, cloak of the rogue.

Given that our analysis in this paper has focussed on rogue traders, one question that remains unanswered here is whether this rogue logic extends to other spheres of organizational life or whether it is restricted to capitalist organizations where the imperative to increased profit creates a clear drive toward pushing boundaries and limits. Such a logic is reflected in accounts of rogue traders from the present day back at least as far as Conrad's account of the ivory trader Kurtz in *Heart of Darkness*, but it seems that a similar logic can be found in other popular cultural accounts of rogues, for example Jack Bauer in the television series *24* (Cochran & Surnow, 2001-2010), who is constantly having to break the rules of democratic law and human rights in order to defend those very principles in a kind of fictional microcosm of the geopolitical arena that Derrida points to in his analysis of rogue states. In more mundane empirical settings, studies of public bureaucracies (Blau, 1955) and manufacturing plants (Bensman and Gerver, 1963) have long established that some departure from the officially sanctioned rules of organizational behaviour is commonly needed in order to get things done effectively. Rather than assuming a simple dichotomy between the light side, where official legitimacy discourses of work and organization are identical to the descriptive norms that guide actual organizational behaviour, and a dark side, where 'mistake, misconduct, and disaster' (Vaughan, 1999, p. 272) are evident, it seems likely that organizational behaviour across a range of institutional contexts is ambiguously situated in a grey zone. Whilst some of this grey behaviour can be accounted for by a Mertonian analysis of unintended consequences (Vaughan, 1999), we would suggest that if these cannot be clearly separated from the norm-abiding behaviour that generated them, then the reality is grey precisely until a rogue is produced and the negative - dark side - consequences

become evident. Without the benefit of hindsight, when a rogue has been designated as a rogue and has brought the dark side into the light, the reality of much organizational behaviour remains decidedly grey. We have sought to elucidate this logic within the context of rogue trading in this paper but it would be of great interest to see how similar the dynamics are in other forms of organization, or whether other figures than the ‘rogue’ are found in different organizational contexts.

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