

**UNDERSTANDING WIDESPREAD MISCONDUCT IN ORGANIZATIONS:
AN INSTITUTIONAL THEORY OF MORAL COLLAPSE**

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ABSTRACT

Reports of widespread misconduct in organizations have become sadly commonplace. Sexual abuse in the Catholic Church, accounting fraud in large corporations, and physical and sexual harassment in the military implicate not only the individuals involved, but the organizations and fields in which they happened. In this paper we describe such situations as instances of “moral collapse” and develop a multi-level theory of moral collapse that draws on institutional theory as its central orienting lens. We draw on institutional theory because of its explicit concern with the relationships among individual beliefs and actions, the organizations within which they occur, and the collective social structures in which norms, rules and beliefs are anchored. Our theory of moral collapse has two main elements. First, we argue that morality in organizations is embedded in nested systems of individuals, organizations and moral communities in which ideology and regulation flow “down” from moral communities through organizations to individuals, and moral ideas and influence flow “upward” from individuals through organizations to moral communities. Second, we argue that moral collapse is associated with breakdowns in these flows, and explore conditions under which such breakdowns are likely to occur.

INTRODUCTION

On September 5-8, 1991, the Tailhook Association held its 35th Annual Symposium at the Las Vegas Hilton. The Association is a non-profit organization with an official mission to educate the public about the importance of sea-based aviation and enhance the morale of naval aviators (Ogden, 2009). The official program of the 1991 Tailhook Symposium hosted approximately 2,100 attendees at seminars on new defense technologies and informal discussions with senior officers. In contrast, the unofficial program involved over 4,000 people and revolved largely around drinking alcohol and socializing late into the night. A longstanding Tailhook tradition was the hosting of hospitality suites, where in 1991 over \$35,000 was spent on alcohol and \$23,000 in damages occurred in three days. The excessive drinking and rough-housing endemic to Tailhook were not, however, what made the 1991 convention go down in infamy. Through a series of investigations, it became clear that Tailhook was the site of widespread sexual harassment largely conducted by junior officers, but condoned and even observed by senior officers. Reports of sexual harassment by 83 women and 7 men eventually led to the citation of over 140 junior officers for harassment and unbecoming conduct, as well as the early retirement, resignation or reassignment of several top Navy leaders, including the Secretary of the Navy, the Navy Judge Advocate General, the Navy Inspector General, and the Chief of Naval Operations. Most infamous of the events at the Tailhook Symposium was the “gauntlet”, where “large numbers of men, often 22- to 26-year-old junior aviation officers, crowded the hallway waiting for women to walk through ... (and then) grabbed, pinched, picked up, and groped” them (Ogden, 2009: 7).

The behavior that came to light in the Tailhook inquiry was met with shock and anger. The public was repulsed by the acts carried out, especially in the context in which they occurred

– a military organization that had been associated with prestige, discipline and honor. Perhaps even greater public disgust followed the original inquiries into the events which were widely perceived as a whitewash not seriously attempting to hold individuals or the Navy accountable. We describe this kind of widespread misconduct in organizations as “moral collapse”. We use the term to point to the social and structural nature of these cases. The Tailhook story was not about a few bad apples, but about the breakdown of social supports for moral behavior and the emergence of an organizational culture in which cruelty was not only excused but encouraged and even celebrated. At the same time, in this case and other cases of moral collapse, it is individuals who carry out the acts of misconduct: Catholic priests sexually abused children (Lytton, 2008); military officers physically and psychologically abused prisoners in Abu Ghraib (Greenberg & Dratel, 2005); corporate executives lied and encouraged others to lie in recent accounting scandals (Millar, Delves, & Harris, 2010). Moral collapse is related to but distinct from the notion of organizational corruption, which has been defined as “a willful perversion of order, ideals, and, perhaps most important, trust” (Ashforth, Gioia, Robinson, & Treviño, 2008: 671). Both corruption and moral collapse involve the degradation of values and ideas, but in contrast to organizational corruption, moral collapse need not involve any kind of *willful* perversion. Moral collapse, we argue, can result from either intentional or unintentional sets of processes, and thus widespread corruption in an organization represents only one form of moral collapse. The complex relationship between social structure and individual action that is central to moral collapse demands an approach that integrates both the broader social context in which it occurs and the beliefs and choices of the individuals involved.

In order to facilitate research on moral collapse, we develop a multi-level framework that draws on institutional theory as its foundation. Institutional theory (Meyer & Rowan, 1977;

Scott, 2001) highlights the degree to which organizational structure and behavior are driven by sets of socially constructed beliefs, norms and rules negotiated and enforced in communities of organizations (DiMaggio & Powell, 1983). Institutional theory provides a distinctively useful basis for developing our framework for three main reasons. First, it stresses “the impact of values, beliefs, and symbolic meaning systems on organizational activity” and thus “has particularly interesting implications for studying moral conduct” (Vidaver-Cohen, 1997: 4). Second, institutional theory is explicitly concerned with multi-level social processes. It proposes that individual and organizational actions and beliefs are powerfully shaped by rules, norms and assumptions constructed and maintained at the level of organizational fields (DiMaggio & Powell, 1983; Scott, 2001; Suchman, 1995). Third, institutional theory provides an explanation of the mechanisms through which organizations and individuals are led to conform to social norms. From this perspective, legitimacy and the benefits that accrue from legitimacy act as a key mechanism through which organizational fields affect organizations and individuals (Suchman, 1995): conformity with rules, norms and assumptions lends to organizations “a generalized perception or assumption that [its] actions ... are desirable, proper, or appropriate” (Suchman, 1995: 574) which brings with it social and economic support (Meyer & Rowan, 1977). Thus, a central dynamic in institutional theory is the interplay of meaning and social control (Jepperson, 1991; Lawrence, 2008; Meyer & Rowan, 1977), which is essential to understanding the problem of moral collapse. An important point to note is that institutional theory provides the foundation for a sociological, rather than philosophical, perspective on morality, in the sense that it focuses on describing how morality is constructed and enacted in social systems, rather than what should be accepted as moral and immoral from a normative standpoint (Lowe, 2002; Wuthnow & Witten, 1988).

We draw on ideas from institutional theory to argue that morality in organizations is socially constructed in nested systems of individuals, organizations and moral communities. In brief, we argue that moral collapse is associated with breakdowns in the flows of meaning and social control between levels in these systems – organizations and moral communities and/or between organizations and individuals. The framework we develop and the arguments we propose provide the foundation for three key contributions. First, we provide fresh insight into an important contemporary problem. Applying a multi-level institutional perspective to the issue of moral collapse in organizations allows us to build on and extend previous work that has tended to focus on either individual or organizational levels of analysis, largely overlooking the impact of relationships between levels (Greve, Palmer & Pozner, 2010). Our second main contribution is to institutional studies of organization. We believe that the study of morality is an important, element in this tradition, but one that has not had enough explicit attention, particularly with respect to the impact of institutional processes on moral decision making in organizations. Third, the roots of moral collapse in organizations are of significant practical importance to those concerned with addressing or preventing its occurrence. By adopting an institutional perspective, we shift attention away from individualistic remedies that focus on punishing or excommunicating offenders, and societal reforms that emphasize the downfall of modern cultures. Instead, we provide an understanding of moral collapse as stemming from the breakdown of connections between moral communities, organizations and individuals which may be avoidable if actors work to establish or restore those connections.

We develop our theory in four main sections. First, we provide a brief review of the study of misconduct in organizations. A comprehensive review of this literature is beyond the scope of this paper, and so our aim here is to situate our framework in the broader literature and illustrate

the problem of level-specific focus that runs through it. Second, we introduce institutional theory as our theoretical orientation, and develop each of the key elements of our theory of moral collapse. Third, we develop an institutional theory of moral collapse. In this section, we focus on the potential for moral collapse to stem from breakdowns in the flows of ideology and regulation from moral communities through organizations to individuals. We conclude with a discussion of the implications of our arguments for research and practice.

THE STUDY OF MISCONDUCT IN ORGANIZATIONS

Within organization studies, research addressing misconduct in organizations has been concentrated primarily in the discipline of business ethics. Two major research streams dominate this literature (for extensive reviews see Greve et al. (2010) and Vaughan (1999)). One stream focuses on identifying individual-level factors associated with misconduct (Hegarty & Sims, 1978; Jones & Kavanagh, 1996; Treviño, 1992). This stream has been significantly influenced by Rest's (1986) theoretical framework, which lays out four steps for ethical decision making: moral awareness (the interpretation of a situation or issue as a moral question), moral judgment (the decision as to which course of action is morally right), moral intent (the prioritization of moral values over other values), and moral behavior (the executing of moral intent). Rest (1986) argues that misconduct is the result of a failure at one of these four steps. The early wave of research drawing on this model drew significantly on the moral development tradition in social psychology (Kohlberg, 1981), and consequently focused on factors such as gender, age, personality, and cognitive characteristics as affecting the success or failure of each step.

Two major theoretical advances turned attention to the connections between individuals and external factors. First, Treviño (1986) developed a "person-situation interactionist model", in

which she argued that ethical decision making was influenced by both individual-level and situational variables, such as the ethical climate of an organization and its code of ethics. Second, Jones (1991) provided an issue-contingent model, in which he argued that the characteristics of the moral issue affect the ethical decision making process. Jones introduced the notion of “moral intensity” to highlight the effect of issue-specific factors such as social consensus about the morality of the issue and the perceived magnitude of consequences. The work of Treviño (1986) and Jones (1991) and the research their models inspired emphasize the importance of situational factors in understanding moral conduct and misconduct in organizational life. These studies have not, however, adequately connected these situational factors with macro organizational variables. As Tenbrunsel and Smith-Crowe (2008: 591) argue in their review, “a connection between ethical decision making and organizational ethics – the micro and the macro – could produce significant new insights”.

The second stream of research on misconduct in organizations has focused on organizational factors (Ashforth & Anand, 2003; Schweitzer, Ordóñez, & Douma, 2004; Vardi, 2001). Greve et al. (2010) argue that this stream for the most part has employed one of five theoretical perspectives: rational choice, strain, culture, networks, and accidents. The rational choice perspective describes social systems as sets of self-interested actors in exchange with one another within a defined system of rules, and misconduct as occurring when its benefits outweigh its costs. Thus, the propensity to engage in misconduct is determined by the effectiveness of the control mechanisms that are established in the corresponding system of rules (Becker, 1968; Braithwaite & Makkai, 1991; Vaughan, 1998). A strain perspective suggests that misconduct is more likely in situations where the access of social actors to legitimate ways of achieving their goals is blocked (Agnew, Piquero, & Cullen, 2009; Saini & Krush, 2008). The

cultural perspective on misconduct focuses on organizational beliefs, values and norms. From this view, the likelihood of misconduct depends on how the corresponding cultural context condemns or supports it (Coleman & Ramos, 1998; Sims & Brinkmann, 2003). A networks perspective suggests that the propensity to engage in misconduct depends on the network position of actors as well as the opportunities they have for repositioning themselves (Baker & Faulkner, 1993; Brass, Butterfield, & Skaggs, 1998). Finally, an accidents perspective on misconduct is based on the view that errors and accidents occur in every human system, and so misconduct can occur as an unintended consequence (Gioia, 1992; Mezias & Scarselletta, 1994; Perrow, 1984). Research across these five perspectives has provided significant insights into a wide range of organizational factors leading to misconduct. A recent review suggests, however, that it has at the same time failed to provide a systemic view of the processes underlying misconduct in organizations (Ashforth et al., 2008).

Although the brief review above of research on misconduct is not exhaustive, it sets the stage for the development of the theory we propose below. Individual-level research highlights the need to maintain individuals as a central element in understanding misconduct in organizations. This work has demonstrated the variability among individuals in their likelihood to engage in misconduct and the importance of interactions among individuals and contextual factors, including the situation and the issue at hand. Research on organization-level factors points to the need to understand the social structural context of misconduct, including the costs and benefits of misconduct, the effect of organizations on individuals' ability to meet their goals, organizational beliefs and assumptions that frame potential misconduct, and the social networks that structure organizational life. Our aim in the remainder of this paper is to help overcome the relatively disconnected character of our current knowledge concerning the antecedents of moral

misconduct. Individual and organizational antecedents are typically treated as independent factors standing in isolation from one another (Andreoli & Lefkowitz, 2008), and as a result we know little about the interrelations of these factors and the underlying social dynamics.

ELEMENTS OF AN INSTITUTIONAL THEORY OF MORAL COLLAPSE

In order to address the multi-level nature of moral collapse, we draw on institutional theory as our orienting theoretical framework. Institutional theory provides a conceptualization of organizational action that is explicitly concerned with the relationships among individuals, organizations and the communities and societies in which they operate (DiMaggio & Powell, 1983; Greenwood, Oliver, Sahlin, & Suddaby, 2008; Schneiberg & Clemens, 2006; Scott, 2001). Organizations are understood as working to achieve legitimacy that depends on conformity with rules established in fields, communities, and societies (Meyer & Rowan, 1977; Suchman, 1995). In turn, individuals in organizations cope with these attempts through a range of strategies including conforming to institutional demands and decoupling their activities from more visible organizational features (Hirsch & Bermiss, 2009; Meyer & Rowan, 1977; Oliver, 1991). Thus, institutional theory emphasizes the role of cultural understandings that cross levels as determinants of social action (Tolbert & Zucker, 1996).

Morality is a fundamental class of these cultural understandings (Durkheim, 1995), one which “integrates the symbolic world within which the individual socially functions, thus committing the individual to the group” (Feldman, 2002: 5). From an institutional perspective, morality is a socially constructed set of definitions about what is proper to do and not do, which provides stability and meaning to people’s lives (Suchman, 1995). These definitions are socially constructed through interactions and in particular through linguistic processes (Berger & Luckmann, 1966; Gergen, 1999; Phillips, Lawrence, & Hardy, 2004). Thus, morality originates

from and is situated in everyday discourse. Morality can be defined as the collective understanding of values (*ought to be* statements) located in patterns of communicating respect and approval, or disrespect and disapproval (Smith, 2003): it includes dichotomies of good and bad, right and wrong, just and unjust as its basic categories for describing actions, situations, and sometimes social actors. These categories are “a central part of the descriptive apparatus through which members of a culture access their commonsense knowledge of social structures within their practical, local circumstances of action” (Bergmann, 1998: 287). So morality is neither personal nor universal, but is always situated in a specific social and historical context (Lowe, 2002, 2006). In the remainder of this section, we develop an understanding of the social context in which morality in organizations is constructed.

Organizational Morality as a Nested System

The model of morality we propose here is one in which it is constructed, enacted, resisted and transformed in nested systems of individuals, organizations and moral communities. By a “nested system”, we mean an “interconnected, multilevel [system] in which each action-level or arena simultaneously is a framework for action and a product of action” (Holm, 1995: 398). (See Figure 1 for an overview of our theoretical framework.)

Insert Figure 1 about here

The nested system of organizational morality that we propose begins with the concept of a “moral community”. Institutional research typically situates organizations and institutions within an “organizational field”, which represents “a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside the field” (Scott, 2001: 84). The notion of a field is, however, potentially remote from the lived experience of organizational members, especially in

terms of the moral issues they face on a day-to-day basis. People are only partially implicated in an organizational field, as it is usually structured around a limited set of interests and activities. Morality, in contrast, does not lend itself to segmental definitions and limited situations. So we propose the notion of a “moral community”, since the notion of community points to a kind of comprehensiveness that implicates whole persons (Selznick, 1992). The concept of a moral community draws on structural and cultural notions of community (Vaisey, 2007): we define a moral community as a network of organizational actors in which relationships are based principally around issues of morality, and for which there exist some set of rules, formal or informal, that govern community membership. As an example, consider Cooperative Coffees – “a green coffee importing cooperative, comprised of 23 community-based coffee roasters”, “committed to building and supporting fair and sustainable trade relationships” (Cooperative Coffees, 2011a). This group represents a moral community that has formalized both their relationships and the moral foundations of those relationships. Another important basis for moral communities is professions such as law and accounting that also work through professional associations to formalize the moral foundations of their relationships and ensure compliance with moral and ethical standards. An important issue to clarify is that the concept of a moral community is a descriptive, sociological one that does not imply any normative evaluation of the standards or behavior of a community or its members. Thus, the concept of a moral community could be applied both to communities with what might be seen as conventional sets of ethics (e.g., Cooperative Coffees) and to communities in which morality is grounded in criminal or other controversial bases (e.g., communities of criminal or terrorist organizations).

Our concept of a moral community echoes Walzer’s (1983) notion of a political community in which questions of justice are answered on a local basis, rather than a universal

one. From our perspective, all organizations belong to one or more moral communities, although the salience and stability of these memberships undoubtedly vary significantly across organizations and across time as moral issues become more and less actively discussed and debated. The value of moral communities as a starting point for understanding the relationship between morality and organizations is highlighted by Palazzo and Scherer's (2006) analysis of contemporary dynamics of corporate legitimacy. Palazzo and Scherer (2006) argue that traditional foundations of legitimacy based on broad, societal values and rules, or long-held traditions have been weakened substantially by globalization. Organizations and particularly corporations face an environment in which moral commitments that may have been relatively homogenous within a society and formalized in law are now pluralized both across and within nation states (Palazzo & Scherer, 2006). We argue this pluralization increases the importance (and dynamism) of moral communities as sources of moral discourse and social control.

Our notion of a moral community shares much with Donaldson and Dunfee's (1994) arguments regarding the relationship between morality and communities. They argue that understanding and assessing the morality of an act requires "accurate empirical findings concerning the ethical attitudes and behaviors of members of relevant communities" (Donaldson & Dunfee, 1994: 254). They define a community as "a self-defined, self-circumscribed group of people who interact in the context of shared tasks, values, or goals and who are capable of establishing norms of ethical behavior for themselves" (Donaldson & Dunfee, 1994: 262). Such communities are important, they argue, because they provide a means of addressing moral uncertainty (stemming from the relative abstractness of moral philosophies) and allow a degree of cultural, ideological or religious freedoms through the establishment of community-specific moral norms. Donaldson and Dunfee (1994: 265) go on to argue there is also a degree of

objectivity to morality that is embodied in what they describe as “hypernorms” – “principles so fundamental to human existence that they serve as a guide in evaluating lower level moral norms”. For our purposes, the existence or not of such hypernorms is less consequential than the role of moral communities in establishing local sets of moral prescriptions. Our aim here is not to evaluate the absolute morality of some set of actions, but to understand how and why it sometimes occurs that organizational actors fail to conform to community-level moral norms on a widespread basis. Thus, the dynamics of moral communities as described by Donaldson and Dunfee (1994) and their effects on organizations and individuals are where we focus our attention.

In employing the term moral community, our aim is to highlight the interorganizational structures in which organizations operate that are based on and generative of moral prescriptions and agreements. Moral communities will inevitably overlap with other interorganizational structures such as industries and fields, but we believe the concept is distinctively useful because it may often be the case that such overlap is only partial. The distinction is similar to the relationship between the concepts of industry and field: these concepts often overlap empirically (containing relatively similar sets of organizations), but they tend to only partially overlap and most importantly they highlight distinctive features of the organizations and their relationships (competitive, economic relationships in the case of industry, and shared norms, rules and beliefs in the case of fields). In the case of moral community, the distinctive aspect of interorganizational relationships that is highlighted is shared morality. To illustrate the difference between industry, field, and moral community, consider Alternative Grounds. This organization is a coffee roaster competing in the Canadian coffee industry comprised of other coffee roaster organizations also operating in the Canadian market. The field in which Alternative Grounds

operates is the set of organizations with persistent interaction with Alternative Grounds, including not only industry competitors but also organizations such as the Canadian Coffee Association and Fair TradeMark Canada, as well as individuals such as local musicians who play at the cafés. In contrast, the moral community to which Alternative Grounds belongs is Cooperative Coffee, which we described earlier.

Our conception of organizations and individuals as elements of a nested system follows from the notion of moral communities. Organizations, in our framework, are the intermediate social category – they are populated by individuals and together constitute moral communities. The moral community constituted by Cooperative Coffees, for example, is populated by 23 member organizations, including Alternative Grounds and Café Rico in Canada, and Bongo Java and Kickapoo in the United States (Cooperative Coffee, 2011b). In our analysis of moral collapse, we emphasize the multiple processes and structures through which organizations connect individuals to moral communities. Moral communities are at once cultural, constituted by sets of moral beliefs, values and rules (e.g., Cooperative Coffee’s rules and values concerning fair trade and member relations), and social, constituted by networks of organizational actors (e.g., Cooperative Coffee’s members and coffee producers with which they have agreements). Thus, the connection between organizations and moral communities is similarly cultural and social. Organizations are linked to one or more moral communities through a shared morality and through network links to other organizations in the community.

Organizations are similarly constituted in cultural and social terms – by sets of beliefs, values and rules shared among their members, and by complex webs of social relationships (e.g., the owners and employees of Cooperative Coffees’ members and producers). We are not arguing that individuals enter organizations as blank slates or that their beliefs and behaviors are

completely determined by their organizational contexts. Instead, our framework assumes that individuals and organizations are nested in complex webs of relationships, which make the connections between levels even more important for understanding the relationship between behavior and morality. Individuals understand the world and make choices based on heterogeneous sets of morally charged institutions rooted in multiple moral communities. Organizations often operate within multiple moral communities, the imperatives of which may be coincidental or conflictual. The potential for individuals and organizations to experience conflicting moral direction from different moral communities points to the importance of the cultural and social connections between levels in understanding how and why actors make the moral choices they do. Thus, when we try to understand moral collapse in organizations, it is critical that we incorporate both cultural and social sets of linkages through which morality is constructed and through which widespread misconduct manifests.

“Downward” Flows: Ideology and Regulation

Moral communities, organizations and individuals make up the components of the nested system that we propose is central to misconduct in organizations. A theory of moral collapse also requires, however, a conception of the flows between levels. We posit two main sets of flows “downward” from moral communities through organizations to individuals: ideology in the form of “morally charged” institutions; and regulation in the form of social controls that enforce those institutions. Although there are, of course, other downward flows in such systems (e.g., economic resources), our focus on ideology and regulation draws on moral and institutional theories that highlight the dual status of morality as a set of meanings shared in a community and a mechanism of social control (Meyer & Rowan, 1977; Scott, 2001; Wuthnow & Witten, 1988).

We argue that these two flows standardize and stabilize conceptions of what is moral and immoral across the organizations and individuals within a moral community.

“Morally charged institutions”. The first major “downward” flow (from moral communities to organizations and individuals, and from organizations to individuals) in our framework is ideology, which we conceptualize in terms of “morally charged institutions”. By ideology, we mean a system of beliefs regarding the ethical status of different practices, which might vary, for instance, along such dimensions as relativism and idealism (Forsyth, 1980). In contrast to individual beliefs, ideology “refers to values, norms, and standards that exist independently of a single person and that are shared by a group as part of its mutual culture” (Narvaez, Getz, Rest & Thoma, 1999: 478). From an institutional perspective, ideology is constituted by sets of “morally charged” (rather than moral or immoral) institutions. Morally charged institutions are those institutions constructed as matters of moral concern within the talk and text of a moral community. Following Smith (2003) and Lowe (2002), morally charged institutions represent culturally legitimate patterns of practice the foundations of which are discursively constructed in terms such as good/bad, appropriate/inappropriate, right/wrong, rather than, for instance, effective/ineffective or efficient/inefficient. Following on from our example of fair trade coffee producers as constituting a moral community, Cooperative Coffees explicitly defines morally charged institutions through its “Members’ Operating Covenant”, which sets out both general fair trade criteria, including “Paying fair prices to the producers” and “Respecting cultural identity”, as well as specific agreements tied to membership, including: “Disseminate honest and accurate information amongst the members and to the greater consuming public about our business’ fair trade activities” (Cooperative Coffees, 2011c).

In our framework, morally charged institutions are constructed at the level of the moral community and flow from the community to organizations and individuals. The construction of institutions as morally charged may occur explicitly through denotative codes or implicitly through connotation (Barthes, 1967), but in either case it represents a process of social construction. It is not the case that some practices are naturally morally charged; rather, the moral charge of institutions is constructed by actors as they create and invoke those statements. This perspective on the morality of institutions is unequivocally inter-subjective, rather than subjective – it is moral communities that generate the talk and text that makes some institutions morally charged, not the cognitions of individuals. Organizations and individuals are, however, actively involved in the flow of ideology. Organizational practices and structures connect organizations together and allow the communication and reproduction of morally charged institutions (Scott, 2001). Individuals in organizations act as interpreters of morally charged institutions, translating them into locally meaningful sets of language and practices (Zilber, 2008). At both the organizational and individual levels, the work of dealing with morally charged institutions involves sensemaking and sensegiving – developing and sharing cognitive maps of what is moral and immoral within a specific organizational context (Basu & Palazzo, 2008; Weick, 1995).

This does not mean that the status of institutions as morally charged remains, or is even likely to remain, fixed across time or space. Indeed, one of the important dynamics of morality documented by a wide range of sociologists and historians is conflict over the moral status of institutions and the transformation of morality over time. Weber's (1904) analysis of the religious foundations of bureaucracy provides a classic example of how previously morally charged institutions can lose that status over time. More recently, changes in the discourse of

commercial whaling prohibitions illustrate the potential for institutions to become morally charged as their previous foundations (economic and ecological in this case) lose their effectiveness (Lawrence & Phillips, 2004). As with the concept of moral community, the notion of a morally charged institution is a descriptive, sociological one, not a normative one; we do not argue whether an institution should be morally charged, but rather describe the dynamics of morally charged institutions and their associated moral communities.

Regulation. The second major “downward” flow we propose is regulation. Regulation in our framework describes the mechanisms of social control through which morally charged institutions are enforced. Institutions, it has been argued, are distinctive from other beliefs and practices by virtue of the mechanisms of social control through which they are supported, maintained and enforced (Jepperson, 1991; Lawrence, Winn, & Jennings, 2001; Phillips et al., 2004). These mechanisms are collectively referred to as the regulative order, and involve “repetitively activated, socially constructed, controls” that enforce compliance (Jepperson, 1991: 145). Social phenomena are institutionalized to the extent that they are supported by social controls that enforce adoption or compliance. Thus, morally charged institutions are (1) patterns of practice, (2) described as matters of moral concern, and (3) compliance with which is supported by social controls that enforce their moral understanding. It is worth noting that while morally charged institutions are socially constructed and reconstructed at the level of moral community, the regulative order supporting and reinforcing its continuous reconstruction may be rooted either within a moral community or in specific organizations. Community-level regulation is often associated with professions (e.g., accounting, law) that maintain membership processes capable of including and excluding individuals and organizations from professional practice (Lawrence, 2004). An example of regulation at the organization level is academic plagiarism:

while plagiarism is defined and institutionalized as a set of immoral practices in the moral community of academia, the supporting regulation is usually in terms of punishments at the level of school or university ranging from a failing grade to suspension or expulsion.

“Upward” Flows: Ideas and Influence

The model of moral communities, organizations and individuals we propose is one in which morality is understood as the combination of ideology and regulation, both of which flow “downward” from moral communities to organizations and individuals, and from organizations to individuals. Crucial to such nested systems, however, are the “upward” flows through which individuals affect organizations and moral communities, and organizations affect moral communities. Morality is constructed at the level of the moral community, but the building blocks of morality – the concepts and arguments about what is right and wrong – emerge from the beliefs of individuals (which are, of course, rooted in the moralities of multiple moral communities as well as their idiosyncratic personal histories). Thus, we argue that the first key upward flow is made up of the ideas about right and wrong that individuals carry with them into organizations and moral communities, and that organizations transmit to their moral communities (Lowe, 2002; Wuthnow & Witten, 1988). Ideas alone, however, are unlikely to transform organizations or moral communities. For ideas to effect institutional change, they need to be articulated and communicated in ways that other actors will accept and act on (Lawrence, 2008). Consequently, the second important upward flow we explore is influence. The ability to effectively construct and diffuse new moral ideas is, we argue, essential to maintaining coherent relationships between organizations, industries and their stakeholder (Lowe, 2002).

Work by Lowe (2002, 2006) and Vidaver-Cohen (1997) describes how the efforts of individual actors can move ideas and influence upward through organizations and moral

communities. Lowe (2002) argues that ideas about morality are created and altered through the work of “moral entrepreneurs” who harness moral resources in order to institutionalize claims about the rightness and wrongness of practices and beliefs. Lowe (2002: 112) illustrates this process with an example from the animal rights movement in which moral entrepreneurs “transformed the wearing of fur garments from a cultural practice that signified economic success into a moral resource that signifies cruelty and selfishness”. Vidaver-Cohen provides a more detailed analysis of the path through which moral entrepreneurs can affect the moral understandings of community. She draws on institutional theory to propose an ecological model of institutional innovation in which new ideas flow through a process of “introduction”, “diffusion”, “evaluation” and “adoption” (Vidaver-Cohen, 1997: 6). This model suggests that the potential for change in the moral frameworks and decision making processes of organizational members depends on the interaction of contextual and processual factors at each point in the four-stage process she proposes. Ideas flow upward, therefore, when social situations provide generative conditions that moral entrepreneurs leverage and exploit in order to effect ideological change.

MORAL COLLAPSE STEMMING FROM BREAKDOWNS IN THE DOWNWARD FLOW OF IDEOLOGY AND REGULATION

Thus far, we have argued that morality is created, transformed and reproduced in nested systems of moral communities, organizations, and individuals. In the framework we have developed, ideology and regulation flow downward from higher to lower levels in the system (e.g., from moral communities to organizations) and moral ideas and influence used to institutionalize those ideas flow upwards (e.g., from individuals to organizations). In this section, we explore the possibility of breakdowns in the downward flows of ideology and regulation and

the potential consequences of such breakdowns. In essence, we argue that moral collapse in organizations is associated with “broken” systems in which ideology and regulation fail to flow downward to individuals or organizations.

Ideological Breakdowns

We first consider the potential breakdown in the flow of ideology. The flow of ideology mitigates, we argue, the potential for moral collapse because it ensures that organizations and individuals are aware of and understand conceptions of what is right and wrong within their moral community. We have argued that from an institutional perspective morality is constituted by morally charged institutions. Institutions that are morally charged at the moral community level may or may not, however, be constructed similarly within organizations that are members of that community. Research on the “translation” of institutions across cultural contexts (Boxenbaum, 2006; Czarniawska & Joerges, 1996) suggests that “there are no ready-made models which remain unchanged as they spread” (Sahlin-Anderrson, 1996: 81). The same is likely to be true within moral communities – the incorporation of morally charged institutions into organizational life will rarely involve the wholesale adoption of prescribed templates, but rather a process of trying on and adjusting different ideas, structures and practices so that they can fit with the local context. Such adaptation is an inevitable and healthy quality of the flow of ideology within a moral community. When, however, organizations fail to incorporate broad moral tenets or key morally charged institutions of the moral community, then the potential for widespread misconduct is heightened.

We describe such situations as breakdowns in the ideological flows of a moral community. One stark example of this situation is the moral collapse that occurred in Enron in relation to its energy trading practices. In the year 2000, California experienced a combination of

high prices and rolling blackouts in the electricity market. Understood at the time as the result of insufficient capacity for energy generation, the situation was later understood significantly as resulting from the manipulation of energy supply by Enron energy traders in order to raise energy prices. The internal dynamics of this collapse are illustrated in the discourse of Enron traders and executives at the time (McLean & Elkind, 2003). McLean and Elkind (2003: 267-268) summarize the discourse of Enron traders in this way:

That their actions might cause turmoil and hardship, that they might affect businesses up and down the state, well, from the point of view of Enron traders, that was California's problem, not theirs.

Similarly, McLean and Elkind (2003: 267) quote a former senior Enron executive as blaming the State of California regulators and legislators for the illegal actions of Enron: "If they're going to put in place such a stupid system, it makes sense to try to game it". Another former senior Enron executive described the understandings of traders as ignorant of the moral implications of what came to be seen as a massive moral collapse: "I don't think [the traders] ever thought they did anything wrong" (McLean and Elkind, 2003: 274).

In McLean and Elkind's (2003) account, we see ample evidence in the discourse of Enron traders that they did not conceive of their actions as in violation of significant morally charged institutions. Rather, restricting access to power from California residents seemed to be constructed as an act of rational self-interest, either without significant moral loading or perhaps consistent with a morality that condones such behavior. Sims and Brinkmann (2003) clearly depict how some procedures (e.g., booking earnings before they are realized) were constructed as "early" or "clever" within Enron, while broadly considered "wrong" in the discourse of the moral communities in which Enron participated – the community of large corporations in

America, the community of commercial energy generators and providers. Thus, we argue that the widespread misconduct in Enron represent an instance of moral collapse that stemmed from a breakdown in the flows of ideology. From the perspective of the broader moral communities, manipulating energy prices through the deceitful manipulation of available supply with dramatically negative consequences for consumers, including death from overheating in this case, was clearly considered as immoral (Sims & Brinkmann, 2003). Within Enron, however, such acts were constructed in talk and text as without any problematic moral character.

We argue that breakdowns in flows of ideology are more likely to occur in the presence of specific conditions. (See Figure 2 for a summary of our arguments regarding the factors that contribute to the likelihood of moral collapse.) The flow of ideology from moral communities down to organizations and individuals depends on the existence and effectiveness of communicative routines and practices that connect across levels. Moral communities vary significantly, however, in the ways in and degrees to which such routines and practices emerge and are supported. Some moral communities have formalized, mandatory routines for the propagation of ideology in which all members participate. Moral communities established around professional and religious activity provide powerful examples of such situations, in which moral norms are explicit, codified and entrenched in formal education processes that are required for membership. In contrast, other moral communities depend on informal mechanisms to inculcate members with appropriate ideology.

Both kinds of mechanisms – formal and informal – are subject to breakdowns that could lead to moral collapse, with the likelihood of those breakdowns dependent on features of the moral community within which they operate. The formal inculcation of ideology in a moral community can be an expensive and demanding process, which especially in competitive

environments may be seen as a detriment to immediate practical needs (Abbott, 1988). Thus, we argue that communities in which ideology depends on formal mechanisms of communication and diffusion will require strong and consistent moral leadership, either by individuals or by a collective, in order to support and maintain those mechanisms (Lawrence, 2004). Without leaders who are willing and able to direct resources toward ideological communication and education, practical competitive pressures will, we argue, overwhelm the perceived need for such mechanisms. Even when morally charged institutions remain relatively stable among a broad base of a community's membership, a lack of socialization and education may lead to moral collapse in organizations that are populated with relatively newer community members.

In contrast, the sharing of ideology through informal communication flows depends on friendship, trust and kinship networks that may be disrupted by high rates of change, and especially attrition, in community membership (Passy, 2001). Thus, we argue that moral communities associated with high rates of membership turnover are more likely to see instances of moral collapse. In such communities, groups of members who are insufficiently socialized with respect to the ideology of the community are likely to either work according to idiosyncratic norms or import norms that run counter to those of the moral community (Passy, 2001).

Proposition 1: Moral collapse is more likely to happen in organizations that operate in moral communities in which flows of ideology are disrupted, either through a lack of commitment to formal communication mechanisms by community leaders or the disruption of informal communication networks by high rates of membership turnover.

Insert Figure 2 about here

The flow of ideology also depends on the capacity of organizations and individuals to absorb it. Discourse, including moral discourse, is constructed through the production and

consumption of texts (Fairclough, 1992; Phillips et al., 2004). So, two ways in which an organization might not absorb the ideology of its moral community is by filtering (intentionally or unintentionally) those texts in some way so that they do not reach its members, or by delegitimizing those texts so that they do not become embedded in the organization (Phillips et al., 2004). One way organizations filter out external texts is by overwhelming their members with internally generated texts, minimizing members' capacity for attending to texts originating from outside the organization. This is often a temporary strategy, as seen in intensive socialization experiences, such as sales conventions, quasi-military training environments, and extreme policy decision making environments (Janis, 1982). It may also be associated with organizations that have "individualistic" identities, such that organizational leaders construct their firm as an "atomized" entity that is distinct and separate from others" (Basu & Palazzo, 2008: 125). Processes of delegitimation render morally charged institutions originating outside the organization incompatible with the organization's dominant discourse. For example, early charges of animal rights movement against some corporations remained ignored for years, because they were regarded as romantic and impractical ideas not belonging to the serious realm of business (Jasper & Nelkin, 1992). Whether because of filtering or delegitimation, the inability of organizations to absorb morally charged institutions may occur because leaders are working to shield the organization from external influence, or because the environment has evolved in ways that run counter to the organization's morality. These ideas lead to our second proposition:

Proposition 2: Moral collapse is more likely to happen in organizations in which structures and practices diminish the organization's capacity to absorb and incorporate morally charged institutions from the organization's moral community, because the organization

monopolizes the attention of its members and/or because the organization delegitimizes the morally charged institutions rooted in the moral community.

Regulative Breakdowns

The second potential source of moral collapse that we propose here stems from a failure of the regulative order associated with morally charged institutions. Whereas breakdowns in the flow of ideology involve a failure by the organization to take on the social constructions of its moral community, breakdowns in regulation involve failures to adequately support morally charged institutions with social controls that enforce compliance. When an organization fails to establish adequate regulation with respect to an espoused morally charged institution, the lack of controls lessens the cost of deviation. Although the regulation of institutions is often understood as occurring at a field level, the actions of individuals are often controlled more directly by organizational systems and structures, especially outside of professionalized arenas in which field-level actors (e.g., professional associations) act directly on individual members.

Perhaps the most dramatic recent example of moral collapse tied to a breakdown in regulation is that of sexual abuse in the Roman Catholic Church. Although reliable statistics are hard to come by in this case, some sources estimate the number of lawsuits against the Church for sexual abuse by priests to be as high as 1,400 between 1985 and 2002 in the United States (Osnos & Manier, 2002). This is not a situation in which one could easily claim a breakdown in the flow of ideology, since the Church both in its policies and in the scriptures which are its foundation is unequivocal with respect to the morality of sexual relationships among priests and those vulnerable to their power, and more generally with respect to the morality of any kind of sexual relationships for priests. These behaviors are clearly against the spirit of the Church and all the sentiments associated with it.

Analyses of the patterns of sexual abuse among priests have suggested a significant factor may have been a weak and even complicit regulative order associated with the sexual prohibitions in place in the Church. In Philadelphia, for instance, the Archdiocese was accused in a Grand Jury report of “keeping known abusers in ministry and transferring discovered abusers to assignments where parents and potential victims are unaware of the priests’ sexual predations”, and conducting “bogus ‘non-investigations’ designed to avoid uncovering abuse” (CBS3, 2005). This example contrasts significantly with the Enron example provided above: whereas the morality of energy price manipulation was equivocal in Enron discourse, no such claim could be made here. Instead, we have a highly moralized discourse of sexuality and the responsibilities of the priesthood, combined with a regulative order that did relatively little to penalize non-compliance.

From an institutional perspective, important issues in understanding when and where breakdowns in regulation are likely to lead to moral collapse are the distribution of the costs of and the limits of establishing social controls (Jepperson, 1991; Lawrence et al., 2001; Lawrence & Suddaby, 2006). We have described morality as being constructed and enforced in a nested system of moral communities, organizations and individuals. Although we argue that ideology and regulation flow “downward” through this system, it is not the case that the costs of misconduct are necessarily borne by individuals. Accusations of misconduct, and especially widespread misconduct in organizations, may be borne largely by the organization or the moral community, rather than individual actors. This dynamic is at the root of criticisms of self-regulation by professional groups and organizations such as hospital medicine. In such situations, wrong-doing by an individual professional may taint the reputation of the group or organization, and thus may lead to under-reporting and under-enforcement (Allsop, 2006). In the case of

sexual abuse in the Catholic Church, it seems accusing, reporting and prosecuting abusive priests may have cost the Church itself significantly in terms of its reputation for purity and trustworthiness, or at least this may have been the perception of Church officials prior to the explosion of media and legal attention. Although institutional theory has traditionally emphasized the power of the regulative order in determining behavior and belief (Meyer & Rowan, 1977; Scott, 2001), later writing in the area has explored the limitations of institutional controls (Kraatz & Zajac, 1996; Lawrence & Suddaby, 2006).

Proposition 3: Moral collapse is more likely to happen in organizations in which accusing individuals of misconduct creates significant social and economic costs for the organization or the moral community within which it operates.

A second set of conditions that we argue are likely to lead to breakdowns in regulation, and consequently to moral collapse, is associated with social controls not strong enough to enforce institutional demands. This possibility stems from the nature of power associated with institutional controls: the regulation of morality involves systemic forms of power (Lawrence et al., 2001) that depend on two key conditions – enclosure and surveillance (Douglas, 1986; Lawrence, 2008; Sewell, 1998). Enclosure might involve the relatively rare sense of a “total institution” (Goffman, 1961) or more often significant costs to exiting the system, as in a professional field that provides legitimacy, status and economic rewards for maintaining membership (Abbott, 1988). Enclosure is important for moral regulation because it provides the basis for the social construction of costs of noncompliance (Goffman, 1961; Lawrence, 2008). Many contemporary organizations are unable, however, to effect enclosure with respect to many of their members. Consider, for instance, organizations wanting to make significant moral demands on highly mobile and resistant workforces. In such situations, professional moral codes

may only be enforceable at a societal level or perhaps by a professional association or union that could threaten expulsion (Kalleberg, 2000).

Along with enclosure, a second requirement for moral regulation to be effective is continuous surveillance or members' perceptions of continuous surveillance (Barker, 1993; Sewell, 1998). Sewell (1998: 401) argues that, "New technology has enabled the erection of a surveillance superstructure throughout society" with the "ability to instill a profound sense of self-discipline and self-control in many social settings". Although surveillance may be easier and more effective than ever, "it cannot be taken for granted ... and to the degree that actors can avoid or ignore it, institutional control will be undermined" (Lawrence, 2008: 180). A common situation in which surveillance is undermined and thus the likelihood of misconduct increased is work carried out in remote locations, where technology, social connections, and/or cultural distance make surveillance problematic. These arguments lead to our fourth proposition.

Proposition 4: Moral collapse is more likely to occur in organizations to the degree that employment conditions undermine enclosure and/or work arrangements diminish the effectiveness of surveillance.

We have argued that moral collapse stems from the breakdown in the flows of ideology and regulation from moral communities through organizations to individuals. For each of ideology and regulation, we have identified conditions that we argue are likely to lead to breakdowns in those cross-level flows. In reality, flows of ideology and regulation are tightly tied to each other and so the conditions leading to their breakdowns are also likely to be connected. Breakdowns in the flow of ideology, for instance, disconnect organizational members from the moral charge of institutions and in so doing may undermine the motivation and rationale of those actors responsible for the enforcement of those institutions. Thus, ideological

breakdowns may trigger breakdowns in regulation. Similarly breakdowns in regulation deprive morally charged institutions from acting as effective social control mechanisms and may consequently weaken the processes through which their moral charge is maintained over time. Thus, breakdowns in regulation may lead to ideological breakdowns. Although we believe that separate analyses of the conditions leading to breakdowns in regulation and ideology are an important starting point for the analysis of moral collapse, these potential interactions point to the need for practical and empirical analyses to simultaneously consider both ideology and regulation.

CONCLUSION

In this paper, we have examined the problem of moral collapse from an institutional perspective. We developed a theoretical framework that locates morality in a nested system of moral communities, organizations, and individuals, in which ideology and regulation flow downward through the system, and ideas and influence flow upward. We argued that moral collapse is associated with breakdowns in the flows of ideology and regulation and proposed sets of conditions under which such breakdowns are more likely to occur. In this section, we discuss the implications of our arguments for research and practice.

Implications for Research

Following the development of the paper's overarching framework, we presented our arguments in three steps: the general argument that moral collapse is associated with breakdowns in the connections between moral communities, organization, and individuals; a set of conditions we argue are associated with breakdowns in flows of ideology; and another set of conditions we link to breakdowns in regulation. Here we examine the implications of each of these for research on misconduct and morality in organizations.

Implications of the General Arguments Regarding Moral Collapse

Our general argument regarding the underpinnings of moral collapse is that it stems from breakdowns in the connections between levels in nested social systems. Research on misconduct has traditionally emphasized factors at a single level of analysis (Greve et al., 2010) with cross- and multi-level effects recently becoming a more significant research focus (Pinto, Leana, & Pil, 2008; Husted & Allen, 2008; Martin, Cullen, Johnson, & Parboteeah, 2007). Our framework and general argument extend this direction by providing the basis for a more theoretically complete account of community and organization level dynamics. In particular, our arguments suggest that research on misconduct and morality in organizations should be concerned with the flow of moral ideas across levels and the processes of social control that connect moral communities, organizations, and individuals. Moving further in this direction, our framework could be used to explore the role in organizational misconduct of other kinds of cross-level mechanisms and flows including material resources and extra-organizational social ties. Although we argue that ideology, regulation, ideas, and influence make up a critical set of cross-level flows when considering issues of moral collapse, our more general point is that ethical discourse and decision making in organizations is significantly influenced by the broad set of mechanisms and flows that connect moral communities, organizations, and individuals.

The second implication is methodological. Our analysis of the roots of moral collapse points to the importance of holistic, systematic research that incorporates political, economic, technological, and social dynamics. Although our analysis focused specifically on flows of ideology and regulation, our arguments implicate the economic, technological, social, and political dynamics in systems of moral communities, organizations, and individuals. Consequently, our arguments suggest holistic research methods that provide deep understandings

of the context in which morality is being examined, including individuals' incentives and motivations, organizational structures and practices, and the membership and culture of moral communities. One approach that would provide such understandings would be to employ ethnographic methods, which have traditionally been used to gain access to members' understandings of their own behaviors and social context (Van Maanen, 1988). Thick descriptions of moral collapse in organizational settings shed light on the role of context and perspective in the assemblage of elements that form a moral collapse. It helps us in uncovering the internal dynamics of ideological and regulation breakdowns by illustrating how individuals interpret and act upon the cues provided by their moral communities and organizational context. Another option would be to do historical research. While it would limit access to members' understandings, historical research could provide a much broader survey of conditions at organizational and community levels, how they change over time, and the potential to compare the dynamics of misconduct and moral collapse across social systems and time periods.

Implications of Arguments about Ideological Breakdowns

We have argued that an important set of conditions associated with moral collapse are those that lead to breakdowns in the flow of ideology. Such breakdowns lead to moral collapse, we argue, because they leave organizations and individuals without adequate awareness and/or understanding of what is considered right and wrong within their moral community. We have proposed two sets of conditions likely to lead to breakdowns in flows of ideology: (1) the disruption of the flow of ideology because leaders lack commitment to formal mechanisms that communicate and diffuse ideology, and/or high rates of membership turnover that disrupt informal communication networks; (2) organizational structures and practices that diminish the organization's capacity to absorb and incorporate morally charged institutions.

These arguments have implications for scholars interested in the relationship between ethical conduct and decision making in organizations and issues of social structure. They suggest that the construction of a shared morality depends significantly on the structure and nature of social networks, including the role of leadership, patterns of strong and weak ties within and across organizations, the existence and strength of ties between organizational members and actors outside the organization, and the nature of intra-organizational networks. Thus, we see our arguments regarding the role of ideology as providing a potentially important contribution to the emerging use of social network analysis in the study of organizational morality and ethics (Brass et al., 1998; Sullivan, Haunschild, & Page, 2007). Our arguments suggest that along with examining issues such as impact of network position and structure on individual ethical decision making (Brass et al., 1998; Treviño, Weaver, & Reynolds, 2006), network analysis could be usefully applied to understanding when and why widespread misconduct occurs in organizations.

The arguments we present regarding ideology and moral collapse also have implications for scholars interested in the relationship between ethics and organizational discourse. From our perspective, ideology is constituted by sets of morally charged institutions that are shared among members of a moral community. Thus, language and linguistic practices are central to the construction and enactment of ideology. The relationship between ethics and organizational discourse has been approached from a variety of angles, including ethics as a discursive practice through which organizational actors construct their identities (Clegg, Kornberger, & Rhodes, 2007; Kornberger & Brown, 2007) and discourse as a foundation for normative conceptions of ethics (Meisenbach, 2006; Palazzo & Scherer, 2006; Wicks & Freeman, 1998). Our discussion of ideology and moral collapse provides something of a bridge between descriptive identity-focused analyses of discourse and ethics and arguments for discourse as a normative foundation for

business ethics. From our perspective, morally charged institutions, including those concerned with the identities of organizational actors, constitute the ideology that connects individuals, organizations, and moral communities. The negotiation of those institutions, therefore, provides actors at each level the opportunity to clarify and influence what is considered wrong and right within their community.

Implications of Arguments about Regulation

In our model, a second set of conditions associated with moral collapse are those that lead to breakdowns in regulation. These are conditions that involve failures to adequately support morally charged institutions with social controls that enforce compliance. We argued that breakdowns in regulation are more likely when the social and economic costs of accusing individuals of misconduct accrue significantly to the organization or the moral community within which it operates, and when the working conditions of organizational members diminish the costs to members of expulsion and/or reduce the effectiveness of organizational surveillance.

These arguments have important implications for future research, particularly for scholars interested in the interplay of organizational morality and organizational design. Research on organizational design has traditionally focused on the impacts of design on strategic and operational goals, such as effectiveness, innovation and efficiency (Huber, 1990; Mintzberg, 1980; Tushman & Nadler, 1978) with relatively little consideration of the moral or ethical implications of design decisions, despite work from across a range of disciplines that points to its significant potential impact (Brickley, Smith, & Zimmerman, 1994; Jensen, Hakonsson, Burton, & Obel, 2009; Wines, 2007). Our arguments point researchers interested in this issue toward specific impacts of organizational design – on the distribution of costs of misconduct and on the

costs and effectiveness of enclosure and surveillance – which could stem from choices of technology, incentive systems, job design, and interorganizational relationships.

An issue that we have not addressed directly but to which our arguments point is the potential contradictory and overlapping ideology and regulation that individuals and organizations may face through their membership in multiple moral communities (Kraatz & Block, 2008). As we have argued, individuals and organizations are likely to operate within more than one moral community and will therefore need to reconcile or at least manage the tensions that arise because of this. Membership in multiple potentially competing moral communities is becoming an even more important issue as globalization increases exposure of actors to heterogeneous legal, social, and cultural demands. In parallel, new moral communities are continuously emerging that claim to be “representatives of the whales and other creatures, of the distant ecological future, and of the rights of humans in the most distant places and cultures” (Meyer, 2008: 799). The dynamics we have analyzed in this paper regarding the interplay between moral communities, organizations, and individuals provide an initial foundation for understanding these issues. We argue that membership in multiple moral communities, heterogeneous moral prescriptions and regulatory structures, and newly emerging moral communities all complicate the flows of ideology and regulation, but do not make them less important to understanding moral collapse. Although it is an empirical question, we would suggest that the dynamics we have outlined in this paper could provide significant insight into how and when moral collapse occurs in organizations that cross multiple moral communities or are members of newly emerging communities. Thus, we encourage research that would examine the consequences of this plurality of moral communities on the dynamics of moral regulation and collapse.

Implications for Practice

Our starting point in this paper was the practical problem of moral collapse in organizations – a problem that is complex but commonplace. Our analysis has practical implications both for actors working at the level of moral communities and those working inside organizations. For those concerned with leading or managing moral communities (e.g., educators in professional fields, compliance officers in regulated industries, leaders of social movements), our argument suggest that achieving a shared moral order depends significantly on building and maintaining formal or informal mechanisms through which ideology can flow to organizations and individuals. Moreover, we have identified important potential weaknesses in these mechanisms that stem from problems in leadership and membership turnover. Fortunately, these problems are potentially addressable in concrete ways – by better motivating and equipping leaders to maintain socialization systems, and by developing mechanisms such as incentives and group processes to stabilize membership.

For leaders and members working to ward off moral collapse in their own organizations, our arguments point to the importance of maintaining connections to the broader moral community and to ensuring that organizational design decisions do not undermine valued moral aims. The potential for organizational discourse to overwhelm members or delegitimize morally charged institutions from the broader community suggests that organizational members ensure boundary spanning roles and structures in their organizations be maintained and empowered to bring in outside voices. Our argument also add nuance to traditional wisdom regarding the importance of rewards and punishments in ensuring compliance with moral prescriptions in organizations. We point to the interaction of such mechanisms with the working conditions of organizational members. Although part-time, temporary, and off-site work is increasingly

prevalent, organizational leaders need to ensure that these efficiency driven structures do not come at the cost of the regulation of organizational morality. Either compromises need to be made in these domains, or new ways of effecting enclosure and surveillance will be needed to ensure compliance with organizational ethics.

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FIGURES

Figure 1: Morality in a Nested System of Moral Communities, Organizations, and Individuals

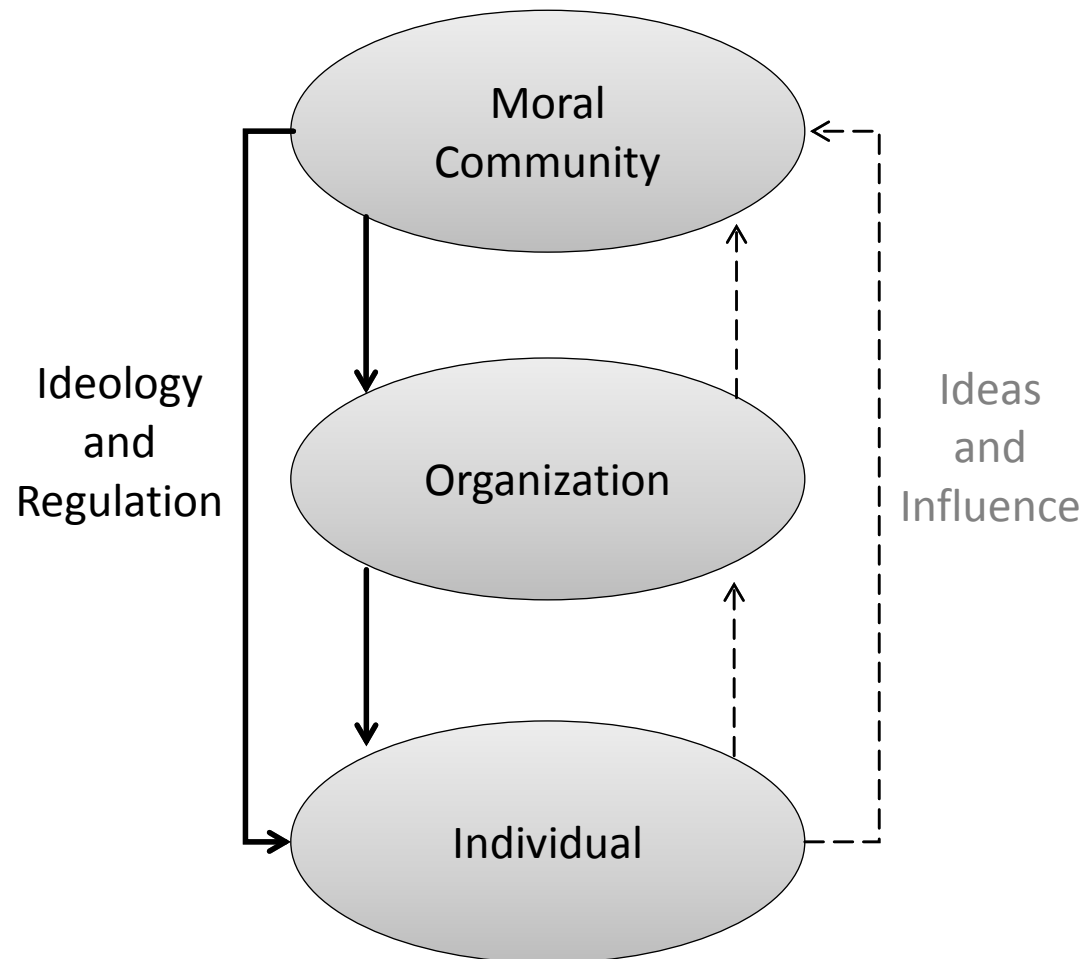


Figure 2: Moral Collapse Stemming from Breakdowns in Ideology and Regulation

