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Framing and Organizational Misconduct: A Symbolic Interactionist Study

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ABSTRACT. This study expands theoretical understanding of organizational misconduct through qualitative analysis of widespread deceptive sales practices at a large U.S. life insurance company. Adopting a symbolic interactionist perspective, this research describes how a set of taken-for-granted interpretive frames located in the organization's culture created a worldview through which deceptive sales practices were seen as normal, acceptable, routine operating procedure.The findings from this study extend and modify the dominant theoretical 'pressure/opportunity' model of organizational misconduct by proposing that the process engine driving misconduct is not amorally rational organization members, but rather is organizational members acting on socially constructed views of the organization that normalize misconduct.

KEY WORDS: corporate crime, frames, organizational misconduct, symbolic interactionism, symbolic processes

Introduction

Organizational misconduct has captured the attention of the media, regulators, the financial markets, academics, managers, and a host of others not normally interested in the world of business. Scandals at Enron, Arthur Andersen, and Worldcom moved discussions of accounting practices from the business section of the newspaper to the family dinner table. This phenomenon has cast the world of business in an unflattering light, spotlighting both the financial and social costs of misconduct and demonstrating the alarmingly long reach of corporations into the lives of individuals.

Scholars have by and large explored organizational misconduct as an organization-level phenomenon, an illegal or unethical organizational practice occurring as a result of some combination of pressure and opportunity (Baucus, 1994; Finney and Lesieur, 1982; Szwajkowski, 1985; Vaughan, 1983). However, this prevailing theoretical explanation of organizational misconduct has not held up particularly well under empirical scrutiny (Daboub et al., 1995; Hill et al., 1992; Jones, 1997; Szwajkowski, 1986).

While organizational misconduct can indeed be perceived as an organization-level outcome, it is important to remember that groups and individuals carry out the acts of organizations. This study enriches theoretical understanding of organizational misconduct by focusing on the macro–micro link inherent in the phenomenon. Adopting a symbolic perspective, this study identifies interpretive frames shared by organization members that contributed to the persistence and proliferation of widespread misconduct at a large U.S. life insurance company by normalizing deceptive sales practices. This research suggests that while organizational misconduct appears to be intentional and insidious, it can also be the result of uncritical and unreflective cognitive reliance on taken-for-granted, socially constructed frames.

The findings from this research augment the dominant theoretical pressure/opportunity model of organizational misconduct, enriching our understanding of how misconduct occurs and proposing modifications to the model that may help to resolve

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some of the empirical inconsistencies that have characterized past organizational misconduct research.

Defining organizational misconduct

Studies of organizational misconduct have roots in many different disciplines, including criminology, sociology, psychology, economics, and organization studies. The cross-disciplinary nature of this domain has led to a veritable theoretical thicket of terminology describing different niches of corporate wrongdoing. Illegal organizational behavior, corporate crime, unlawful organizational behavior, white-collar crime, occupational crime, and organizational deviance are all concepts overlapping, or relating to organizational misconduct.

Recent theorizing describes organizational misconduct as a subset of organizational deviance (Bamberger and Sonnenstuhl, 1998; Vaughan, 1999). From this perspective, organizational misconduct is defined as "acts of omission or commission committed by individuals or groups of individuals acting in their organizational roles who violate internal rules, laws, or administrative regulations on behalf of organizational goals" (Vaughan, 1999: 288).

This conceptualization offers several advantages. First, it builds on and broadens earlier conceptual work on illegal organizational behavior (Baucus, 1994; Baucus and Near, 1991; Szwajkowski, 1985), which is defined as "legally prohibited action of organization members that is taken primarily on behalf of the organization" (Szwajkowski, 1985: 559). Thus, it encompasses a broader spectrum of rule violations, not limiting misconduct to the violation of civil and criminal law. It is also broad enough to include both intentional and unintentional acts under its umbrella. This is significant because organization members who are unaware of rules prohibiting their action may commit acts of organizational misconduct. Finally, this definition highlights the role of the individual as well as the organization in misconduct. This particular point bears further discussion.

The appropriate level of analysis for measuring organizational misconduct is debatable (Vaughan, 1999). Throughout the history of this domain of research, scholars have argued whether misconduct by individuals on behalf of the organization should be viewed as individual acts, (emphasizing individual accountability, or organizational acts, emphasizing the power of environmental and organizational pressures, thus diminishing the role of agency (Simpson 1986). The Vaughan (1999) definition adopted here acknowledges this tension: individuals or groups of individuals engage in organizational misconduct, yet the phenomenon is measured at an organizational level of analysis.

Theorizing organizational misconduct: the pressure/opportunity model

Studies of organizational misconduct have typically been concerned with why misconduct occurs. The prevailing pressure/opportunity model of organizational misconduct posits that characteristics of the business environment and of the organization combine to create scarcity and/or blocked access to needed resources, creating pressure on the organization to violate laws or norms, and the opportunity to do so without detection (Baucus, 1994; Finney and Lesieur, 1982; Szwajkowski, 1985; Vaughan, 1983). The model predicts that given the combination of enough pressure and opportunity, organizations pursue illegitimate avenues to gain resources. The most frequently measured environmental and organizational factors related to organizational misconduct are summarized below in Figure 1.

The pressure/opportunity theoretical explanation rests upon the assumption that organizational actors are amoral rational calculators: when faced with blocked access to or scarcity of resources, organizational members perform some mental calculus, weighing the benefits of misconduct against the costs of such rule breaking. If the benefits of rule breaking outweigh the costs, misconduct is the chosen course of action, engaged in without checking a moral compass (Finney and Lesieur, 1982). This assumption is essentially the process engine of misconduct; it explains how misconduct occurs when pressure and opportunity are present.

While much research exists that tests cause-and-effect relationships between rates of organizational misconduct and variables representing pressure and opportunity, empirical support for model has been decidedly mixed. For example, one hypothesis that flows from the pressure/opportunity model is that

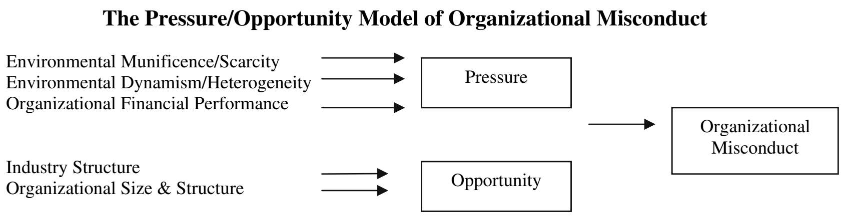

Figure 1. The Pressure/Opportunity Model of Organizational Misconduct.

weak financial performance creates pressure to engage in organizational misconduct. Empirical studies, however, vary in their support for this hypothesis. For instance, Clinard and Yeager (1980) used measures of both profitability and growth as proxies for financial performance. They found a negative relationship between corporate crime and low growth for environmental and labor violations, but the reverse for manufacturing firms: manufacturing firms experiencing high growth committed more corporate violations than low-growth firms. Baucus and Near (1991) found that firms performing moderately or very well were more likely to engaging in illegal activities, although their results were not statistically significant. Cochran and Nigh (1987) found a relationship between corporate violations and poor financial performance prior to violating. Finally, Hill et al. (1992) found no relationship between firms under financial strain and corporate wrongdoing.

Several studies have tested the pressure/opportunity model and note its empirical inconsistencies (Daboub et al., 1995; Hill et al., 1992; Jones, 1997; Szwajkowski, 1986). These mixed empirical findings explaining *when* and *why* organizational misconduct occurs suggest a need for research that explores more closely *how* misconduct occurs in order to develop a better understanding of the phenomenon itself. Developing richer and more complex understandings of how organizational misconduct becomes entrenched in organizations may offer additional theoretical insights into the nature of the relationship between pressure, opportunity, and misconduct.

An emerging perspective: symbolic interactionism and organizational misconduct

Symbolic Interactionism (SI) offers a useful theoretical perspective for building theoretical understandings of the processes that explain organizational misconduct. SI suggests that individuals act on their socially constructed view of the world (their "definition of the situation"), that definitions are created over time and via social interaction, and that definitions become sedimented into taken-for-granted social facts. These meanings create enduring patterns of action and structure (Blumer, 1969; Fine, 1992; Prasad, 1993). A symbolic interactionist perspective assumes that misconduct is driven by the way issues related to misconduct are socially constructed within the organization, and that organizational misconduct can be best understood by analyzing the related symbolic processes that are sedimented into the organizational culture. Recent theorizing on organizational misconduct indicates promise in "...connecting organizations and culture with interpretation, meaning, and individual action" in explaining misconduct (Vaughan, 1999: 291).

While the pressure/opportunity model assumes that individuals rationally and amorally weigh costs and benefits associated with misconduct in pursuit of organizational goals, the symbolic perspective emphasizes how organizations "help structure an employee's social world, marking some illicit activities off as strictly condemned, but making others appear so normal and unexceptional that their legal status passes almost unnoticed" (Coleman and Ramos, 1998: 30). Motivation and opportunity are theorized to be socially constructed and embedded in the subculture of the organization, as are rationalizations that neutralize misconduct (Coleman, 1995; Coleman and Ramos, 1998; Gellerman, 1986). A symbolic interactionist perspective argues that socially constructed 'frames' shape organization members' choices and behaviors in uncalculating, unthinking ways rather than organization members being driven by amoral, rational choice.

Defining 'frame'

What symbolic interactionism refers to as "definitions of the situation" are conceptualized here as a 'frames.' An amalgamation of extant literature across a variety of discipline define frames as the cognitive categories and analytical labels people use to describe, interpret, and sort events, issues, and entities for themselves and others, in order to understand and predict their environment (Entman, 1993; Fairhurst and Sarr, 1996; Fiol, 1995; Gamson and Lasch, 1983; Gioia and Chittipeddi, 1991; Scheufele, 1999).

Studies of framing are present in a range of literatures including psychology, social psychology, political science, communications, and organization studies. A significant amount of research addresses the nature of frames and how frames influence a variety of outcomes, including how risks are perceived and decisions are made (Kahneman and Tversky, 1979), how political issues are perceived (Gamson and Lasch, 1983; Entman, 1993), how social dilemmas are resolved (Tensbrunsel and Messick, 1999), how ambiguity and change are managed (Gioia and Chittipeddi, 1991; Hill and Levenhagen, 1995), and how leadership exercised (Fairhurst and Sarr, 1996). While various disciplines may utilize different terminologies to discuss framing, all converge around a central theme that "...people don't passively perceive reality, but actively filter, create and apply meaning to their environment" (Rudolph and Bartunek, 1998: 3). Framing as a process involves the active interpretation of stimuli in the environment, both for oneself and for others.

Imagine a picture frame as an analogy for an interpretive frame as defined above: the way a photograph is matted and framed brings out some aspects of the photo more than others. Certain mat colors and frame shapes can drastically alter the appearance of a photograph. Particular aspects of the photograph can be made central, other made peripheral, and still others cut out entirely by the placement of the frame. A cognitive, interpretive frame operates the same way: a held frame may privilege certain aspects and angles of an entity, issue, or event, and de-emphasize or ignore other aspects. By employing one frame versus another, our interpretation of that reality may be drastically altered, and our future action influenced. "Threats" and "opportunities" are examples of important and commonly discussed frames in the organizational literature. When an individual categorizes or interprets an event as a threat, information is perceived and processed differently than it would be if the event were categorized as an opportunity. Framing an event as a threat generally results in less innovative, more conservative behaviors than does framing an event as an opportunity (Fiol, 1995).

Understanding how organization members frame issues in their organization and how particular frames become shared throughout the organization, especially those that appear salient to organizational misconduct may generate tremendous insight into why and how misconduct occurs, persists, and proliferates in organizations.

The sedimentation of frames

Frames can exist outside of the mind of an individual, becoming sedimented or embedded in the culture of an organization or in a society.

Sedimented frames in organizations are located in the organization's culture, in the basic set of beliefs and assumptions shared by organizational members (Schein, 1992). One can think of culture as "the stock of commonly invoked frames...culture might be defined as the empirically demonstrable set of common frames exhibited in the discourse and thinking of most people in a social grouping" (Entman, 1993: 53).

Different members or groups in an organization may offer multiple, conflicting frames of organizational issues. Frames that comprise the dominant culture are "institutionalized as the organization's reality through metaphors, structures, rituals, policies, and other symbolic acts" (Witherspoon and Wohlert, 1996). Frames are manifested in organizational culture by keywords, catch phrases, exemplars, metaphors, symbols, depictions, visual images, and stereotypes (Entman, 1993; Gamson and Lasch, 1983). By analyzing visual and linguistic symbols, researchers can induce which frames are sedimented into the culture of the organization and shared either by most organizational members or by some subset of its membership.

To summarize, the pressure/opportunity model of organizational misconduct provides an important but partial explanation of organizational misconduct. There is an emerging alternative explanation in the organizational misconduct literature that focuses on symbolic processes as a way of understanding how misconduct occurs. Working from a symbolic interactionist perspective, I conducted an inductive study exploring what types of frames related to misconduct are sedimented into the culture at an organization where misconduct is widespread and how those frames contribute to or constrain misconduct.

To address this question, I analyzed a case of deceptive sales practices at Acme Insurance Company,[1] a large North American life insurer, which occurred in the 1980s and 1990s. The following sections will review the details of the case, explain my methodology, review my findings, and finally discuss how this study contributes to existing theory and may influence managerial practice.

Deceptive sales practices at acme insurance company

Acme Insurance Company is a large life insurance company operating primarily in North America. In the mid-1990s, sharply rising customer complaints to departments of insurance across many U.S. states as well as the filing of numerous lawsuits alerted both the media and regulators to the issue of deceptive sales practices in the life insurance industry in general. Given its size and industry status, Acme found its sales practices spotlighted by the media and by regulators across the U.S. In the late 1990s, a multitude of state investigations by various regulatory agencies culminated in a team of insurance regulators consolidating efforts and undertaking an investigation of national scope into Acme's sales practices. The team found that deceptive sales practices were widespread at Acme from the mid-1980s to the mid-1990's; that individuals at all levels of management were aware of the practice; and that Acme had failed to appropriately supervise sales practices and discipline rogue agents and sales managers. It was estimated that as many as eight million policyholders may have been affected by Acme's deceptive sales practices. As a result, Acme faced severe financial penalties and was forced to engage in a remediation process that reached out to millions of policyholders who purchased Acme insurance during the previous decade.

The term 'deceptive sales practices' relates to a variety of practices that have been lumped together by the media, class action lawyers, and the general public under the rubric ''churning.'' Churning is

> ''...a practice in which the built-up cash value of existing policies is used to finance new, more expensive ones. Designed to generate big, up-front commission for agents and managers, churning often involved deceiving policyholders about the cost of the new coverage and the extent to which the transaction harms the older policy'' (Scism, 1996).

Churning violates every state's Fair Trade Practices, as well as Acme's formal compliance rules, National Association of Securities Dealers (NASD) regulations, and state insurance departments regulations.

Methods

Researching organizational misconduct from a symbolic perspective means appreciating how those in the organization make sense of misconduct: What are the shared organizational definitions of conduct and misconduct? How are internal and external rules framed? How do organization members interpret the internal and environmental factors hypothesized to create pressure and opportunity? These questions reflect a symbolic interactionist perspective, and are most fruitfully answered using qualitative approaches. My methodology incorporates inductive, qualitative methods (Miles and Huberman, 1994) as well as modified grounded theory techniques (Glaser and Strauss, 1967; Strauss and Corbin, 1990).

Data sources

The data for this study come from three different sources. The primary source was archival data gathered by one state's attorney general's office as part of a regulatory investigation into Acme's sales practices. The complete files of this investigation contains varied documentation: depositions and sworn statements of current and former Acme sales managers, sales agents, marketing executives, marketing trainers, auditors, legal counsel, and various other employees (some were subpoenaed; other appeared voluntarily); audit reports; Department of Insurance customer complaint files; internal reports monitoring sales practices; quantitative analysis of rates of sales compared to rates of disbursement activity; training material; personal correspondence and memos; performance evaluations; and other exhibits prepared for court.

The second source of data for this project was interviews with former Acme employees on the topic of deceptive sales practices. The interview sample reflected a diversity of geographically distributed agencies. Most interviewees were from the New England region, representing seven different geographic agencies all led by different general managers. Organizational tenure ranged from 20 months to 32 years. All 20 participants worked for Acme between 1985 and 1995, when churning practices were reportedly at their height. All twenty entered the company as sales agents; seven participants ended their careers at the staff sales manager level; one person left the organization at the level of agency manager. The interviews were semi-structured and designed to elicit the interviewees' understanding of how deceptive sales practices became widespread at Acme.

The third data source for this project was a findings report published late in the 1990s by the team of insurance regulators who conducted the nationwide investigation into Acme's sales practices. Roughly 200 pages in length, this report summarized interviews with dozens of Acme agents and managers as well as providing a quantitative analysis of replacement and financing activities across various time periods and all geographic regions of the organization.

Data analysis

In the first round of analysis, I separated all collected documents into different types based on similarity of content (for example, ''interviews,'' ''audit reports,'' ''personal correspondence,'' etc.). Breaking the data into these categories made them more manageable to work with, and gave me the ability to check for support of concepts and categories both within type and across type. From this first pass through the data, I developed a detailed, descriptive understanding of how churning occurred.

During the next step in the analysis, I created Document Summary Forms (DSF) for each document. DSFs (Miles and Huberman, 1994) indexed key data about the document (type, relationship to other documents, source, etc.) and tracked key issues, main points, ideas, questions, and themes that emerged from each document. From the DSFs, I identified more than 80 different concepts (key issues, themes, questions, frames, and ideas) related to the use of deceptive sales practices at Acme and created provisional categories of codes, which included identifying frames broadly related to the issue of deceptive sales practices.

Basic to the coding procedure is the constant comparison of data within and between codes (Glaser and Strauss, 1967; Strauss and Corbin, 1990), which ensures the accuracy and validity of both the coding and the concept itself. The remainder of the data analysis involved coding for relevant frames as well as the constant comparison of new data to the existing set of coded frames, merging codes that seemed to represent the same frame, eliminating codes with little or no support, and categorizing and re-categorizing those codes that seemed to be representing different aspects of the same general frame.

Findings

No single frame drove the use of deceptive sales practices at Acme. Instead, a constellation of shared frames influenced the way employees interpreted their environment and thus the sales practices they employed. Frames related to the product, the customer, the sales professional's role, and to compliance created a coherent, logical worldview specific to the sales force at Acme through which churning and other associated rule breaking activities were normalized (Vaughan, 1999) or perceived as acceptable, routine ways of doing business, thus contributing to the persistence of misconduct at Acme. In the following section, each frame is described, examples of the frame are displayed, and its link to misconduct is clarified.

The product frame: 'dividends are guaranteed'

Sedimented in the culture of the sales force at Acme was a frame regarding the dividends that Acme paid annually to its whole life policyholders that facilitated the routinization of churning. Dividend projections were framed as a guarantee, rather than as projections subject to fluctuations based on investment returns and expenses. The "dividends are guaranteed" frame supported the deceptive sales practice of telling customers that they could get essentially "free insurance" by relying on future dividends from old policies to pay for additional, new policies. The data indicates that many sales people simply did not believe that Acme could fail to meet their dividend projections.

> "Back then...Acme was always meeting their dividend scales. Even though dividends weren't guaranteed, they'd had 100-year history, they had a wise instinct... buy Acme, and you're pretty confident in doing with it." (P38:444)[2]

> "We were always told, and this came - always came from the top... "Well, no dividends aren't guaranteed, but Acme has not missed a dividend, ever." And that's what our response would be...They had not missed a dividend ever. And that's the fact, that's the premise that we were going on." (P34:110)

> "The company's reputation had been excellent. We always paid more, with the exception of the Great Depression, we always paid more, as much or more than we said we were going to. And I would research this, historically, back in the '70s, when I came on with the company, and this is what I would base my projections on back then". (P39:903)

> "Something that was used by management a lot was: 'Yes, dividends are not guaranteed, but Acme has never failed to pay a dividend in its history'... I heard it time and time again". (D.NH:91)

Retrospectively, some Acme agents recognized the role the dividend frame played in churning:

> "I believe the real problem was the drop in the dividend scale; the company trained us to believe that the div scale would never drop. We were trained to say 'dividends are not guaranteed, but Acme hasn't not met its projected dividends in over 100 years'". (P48:17)

> "They weren't doing anything wrong, other than the fact that they did not say to these people [the customers], 'Lookit. This dividend structure COULD change, you know? This COULD change. I'm not saying that it's going to, but it COULD, and I really want you to notice that. And if it DOES, then you should be aware that you're going to need to pay the premiums.' If I look back and I say, 'Ok, what mistake did I make?' that would be the one... but I never thought that it [the dividend scale] would have changed, you know? I don't think anyone really did". (P34:293)

The "dividends are guaranteed" frame provided a solid support beam for churning in that a churning transaction was one that used values from an existing policy to fund a new sale.

The customer frame: 'perpetually underinsured'

"At Acme, we're building lives by one driving principle: Customer First" (1997 Annual Report). Part of Acme's espoused mission was to serve the customer: to determine a measurable financial need and address that need. Acme's customers, however, were framed by the sales force as perpetually underinsured and always better served by having additional insurance. This underinsured status justified using deceptive sales practices to remedy the situation, because ultimately the practice was in the customers' best interest. This frame acted as both an a priori justification embedded into Acme's culture that de-stigmatized churning as well as an after-the-fact rationalization for churning:

> People honestly didn't believe that the client was being hurt. They had life insurance. If the guy died, they'd be ahead of the game. They might not have wanted more insurance or know they'd bought it, but where was the harm in that? The client was better off than when you went in. (P48:70)

> In the real world, 75%, probably 90% of the people that we talked to out there are underin-

sured when you stop and think about how much insurance they carry. (P6:1136)

> It was, more or less, you're trying to make a sale. It wasn't really so much whether or not they needed it, although if you asked just about anybody, when you sold a policy, you felt you did the client a favor because everybody needed more life insurance. They were underinsured, you know? (P46:151).

> I think some of the looser sales practices that you saw, particularly in the late 80s, were a knee jerk reaction towards actually doing what's right for the client. (P27:438)

> "Ok, this is how much cash value you have, this is how much a new policy costs. This is how much the old policy pays in dividends a year." And you know something? There's nothing WRONG with that. It DOES make sense, if there's a NEED... And in MOST cases, the person didn't even know they were buying new insurance. It wasn't that it was BAD. It was just that there was no disclosure to the customer. (P36:148)

> Well, in some of the cases, on some of this "churning", what was the end result? The people had more insurance. Isn't it? And in a lot of these situations, you know, it's difficult to see HUGE harm, or -or ANY harm to some situations, when it was done correctly. (P37:497)

> Older reps would tell stories in the bullpen and laugh about the way they wrote business. The bottom line to them was "did I leave the client better off than when I walked in the door?" (P48:75)

Disclosing risks to the policyholder associated with using values from an existing policy to finance the purchase of new insurance made it more difficult to close the sale. Framing the customer as underinsured justified glossing over or failing to disclose the risks if the agent believed he was leaving the customer 'better off then when I walked in the door'.

The professional role frame: 'needs seller' versus 'policy peddler'

The way that sales agents and managers saw their professional roles manifested itself in two frames in this case: sales professionals' roles were framed primarily as "needs analyzers" or as "policy peddlers."

Needs sellers

Some sales people framed their role with respect to their obligation to the customer. They saw analyzing customer's insurance needs and filling those needs as central to their job. The type and amount of insurance they sold (or did not sell) was contingent upon the customer's need, as illustrated in the quotes below:

> "I was taught to review the [policyholder records] that I had available in my particular book of business and to service that clientele. I was taught to make appointments with them and to review according to what their needs were relative to their insurance policies." (P1:2329).

> "When I have a meeting, I tell them 'ladies and gentlemen, I want you to imagine me being the president of Acme. Here is going to be my first order to all of my men and women of Acme. Ladies and gentlemen, if you want to keep your job with Acme, here is what you are going to have to do: I'm going to command that you do one thing. This is my first order to all the people. You must go visit your policyholders at least one time per year on their anniversary date and talk to them about their needs, and talk to them about insurance and are we really taking care of their needs for insurance and do a policyholder review' and you have to turn them into the company, and then you get to keep your job". (P6:1009)

> "We instruct these people on total needs selling". (P8:6093)

> "As a rule, we would call all of our clients that we had, whether they had cash values [in their existing policies] or not, so that we could meet with them to find out if they had other investment needs or any other needs for insurance...".(P20:512)

The Needs Seller frame made satisfying customer needs the driving force in the sales process. This is in comparison to the policy peddler frame, which defined the primary responsibility of the sales agents and managers as making sales.

Policy peddlers
This frame positions sales results as central, and often relegates customer needs to the margins or cuts customer needs out of the picture completely.

> "Once a week we'd meet with new people and do the training. It would be on handling objections, prospecting, different closing techniques... seek out hidden objectives, for example. And we were always trained to try and close at least five times. But unfortunately, I don't really there was any real needs analysis, per se. And instead, I think that the sales process proved to degenerate into policy peddling". (P27:125)

> "They should have went out on a client service review and structured it where they did a review of the people's insurance, and they did not. As a rule, they did not". (P6:1149)

> "In 1985 when I first started with Acme, Mark Maguire was my manager and they had quite an emphasis on writing life insurance and writing as many policies as I could... calculating the amount of insurance that we could write based on the amount of dividends and cash value of the [existing] policy".

> Interviewer: "As you were taught to use this method, was the need of the person a factor"?

> "No. Primarily no. Just if we could see any more insurance we would just sell as much as we could. That was the goal. I mean, need selling never came into the picture, really. Our goal was to sell insurance – create a need". (P20:352)

> "There was software available to do 'needs selling' but I was never taught to use it". (P24:161)

> "Have you ever heard the old saying 'all good salesmen have a little larceny in their hearts'"? Salesmen, all of them, are hard-hitting, congenial, influential people who want something from you. Their job is to sell, first and foremost. No matter how you dress them up or educate them, they get paid for results. Acme didn't have a system of checks and balances that would monitor the quality of their sales". (P48:5)

This policy peddler frame was more strongly evidenced across the case data than was the needs seller frame, and contributed to how deceptive sales practices became entrenched at Acme by defining the role of the sales professional as being responsible solely for results, rather than framing their professional role as being responsible for quality sales that suitably met client needs.

The compliance frame: 'official frame' versus 'empty ritual'

The compliance function at Acme consisted of an internal system of rules meant to ensure organizational compliance with external laws and regulations. Training, monitoring, and sanctioning systems were intended to encourage conduct in accordance with such rules and regulations. In this section, both the "official frame" of compliance found in formal company documents and the "empty ritual" frame found in interviews and depositions are described and illuminated by examples from the data.

The official compliance frame
In Acme newsletters, statements to the media, and formal compliance training pieces, the compliance function is framed as a means to an ethical and legal end. The official frame of compliance suggests that rule compliance is a means to the ends of customer protection, customer satisfaction, and conformity with regulatory and legal requirements:

> "As an Acme representative, you are governed by internal Company rules, as well as state and federal regulations. The intent of all of these requirements is to protect the consumer...prospects who understand what a product is and what it can and cannot do for them will be more likely to buy from you. And, satisfied customers translate into repeat business and valuable referrals." (Acme training packet).

> "Control of sales practices is all about the need for the organization to provide additional positive support to our representatives in order to help

them better serve their customers.'' (Acme newsletter).

The official compliance frame is found in formal company documents and in statements aimed at both internal and external constituents, as well as in missives from Acme to various regulators. Overall, however, the data do not suggest that this frame was entrenched in the culture such that it impacted the day-to-day way that Acme employees thought about, talked about, or acted upon issues related to sales practices compliance. This frame is presented here as a counterpoint to the other compliance frame that is embedded in the Acme sales culture: the ''empty ritual'' frame.

Framing compliance as an empty ritual

This frame is strongly evident across case data. Evidence indicates that compliance rules, policies and procedures were framed as an empty ritual or formality that was performed as a matter of rote, with a focus on complying with the letter of the rules while skirting their intent.

Framing compliance as an empty ritual disconnects the means–end relationship between compliance and customer protection that is explicit in the official compliance frame. Detached from their substantive purpose, compliance rules are perceived as empty rituals and as barriers to productivity, marginalizing compliance in the eyes of frameholders. The following quotes demonstrate this frame and some of its dimensions:

> ''We would have the [annual] compliance meeting, and it was more of a ritual, rather than 'let's really get to know this.' It was a labored product, a labored meeting that they had to do through... they'd get up there and they'd say 'ok. This isn't something that we want to do, but it's something that we have to do, and we're going to get through this as quickly as possible. So let me just read the highlights'... There really wasn't any in-depth training in compliance. It was more that this is something we have to do so let's do it and get it over with''. (P40:283)

> ''Compliance was strictly something that had to be done. It was like 'this is a compliance meeting, don't take too much of this shit to heart. If you told people all of this stuff, no one would ever buy anything(''' (P48:23)

> ''You will probably see that in Acme's [compliance] documents, will be very good on their face, they'll say 'you shall not do this'. The problem was there was nothing behind 'you shall not do this.'''(P3:357)

> ''The company came out with a set of [sales practices compliance] procedures that was going to be the end-all and was going to solve all of our problems. Unfortunately, there was a lot of talk that this was the way they were going to go, but [deceptive sales] practices still didn't change''. (P38:716)

> ''The annual compliance [training] meeting was, well, you didn't want to go, it was going to be boring. Then it was, 'Glad we're over with THAT(' [Laughs.] 'Don't have to worry about THAT again for a year(''' (P46:376).

Relegated to ritual and robbed of significance, compliance rules were unthinkingly and easily violated. Being 'in compliance' at Acme meant adhering to the letter, not the intent of the rules and led to entrenched, informal, systematic processes for ''beating the system'' of formal compliance rules and standards.

Discussion and implications

Frames and their local meanings

This research intended to uncover frames related to deceptive sales practices at Acme and to explore their meanings. Together, the frames identified in the case formed a constellation of meaning that supported a worldview at Acme of churning as a normal and acceptable sales practice. Symbolic interactionism suggests that frames evolve within and are unique to a given context, and would thus suggest this set of frames is unique to Acme, and perhaps even unique to the subculture of Acme's sales force.

How frames mediate action: the normalization of deceptive sales practices

This research also explored how shared frames may have contributed to the widespread organizational misconduct. From a symbolic interactionist perspective, ''this process of enactment, whereby symbolic realities mediate meaningful action, is a central concern of any research project'' (Prasad, 1993: 1419). This study suggests that the sedimented frames had a normalizing effect on organizational misconduct. In other words, the frames made engaging in churning and associated deceptive sales practices seem like normal, acceptable behavior. Each frame described in this paper contributed to the taken-for-granted assumption that churning and other associated tactics were standard ways of doing business: because the dividend rate supported the transaction, since the client always benefited from more insurance, because the compliance function was a mere formality, and because the sales force's primary job was maximizing results. This set of shared frames at Acme created a unique, kaleidoscopic filter that systematically shaped beliefs and actions related to misconduct. The worldview that developed at Acme supported and legitimated the use of sales practices that would be defined as deceptive or illegal by the world outside of Acme.

Theoretical implications

The primary contribution of this work is its theoretical insight into the covert processes that underlie organizational misconduct, which are more complex than the dominant, pressure/opportunity model posits. Through a combination of qualitative analysis and a symbolic interactionist perspective, this research enriches the pressure/opportunity model by demonstrating that the underlying assumptions about the process through which organizational misconduct occurs is more complex than the amoral rational calculator argument acknowledges.

At the most basic level, this study finds that organizational misconduct can be either facilitated or discouraged by the context-specific, socially constructed realities in which organization members' work. The pressure/opportunity explanation of organizational misconduct suggests that organization members are rational calculators making decisions and acting based on an amoral cost-benefit analysis of their options. Alternatively, this research suggests that organizational misconduct may result not from amoral reckoning, but because it is perceived as a normal, legitimate course of action from a particular, socially constructed organizational worldview.

Acknowledging the impact of framing on organizational misconduct requires that objective, rational, profit-maximizing behavior be understood in the socially constructed context in which it occurs. While individuals may in fact be engaging in what appears to be amorally rational behavior, researchers cannot take for granted how organization members frame such concepts as 'illegal,' 'unethical,' 'risk,' and 'reward' and how those frames impact their actions. Amoral rational behavior should be understood as the result of the social construction of these concepts. This work empirically supports researchers who have similarly theorized that the social construction of motivation and opportunity are important to understanding organizational misconduct (Coleman & Ramos, 1998).

This research also supports theorizing on the role of framing with respect to ethical decision-making. Baucus and Rechner hypothesized that one must first frame a situation as having ethical components before ethical decision-making occurs. In a similar vein, this work demonstrates particular frames that may exclude ethical or legal dimensions from a given issue or decision, breeding actions that are devoid of ethical consideration.

Insights about framing and misconduct extend Vaughan's theory of the normalization of deviance (1996). She found that one of the main causes of the Challenger tragedy was a socially constructed, shared worldview of acceptable risk at NASA and the engineering contractor Morton Thiokol. The institutionalized worldview of risk in these organizations broadened the parameters of acceptable risk and thus normalized statistical deviance in O-ring failures, leading her to theorize that the framing of relevant issues plays a role in other types of organizational deviance such as mistakes and misconduct (Vaughan 1999). The research presented in this paper suggests that misconduct can be similarly normalized by the right combination of context-specific frames.

Finally, this work suggests that the process underlying the empirically mixed relationships between pressure, opportunity and organizational misconduct is far more complex, less rational, and perhaps less calculated and insidious than previously thought: that the pressure and opportunity that sets the stage for misconduct is mediated by the types of symbolic, interpretive frames embedded in the organization. Frames can either normalize or demonize organizational misconduct, thus constraining or contributing to it. This relationship is modeled below (Figure 2):

Researchers may find it fruitful in the future to analyze the role of framing in other cases of misconduct in order to build a typology of normalizing frames that may be generalizable across various organizational contexts.

While the chief limitation of case study research is in the difficulty of generalizing findings to other organizational contexts, the way some particular issues related to misconduct are framed may be relevant to many organizations. For instance, the importance of how compliance rules and regulations are framed is likely to be applicable to the majority of organizations. However, this research also suggests that different types of organizational misconduct involve unique sets of issues. For instance, the concept of life insurance dividends and how they are framed in this case is unique to churning in the life insurance industry and has little explanatory power in other domains of misconduct. This highlights the importance of a 'thick' understanding of both the type of misconduct and the context in which it occurs. A thorough awareness of all aspects of the misconduct is necessary in order to identify which issues and frames are indeed relevant to a particular type of organizational misconduct.

Despite the generally context-specific nature of the types of frames identified in this case of organizational misconduct, this study accomplishes the dual aims of symbolic interactionism and grounded theory: the development of rich, textured descriptions of an organizational phenomena from which meaning as it exists in a particular context is derived, and the generation of "middle-range theory" (Glaser and Strauss, 1967: 32) that falls somewhere between the "'minor working hypotheses' of everyday life and the 'all-inclusive' grand theories" (Glaser and Strauss, 1967: 33 quoting Merton, 1957).

Managerial implications

This work has significant implications for managers in that it points them in new directions when locating the causes of and preventing organizational misconduct.

The pressure/opportunity model of organizational misconduct locates the cause of organizational misconduct in the decisions of amoral rational actions of actors facing pressure and given opportunity. This theoretical explanation directs management efforts towards constraining such opportunity by increasing monitoring activity and increasing the cost of breaking rules by stiffening penalties and punishments such that the hypothesized amoral rational calculus yields rule-compliant solutions. If, however, organization members are not framing actions as misconduct or as unethical, it is doubtful that these practices alone will deter such behavior.

The role of normalizing frames in institutionalizing organizational misconduct directs managers instead to the culture of their organization. Seeking out and analyzing the embedded, taken-for-granted assumptions and practices related to acts of misconduct will give managers a greater understanding of its roots. Likewise, from the perspective of this study, preventing organizational misconduct relies on establishing shared frames that actively discourage rather than normalize misconduct. Such work relies heavily on senior management to model and communicate these frames (Fairhurst and Sarr 1996) as they play a significant role in shaping the organizational culture in general (Schein, 1992) and the

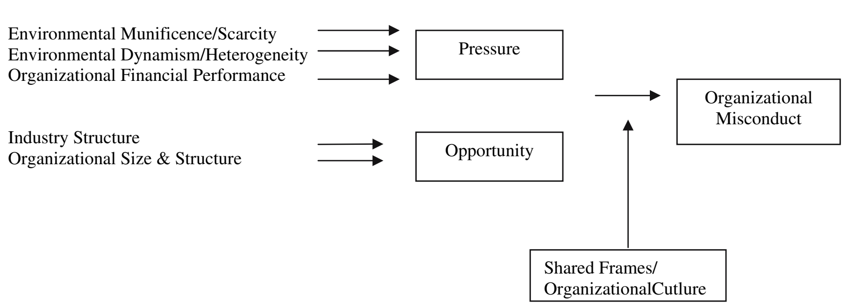

Figure 2. How frames mediate the relationship between pressure, opportunity, and organizational misconduct.

business ethics of their subordinates in particular (Clinard, 1983).

Conclusion

Organizational misconduct is a commonplace, costly, and complex phenomenon. This research joins an on-going theoretical conversation about the utility of taking symbolic perspectives on organizational misconduct.

Studying organizational misconduct from this perspective highlights not the rational, calculated behavior of self-interested individuals, but shows us that organizational misconduct may also be the result of unthinking reliance on social facts and taken-for-granted assumptions. By doing so, this research enriches the pressure/opportunity model in such a way that it better reflects the complexity of organizational misconduct.

Notes

[1] 'Acme Insurance Company' is a pseudonym. I am intentionally ambiguous regarding specific dates in the case to preserve the organization's anonymity.
[2] The code following each quote indexes both the document and the line number the quote appears on.

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