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# The Normalization of Deviance

By STEPHEN SCOTT

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Under the banner “Black Lives Matter,” 2020 saw worldwide demonstrations against perceived police brutality with racist roots. A seeming pattern in the shooting of black Americans by white police officers suggested that policing in the United States was corrupted by systemic racism. And a systemic problem demands a systemic solution: for protestors, the answer was to be found in a broad defunding of police forces, triggering ascerbic and on-going political debate.

How might behavioral science inform this discourse?



Northwestern University sociologist Andrew Papachristos finds social network structures to be intimately involved in police misconduct. “Explanations of police misconduct are generally divided into two theories: ‘bad apples’ and ‘bad institutions,’” he writes. “From this perspective, misconduct happens because specific individuals violate the primary function of policing itself; such officers are seen as ‘deviants’ and believed to represent a small fraction of police.” But, Papachristos finds, “As with other deviant behavior, police misconduct is most likely a learned behavior acquired from others while ‘on the job’.”<sup>1</sup> He continues, “Between the microlevel theories of atomized individuals and the macrolevel theories of organizational culture lies a ‘mesolevel’ explanation of police misconduct: an officer learns to engage in misconduct from other officers in his or her social network.”

Such findings might inform those looking to improve culture and conduct risk governance in the financial sector. It appears a prevailing assumption, among firms and regulators alike, that misconduct problems can be discovered only after they occur (*ex post*). This ‘detect and correct’ mindset suggests that we should invest in systems of surveillance and monitoring to detect misconduct as it takes place, and that we must rely on whistleblowers to call out misconduct that goes undetected by these systems. For leading indicators of likely misconduct (*ex ante*), industry opinion leaders argue that firms must encourage psychologically safe workplace cultures, perhaps to be had through improved diversity, inclusion, and the relevant ‘tone from the top.’

What does experience suggest in this context?

The UK Banking Standards Board (now renamed the Financial Services Conduct Board) conducts an annual survey of employees across the UK’s banking industry. In past such studies, the BSB inquired into the reasons why employees had elected not to speak up. The survey finds two principal motives to remain silent:

firstly, employees fear retaliation from the executives above them, and ostracism from peers alongside them<sup>2</sup>; secondly, they have concluded, based upon past observation, that management would take no remedial action even if they did speak up. Speaking up to call out conduct concerns results in high downside risk and no upside opportunity. So why bother? Better to just ‘go along to get along’ and to rationalize that choice by persuading one’s self that ‘it’s not my job’ to buck the system, or that ‘I have no choice’ but to conform to ‘how things are done around here.’<sup>3</sup>

In her landmark study of the 1986 space shuttle *Challenger* disaster, sociologist Diane Vaughan confesses that, as she began her research, she expected to find amoral and calculating managers and engineers who violated organizational rules. Instead, she found that the disastrous launch decision was arrived at through conformity – “conformity to cultural beliefs, organizational rules and norms, and NASA’s bureaucratic, political and technical culture.”<sup>4</sup>

Vaughan’s conclusions contradicted much of the established public scholarship and the findings of a Presidential Commission. For Vaughan, those previous inquiries into the failure in NASA’s decision process were themselves subject to two key challenges to change in most organizations: “thinking in terms of individual causes rather than organizational system causes, and considering how to change a complex system where change in one part has consequences for another.”

By contrast, Vaughan’s analysis emphasized the “social construction of risk.” As is true for any organization, she found that the perceptions of and beliefs about operational risk at NASA were “shaped by social forces and environmental contingencies that impinged on and changed organizational structures and culture, routinely affecting the worldview that decision makers throughout the organization brought to their interpretation of technical information.”





A September 2020 report<sup>5</sup> by investigators with U.S. House of Representatives Transportation Committee<sup>6</sup> concluded that the 737 Max crashes represented, “the horrific culmination of a series of faulty technical assumptions by Boeing’s engineers, a lack of transparency on the part of Boeing’s management, and grossly insufficient oversight by the FAA.”<sup>7</sup> “It was ‘compliant.’ But the problem is it was compliant and not safe. And people died,” said Transportation Committee Chairman Peter A. DeFazio. A civil lawsuit filed by shareholders accused Boeing’s board of “lax oversight.”<sup>8</sup> Earlier this year, Boeing agreed to pay \$2.5 billion to settle criminal charges and entered into a Deferred Prosecution Agreement with the U.S. Department of Justice.<sup>9</sup> In the last several weeks, the FAA has issued new “Airworthiness Directives” further questioning the safety of the 737 Max.<sup>10</sup>

## RIO TINTO

Despite generating handsome returns for them in the course of his four-year tenure as CEO, investors forced Rio Tinto’s Jean-Sébastien Jacques to step down late last year. Australia’s Juukan Gorge is known for a cave that reveals continuous human occupation for over 46,000 years. Analysis of genetic material found at the site shows a direct lineage between the ancient peoples residing in the cave some 4,000 years ago and the Puutu Kunti Kurrama and Pinikura (PKKP) people alive today. Rio Tinto destroyed the sacred aboriginal site on May 23<sup>rd</sup> last year, in the course of iron mining activities.<sup>11</sup> A subsequent internal board review found no single individual, or operational error, to be responsible.<sup>12</sup> In response to an Australian Senate inquiry,<sup>13</sup> Rio Tinto admitted that the mine manager at Juukan Gorge had been made aware that the site’s cave was one of the “top five” areas of archeological and cultural significance in the region – months before it was drilled and detonated.<sup>14</sup>

“Systems and processes designed to provide layered governance and oversight did not work effectively,” Rio Tinto explained in its Senate submission. “The root causes of events that led to the destruction of

the Juukan 1 and Juukan 2 rockshelters in May 2020 highlight the need for change in Rio Tinto’s cultural heritage management,” it concluded.<sup>15</sup> That is, the risk management failure was a consequence of faulty processes and systems, not people. A report from the Joint Standing Committee on Northern Australia concluded otherwise. “Rio Tinto’s conduct reflects a corporate culture which prioritised commercial gain over the kind of meaningful engagement with Traditional Owners that should form a critical part of their social licence to operate,” it argued.<sup>16</sup>

Perhaps. But it is not clear that Diane Vaughan would agree with either conclusion. Rather, she directs our attention to “the structure of power and the power of structure and culture – factors that are difficult to identify and untangle yet have great impact on decision making in organizations.” She points us to our social networks and the manner in which the cultural norms they espouse inform organizational realities at the individual and group levels.

## THE SOUNDS OF SILENCE

The U.S. SEC’s whistleblower program, implemented following the 2010 Dodd-Frank Act, has received more than 40,000 tips, according to a *Wall Street Journal* analysis of SEC data. In the fiscal year ending September 30<sup>th</sup>, 2020, the SEC’s whistleblower office had received more than 6,900 tips – a single-year record. And in the first seven months of fiscal 2021, over \$250 million was awarded to whistleblowers under the agency’s ‘bounty’ program. Outgoing head of the whistleblower office, Jane Norberg believes that the program shows the value of creating a work environment that encourages employees to speak up when they have concerns regarding potential wrongdoing.<sup>17</sup>

But are we to expect people to blow the whistle on deviant behavior that has been normalized? While whistleblowing programs and bounty schemes may help to generate notice of something especially egregious – within the cultural context of a given

organization – Diane Vaughan’s work suggests that undesirable behavior which has become routine will not be viewed by employees as ‘wrong’ and will therefore likely go unreported — until catastrophic events unfold.



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## ENDNOTES

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