Pipelines Bursting with Judgement: The Making and Outcome of Social Assessment

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The planning and construction of the Dakota Access Pipeline (DAPL) was accompanied by persistent protests. The indigenous protesters call themselves water protectors; in their epistemology, the pipeline represents a certain deterioration of their water supply.[1] The pipeline became operational in June 2017. Five spills occurred in 2017, and its sister pipeline, ETCO, experienced three more. One of the ETCO spills was categorized by the Pipeline and Hazardous Materials Safety Administration (PHMSA) as "significant". These information did not fly under the radar, but received (albeit limited) coverage by the media.[2] Yet, high-ranking lobbyist and previous head of PHMSA Brigham McCown describes the pipeline's safety record as impressive and categorically rejects the notion that it could be a risk to public health.[3] This article discusses both reasons for the coexistence of these polar opposite frames, and their implications for organizational behavior.

The existence of two radically diverging epistemologies on pipeline safety indicates two potential extensions of the work on organizational or corporate misconduct. (1) The divergence showcases the role of other audiences in addition to social control agents (Greve, Palmer, & Pozner 2010) for the translation of misbehaviors into scandals. (2) The concept of near-misses (Carroll 1998, Dillon & Tinsley 2008) has explanatory value in a more general model of organizational misconduct. Altogether, the divergence highlights the broader relevance of research on organizational misconduct. Mohliver (2019) demonstrates that the social assessment of a practice can trigger both the adoption or cessation of this

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[1] See for example `https://www.businessinsider.com/north-dakota-access-pipeline-protest-drinking-water-2016-10`, accessed 2020-01-12.

[2] `https://theintercept.com/2018/01/09/dakota-access-pipeline-leak-energy-transfer-partners/`, accessed 2019-01-13

[3] `https://www.forbes.com/sites/brighammccown/2018/06/04/what-ever-happened-to-the-dakota-access-pipeline/`, accessed 2019-01-13.

practice in an organization. But where the classification by a social control agent does not exist, or does not take the form of a binary label, the assessment can still steer organizations' behaviors. A positive or indifferent assessment can hinder organizations' aspirations adapt, and thus indirectly supports existing routines. A negative or ambiguous assessment can trigger aspirations to abolish a practice or reduce negative side effects thereof (e.g., oil spills).

Social control agents play a key role in the identifying misconduct (Greve et al. 2010, Palmer 2008, Schnatterly, Gangloff, & Tuschke 2018). A government fine or the expulsion from a professional association is an unmistakable signal that individual or organizational misconduct has occurred. To use decisions by social control agents is a convenient method for the operationalization of misconduct; the researcher avoids the social dilemmas that would occur if she or he were to decide herself or himself what constitutes an instance of misconduct (e.g., Pontikes, Negro, & Rao 2010). Mohliver (2019) demonstrates that when a social control agent provides an indication that a practice constitutes organizational misconduct, population-level actors (Madsen & Desai 2018) such as professional auditors disseminate this practice throughout the population of organizations. The general public, especially media, can also play a key role in translating misconduct into scandals Hoffman (1999), Piazza and Jourdan (2018).

The interpretation of scandals as events by organizations opens another avenue for inquiry. The translation of environmental feedback to organizational behavior into organizational adaption (Cyert & March 1963) does not occur mechanically; instead, it is mediated by the attentional processes of an organization (Hoffman & Ocasio 2001, Ocasio 1997). At the most basic level, a successful outcome reinforces existing routines, while failure triggers adaption of routines (Levitt & March 1988). Thus, failures are particularly valuable for correcting organizational misdevelopments (March & Shapira 1992). This relationship is mediated by the attentional processes of the organization: where a failure goes unnoticed, for instance because it is mistakenly interpreted as a success, a potentially

valuable opportunity for learning (Carroll 1998) is forgone (Dillon & Tinsley 2008).

The absence of a clear assessment by social control agents provides an opening for other audiences to make an impact on organizational behavior. The translation of misconduct into a scandal by a general audience such as the media is only one example. The attention of an organization is structurally determined (Hoffman & Ocasio 2001), meaning that initial assessments by population-level actors are of particular importance for the proliferation or adaption of liminal or established practices (Madsen & Desai 2018, Mohliver 2019). Here, research on organizational misconduct could make a strong impact, by showing how frames of population-level actors direct attention and allow practices to continue (or cease) in the absence of clear assessment by social control agents, even in the advent of resistance by general audiences.

Pipeline Spills in the US

The US has constructed of the most extensive pipeline networks in the world [4]. In the decade from 2010 to 2020, US pipelines experienced y pipeline spills, z of which were categorized by the Pipeline and Hazardous Materials Safety Administration (PHMSA) as significant. Major operators regularly experience multiple significant spills per year.[5] Yet, there is a significant variation in the number of pipeline incidents by operator, even after taking into account the number of pipeline miles or the amount of material transported.[6] Even though pipelines are not typically classified as high reliability organizations such as nuclear reactors (HROs; Weick, Sutcliffe, & Obstfeld 1999), there is a complex system in place to collect data on pipeline spills, presumably to allow for control and learning.

PHMSA differentiates between three different classes of incidents. Serious incidents resulted either in a fatality or in-patient hospitalization. Note that thus a serious pipeline

[4] Seehttps://www.cia.gov/library/publications/the-world-factbook/fields/383.html,accessed2020-01-13

[5] See https://julianbarg.shinyapps.io/incident_dashboard, accessed 2019-01-13.

[6] For the full dataset, see https://github.com/julianbarg/oildata/

incident could hypothetically occur without any liquid being spilled. Regardless, I will henceforth use the term "spill" instead of the (more precise) euphemism "incident" that is used in the industry. Every serious spill is also automatically classified as a significant spill. As of 2002, a spill qualifies as "significant" also if either (2) $50.000 or more of material or (3) 5 barrels or more were lost (50 barrels or more for high volatility liquids such as ethane, propane, or butane), or (4) if a fire or explosion occurred [7]. We will refer to spills below these thresholds as non-significant.

Social control agents have been identified in the literature on organizational misconduct as key actors that translate misconduct into scandals (Greve et al. 2010). However, the classification provided by social control agents is not always fine-grained or well-tuned. For instance, multinational corporations make sure first and foremost that their intricate tax evasion schemes are legal;[8] yet, a public discourse has emerged that without doubt would allow for researchers to explore this phenomenon under the umbrella of organizational misconduct. To return to the phenomenon at hand: over the decade 2010 to 2020, on average at least one significant spill occurred every three days. Therefore, the occurrence of a significant spill by itself would not be picked up by national media or an industry publication as a newsworthy event. Rather, an observer (or the regulator) would have to make some additional effort to either (1) discover an unusual pattern of spills, or to identify (2) unusual attributes (e.g., cause or magnitude) of an individual spill. In the classification system of the regulating agency, PHMSA, these spills would be no different than the significant spill which occur regularly, and, to date, did not prompt PHMSA to bring the hammer down. This occurred both (1) when in the case of Catholic Church, international media classified a series of sex abuses as a sex abuse scandal (Piazza & Jourdan 2018), and (2) when in the case of stock-option backdating, auditors as a population level actors both disseminated and proactively eradicated the practice in their

[7] See `https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/pdmpublic_incident_page_allrpt.pdf`, accessed 2019-01-13.

[8] `https://www.bbc.com/news/magazine-20560359`, accessed 2019-01-13.

network (). We test two of these potential relationships between attributes of potential misconduct, and identification thereof as organizational misconduct.

Hypothesis 1a: *In the absence of a clear assessment from a social control agents, high frequency of potential misconduct increases the likelihood of a general audience identifying a case of organizational misconduct.*

Hypothesis 1b: *In the absence of a clear assessment from a social control agents, extreme magnitude of potential misconduct increases the likelihood of a general audience identifying a case of organizational misconduct.*

Hypothesis 1 (generalized): *In the absence of a clear assessment from a social control agents, unusual attributes of potential misconduct increases the likelihood of a general audience or population-level actor identifying a case of organizational misconduct.*

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