A Couple of Spills a Year, That's Good? Learning and Greenwashing in the Pipeline Industry

Julian Barg jbarg.phd@ivey.ca Ivey Business School

#### Abstract

From 2000 to 2020, the standardized spill volume of refined petroleum pipelines has stayed constant at about 10 bbl per billion barrel-miles transported. In contrast, from 1980 to 2000, the standardized spill volume had about halved. This dissertation researches why pipeline operators in the US keep causing oil spills, and how they appease their stakeholders. The dissertation uses two lenses, greenwashing and organizational learning. These lenses reveal why, despite continuous efforts by engineers, the safety record of the industry has stagnated. The greenwashing literature suggests that environmental rhetorics offer many of the same benefits as environmental improvements—especially when stakeholders cannot investigate the claims. The learning literature suggests that it is commonplace for organizational learning to converge at a high level of performance, as observed in the pipeline industry.

The first chapter discusses how pipeline operators keep in check the backlash for the environmental pollution that they cause. Pipeline operators shield themselves from criticism claims of environmental safety that are based pipeline technology. When an operator causes a spill, the operator can point to the latest development in the constant flow of new technology as a remedy for future spills. This chapter and the second chapter use the same data on pipeline spills on 6,147 pipeline spills, and the American pipeline network from 2004-2019. More importantly this chapter further utilizes text data from operators and industry level actors. This research tracks empirically how patterns of greenwashing are diffused in the pipeline industry. This analysis sheds light on the role of technology as a rhetoric that is developed by industry level actors, in this case the American Petroleum Institute and the Association of Oil Pipe Lines.

The second chapter reveals the mechanisms behind the convergence in organizational learning that we have observed in the pipeline industry. The empirical section uses a dataset of 4,929 pipeline spills, and qualitative data on 10 significant pipeline spill. This research reveals that valid learning only occurs in response to the spills that operators

experience. For a general theory of learning, the empirical findings suggests that learning converges when the organization or system that learns has developed a high degree of complexity. Because of this complexity, learning in response to triggers such as failures is not sufficient anymore for making aggregate improvements. Learning turns into a perpetual game of whack-a-mole.

The third chapter revisits the theory on organizational learning and develops the concepts of reliability and validity. When learning goes beyond incremental improvements and touches on fundamental assumptions, organizations or industries can break out of their trajectory. However, many learning outcomes that have been thought of as "breakthroughs" have not led to the promised revolutions in the market. Validity and reliability fill an important gap in the literature of learning: even when learning produces sensible and internally consistent insights, these insights are meaningless if they do not serve for the organization to better understand, predict, and control existing problems, limitations, or bottlenecks—that is, if the knowledge is not valid. And valid knowledge still fails to make an impact if it is not reliable, meaning not shared across the organizational members who are to implement the insights.

Keywords: greenwashing, organizational learning, industry level, population level, pipeline spills, validity, reliability

A Couple of Spills a Year, That's Good? Learning and Greenwashing in the Pipeline Industry

### Contents

Abstract	2
A Couple of Spills a Year, That's Good? Learning and Greenwashing in the Pipeline Industry	4
Introduction	5
Structure	13
Context and Data	14
Literatures	16
Grand challenges and ESG indicators	17
Organizational learning	19
Greenwashing	21
Chapter 1: The Green Black Gold Blues. Diffusion of greenwashing in the	
pipeline industry	24
Chapter 2: When the next spill is only a matter of time. Learning in the pipeline industry.	27
Chapter 3: I know that they know nothing. Knowledge and organizational	
learning	30
References	34

#### Introduction

"[T]here is perhaps an over-emphasis of technology in [Leak Detection Systems]. A recurring theme is that of false alarms. The implication is that [a Leak Detection System] is expected to perform as an elementary industrial automation alarm, with an on/off state and six-sigma reliability. Any alarm that does not correspond to an actual leak is, with this thinking, an indicator of a failure of the LDS system. Instead, multiple technical studies confirm that far more thought is required in dealing with leak alarms" – Shaw et al. (2012, p. 2-3).

How does an industry get stuck with a never-ending series of pollution events? This dissertation researches two distinct but not mutually exclusive possibilities. The first possibility is that pipeline operators use rhetorics—greenwashing—to keep criticism at bay (Lyon & Montgomery 2015). In the arena of technology, the industry heralds great improvements. These technology improvements however have not had a bearing on performance metrics over the last 20 years, at least for refined petroleum pipelines (see Figure 1). The observation of stagnation in improving performance metrics is in line with the predictions of the literature on organizational learning (Argote 2013c). It is the conventional view of organizational learning that performance measures, after initially exhibiting fast improvements, will settle at a certain level. In other words, learning levels off. The organizational knowledge view—the dominant stream of the learning literature—suggests that organizations accumulate knowledge which is held by individuals, in routines, or in transactive memory systems (Argote & Miron-Spektor 2011, Bingham & Eisenhardt 2011). New knowledge is added to an existing "stock", presumably until there is no more new insights to be added.

Insert Figure 1 about here

An alternative view of organizational learning suggests that organizations can break out of existing trajectories and escape their constraints through learning—but that to do so requires a considerable rethinking of existing paradigms (March 2010). For instance, an organization can reimagine how it measures performance (Argyris & Schön 1978). This is consistent with the organizational routines view, which holds that organizations develop not knowledge but patterns of action in stable environments (Bingham & Eisenhardt 2011). The organizational routines view also postulates that in the absence of significant interventions, intricate but ultimately obsolete systems develop, for instance ones that rely on outdated technologies (March 1991). With sufficient complexity, these systems can generate a never-ending stream of unexpected interactions and externalities, which then become relevant for sustainability research when the organization or industry has a catastrophic potential (Beck 1992, Perrow 1984). One would hope for stakeholders to be able to identify the pattern of unexpected interactions and externalities, but under an inadequate environmental regime the organization or industry can escape scrutiny through greenwashing (Lyon & Montgomery 2015). The actions of industry level actors such as the American Petroleum Institute (API) aim as much (or more) at appearing the public as they aim at making pipelines safer. As a result, it is difficult for us as observers to tease apart whether industry-developed technologies improve pipeline safety or serve to give the industry a safe, high-tech image.

The inconsistent predictions of the two views, and their implications for persistent environmental pollution allows us to address the this research questions from two different angles: "Why, despite the continuous efforts to develop new technology, has the safety record of the pipeline industry stagnated?"

The first chapter analyzes the efforts of the industry from a greenwashing angle. This chapter brings to the fore the efforts of the pipeline industry to use technology as a rhetorical device. Actors across the industry have achieved a high degree of coordination and a shared understanding of the new technologies that are employed by the industry. This state of different actors holding a shared understanding is referred to in chapter three as high reliability. Importantly, the knowledge developed by the industry does not translate

into falling pipeline spill metrics. Some environmental grassroot organizations have taken notice of the trend of continuing pipeline spills, but overall the industry has been able to maintain a great degree of support from stakeholders and is able to expand its physical footprint across the country. The first chapter covers the technology-based greenwashing efforts that individual organizations and the industry undertake to keep being able to expand, and to preempt calls for substantive action.

The second chapter takes as a starting point past pipeline spills and demonstrates how pipeline operators respond to failure events, which unambiguously bring into focus opportunities for learning and improvement (Madsen & Desai 2010). The chapter contrasts the learning that takes place after pipeline spills with the overall convergence of safety metrics. This divergence is explained through quantitative methods. The industry supports an organizational routines over an organizational knowledge view. The safety record has stagnated not because no new knowledge is gained, or knowledge disappears at the same rate as it is produced (Argote 2013a), as the organizational knowledge view would suggest. The organizational routines view makes no such prediction. Rather, we see as the organizational routines view suggests increasingly intricate routines with ultimately little impact on performance (March 1991). This state would be described in the language of chapter three as low validity.

The third chapter takes the findings of the second chapter and asks what conditions would allow for learning in the pipeline industry to be effective. The third chapter turns to the theory on organizational learning in search of an answer. The organizational routines literature holds that organizations can break out of a state of convergence through what that literature calls either double-loop learning (Argyris & Schön 1978) or high-intellect learning (March 2010). Two overlooked attributes of knowledge, validity and reliability could mend the split between the two streams of the organizational learning literature. Validity describes whether knowledge does allow an organization to better understand, predict, and control problems, such as technological limitations or bottlenecks. Reliability

describes the degree to which member of the organization have command of the knowledge (Rerup & Zbaracki in press). Validity and reliability allow for a critical view on the first question, and whether that state of convergence is inevitable. The discussion section of this dissertation shows that the recent technology development by the pipeline industry constitutes as high reliability, low validity situation.

To answer the research question, this dissertation employs data on the US pipeline industry. The pipeline industry offers an advantage over other industries with regard to studying environmental impacts, greenwashing, and learning, in that the industry's environmental pollution usubally takes place in the public. Unlike other industries, pipeline spills do not occur inside private plants, locked away from the public eye. Pipeline spills usually occur on public land that the pipeline operator has only acquired the right-of-way of. Pipeline spills also receive a lot of attention from the press, government agencies, and environmental grassroot organizations. These actors pay particular attention to large pipeline spills, which make up for a majority of annual spill volume. Finally, the scrutiny of oil spills also ensures that the reported data is more accurate. Government-employed emergency responders are on site alongside the company employees and can ensure a more accurate reporting of pollution data than is the case for routine environmental emissions.

Quantitative data from 2004-2019 allows us to observe greenwashing and learning in the pipeline industry. For this period of time, data is available from the Pipeline and Hazardous Materials Safety Administration (PHMSA) on how much oil each American operator transported over what distance every year. PHMSA also provides a dataset that contains data on each individual pipeline spill that occurred over that period of time. 

Data on the spills includes a narrative, how much oil was spilled and recovered, and what other impacts (e.g., injuries or deaths) occurred. Over the 16 years of the observation period, 6,147 pipeline spills were recorded, including 2,246 that the PHMSA classified as significant based on either a spill volume of over 50 barrels, more than \$50k in damages, or

 $<sup>^{1}~\</sup>mathrm{See}~\mathrm{https://www.phmsa.dot.gov/data-and-statistics/pipeline/source-data,}~\mathrm{accessed}~2020\text{-}08\text{-}30$ 

a casualty, injury, fire or explosion. Whereas crude oil pipelines period showed a significant improvement in pipeline safety over the observation period, the standardized spill volume of refined petroleum pipelines stayed as an almost constant rate of about 15bbl per billion barrel-miles transported (see Figure 1).

As a next step, this dissertation uses text and network data to tease out greenwashing in the pipeline industry. Headquarter locations and board memberships (BoardEx) uncover connections between pipeline operators. Documents by the American Petroleum Institute (API) and the Association of Oil Pipe Lines (AOPL) reveal developments of the industry level. In addition, this research uses annual reports and safety reports to determine the strategies pursued by individual operators. Natural Language Processing (NLP)—specifically, topic modeling—reveals trends and show their diffusion through the pipeline industry. Finally, we can compare trends with the topics that emerge from the narratives on pipeline spill to distinguish substantive and non-substantive trends.

Qualitative data provides an understanding of the mechanisms of learning in the pipeline industry. The constant spill rate for refined petroleum pipelines is surprising, given the significant technological advancements in the areas of inline inspection tools, leak detection, and SCADA systems which allow for the remote supervision and control of pipelines. A repository on the largest or otherwise significant pipeline spills by the National Transportation Safety Board (NTSB) provides an in-depth understanding of accident causes. Since 1969, NTSB has authored 142 accident reports and briefs.<sup>2</sup>. For this dissertation I select the 10 most recent full accident reports. As a robustness check, I also select the 15 most significant accidents according to spill volume, net loss, number of injuries and fatalities, and property damage (top 3 per category), and collect independent archival data on these spills. As of 2020, little empirical research exists on the pipeline industry. Park and Rogan (2019) uses the PHMSA dataset to study how reputation affects

 $<sup>^2</sup>$  See https://www.ntsb.gov/investigations/AccidentReports/Pages/pipeline.aspx, accessed 2020-08-30

relationships with exchange partners. Zakikhani, Nasiri, and Zayed (2020) review the research into pipeline failures in the area of engineering, which has largely ignored organizational factors. More generally, oil spills are also covered by works in biology (in particular Burger 1997) and the oil industry by works in sociology and history (e.g., Dochuk 2019).

The context of pipeline spills is suitable for both questions on greenwashing and learning. Pipeline spills are periodic triggers for public debate, over the course of which organizations encounter many choice moments that could tempt them to greenwash their track record, policies, and efforts to improve pipeline safety (Lyon & Maxwell 2011). More importantly, the American Petroleum Institute (API) and the Association of Oil Pipe Lines (AOPL) discuss pipeline safety and their communication strategy in a semi-public fashion. Pipeline spills, such as other failures, are also catalysts for learning (March 1991). Learning has high visibility after large pipeline spills take place, and we can observe the learning process independent of its outcomes better than in other contexts. In summary, it is easier to obtain data on learning and greenwashing for this industry, compared to other industries, which operate far less on public lands.

Some of the findings of this dissertation might not be fully generalizable. Pipeline systems, with their manifold interactions and catastrophic potential are a great example of the complex systems and externalities discussed by Perrow (1984) and citetBeck1992. The challenges associated with growing complexity may not be present in all other contexts. In particular, uncoupled production methods can allow for much reduced interactive potential. In these contexts, greenwashing and the convergence of performance measures might take on a different shape. The complexity of pipeline systems stems from the interaction of mechanics, physics (fluid dynamics are notoriously complicated are of physics), and complex command structures. The diverse geography and many jurisdictions of the US also add to the complexity. In addition, there is an economic incentive to run pipeline infrastructure at a very high utilization rate and throughput, e.g., by frequently

changing the commodity to be transported according to demand.<sup>3</sup> Altogether, the complexity and interactions are not far off from what Perrow (1984) observed for nuclear power plants. Many other industries constitute complex systems because of their elaborate supply chain structures, a future avenue of research would thus be whether these complex supply chains bring about the same limits to learning.

I make four contributions with this research. (1) The empirical research on greenwashing highlights the potentially malevolent role that industry level organizations can play, and that technology-based claims should be taken with a grain of salt. Actors in the pipeline industry are aware of the possibility to attain a better image by creating an association between pipelines and high-tech, independent of the actual safety performance. At the same time, it is almost impossible for laymen to rebut the validity of technology that is built on decades of engineering research, and that hence the industry can safely entrench itself in this realm of modernity. Parallels may exist in other industries when technologies rather than concrete solutions to concrete problems are discussed. An example may be the use of block chain technology for the purpose of safeguarding he environment, or the use of general purpose technologies more generally, e.g., TQM (Zbaracki 1994)

(2) This dissertation introduces a context where organizational learning has "bottomed out" and analyzes how learning plays out under these circumstances. The context allows us to study learning despite the absence of aggregate, quantitative improvements in performance measures because (a) we can observe the process of learning independent from the outcome in qualitative data, and (b) rich data, including textual descriptions, is available on the object of learning-individual pipeline spills. This rich data allows us to distinguish a "dynamic" state where performance measures are constant because learning and emerging challenges cancel each other out from a hypothetical "state of equilibrium" where there is no new knowledge to be obtained. Thus, this dissertation

<sup>&</sup>lt;sup>3</sup> Although pipelines are generally optimized for transporting specific commodities, in principle any pipeline can transport almost any commodity when demand or supply changes.

brings to the fore a state that large swaths of the learning literature have taken for granted and failed to analyze: the "end of learning" period where performance measures make it appear as if the organization or industry has come to a standstill. For the pipeline industry and similar industries that constitute complex systems with catastrophic potential, the predominance of such a state over the whole extent of the learning curve and in perpetuity would be a concerning finding. The convergence of learning hypothesis suggests that stakeholders should not pin their hopes on conventional learning (in a learning curve sense) but rather push for learning that questions commonly held assumptions, as described in chapter 3.

- (3) This dissertation also makes a contribution to the discourse regarding environmental sustainability and technology. The sustainability research community is split as to the role of technology for sustainability. Some work leans more toward a technocentric view with little to no consideration of social systems, for instance in research on low-carbon electricity (e.g., Greenblatt et al. 2017). Other authors emphasize the need for changes to the political and economic system in order reduce damages to the planet, such as the degrowth discourse (Kallis et al. 2018). With regard to that debate, the findings of this research highlight the role that system complexity and unexpected externalities play for continued pollution. The pipeline industry provides a very vivid example of the limits to depolluting existing technology. Further, the greenwashing in the pipeline industry that this research surfaces should act as a cautionary tale on the role and purpose of technology in communication.
- (4) This dissertation moves forward theory on learning by highlighting the considerable effort necessary to leave an existing trajectory. New knowledge needs to be created that is both valid and reliable, which requires for an organization or industry to collectively question preexisting fundamental assumptions. Applied to pipeline spills, this would imply that if society was to collectively decide that oil spills at the current level are not acceptable, then we should not rely on the industry to develop technology and make

changes in the current fashion. A more fundamental rethinking of the (physical and political) system of energy delivery would be necessary.

#### Structure

The first chapter focuses its attention to greenwashing and the empirical context of the pipeline industry. After a brief introduction of greenwashing, the chapter lays out the problem at hand in the pipeline industry. Pipeline operators use new technologies in their rhetorics to assure stakeholders that pipelines are safe. This greenwashing strategy is widely shared in the industry, indicating that in this context industry level actors are also involved. The chapter uses discourse analysis to show the presence of greenwashing as a strategy across the two levels of organizations and the industry. An encompassing quantitative analysis which employs Topic Modeling to process text data (Hannigan et al. 2019) then reveals how greenwashing spreads across the industry through intra-industrial networks. Finally, in the discussion section the chapter introduces the notion of technology as a vehicle for greenwashing.

The second chapter stays with the empirical context, the stagnation of pipeline safety. The chapter introduces the notion of convergence in performance measures, as introduced by the learning curves literature, which later developed into the organizational knowledge view (Argote 2013c). This observation of convergence, which we also see in the pipeline industry, leads to the first research question, how does the convergence of performance measures take place? One might intuitively assume that when a performance measures stay constant, no learning takes place. The qualitative data speaks to this assumption, and shows that in the pipeline industry, indeed, organizational learning still takes place. The quantitative data is then used to show that while problems are addressed with learning, new, unique problems constantly emerge. This is consistent with research on complex systems and externalities of modern technology (Beck 1992, Perrow 1984).

Finally, the discussion section raises the alternative view, organizational routines, and

introduces the notion that a further reduction of pipeline spills requires a more radical rethinking of existing paradigms, including technology that is used. If the status quo remains as is, the research suggests that pipeline spills will continue, despite organizations learning from spills.

The third chapter turns to the theory of organizational learning and introduces the concepts of reliability and validity, without referencing the empirical context of pipeline spill. The chapter first explains the concepts. Then the chapter explains how the concepts of reliability and validity relate to the existing theory on organizational learning. The existing literature has not been attentive to the gap that exists between the streams of organizational knowledge and organizational routines. This chapter discusses the divergence in understandings and views. Further on, the chapter explains how a more critical approach to the concept of knowledge can bridge the streams, to some degree.

#### Context and Data

The empirical sections of this dissertation use data on the US pipeline industry. This empirical context offers a number of advantages over other datasets on environmental emissions and pollution. Compared to other industries, there is a good data coverage on pipeline spill from a diverse group of actors, including government agencies, the press, grassroot organizations, and industry level organizations. The documents on spills often include information on the events as well as causes. Further, the pipeline industry allows us to "zoom" in and out on individual oil spills and understand environmental pollution and impacts in a much more thorough fashion than is the case for other industries.

Longitudinal quantitative data over a relatively long time frame is publicly available.

Overall, pipeline spills as well as the subsequent learning process, and greenwashing attempts all play out in a public fashion.

Compared to environmental emissions and pollution by other industries, pipeline spills play out in a very public fashion. Pipeline spills are often initially discovered by members of the public (Shaw et al. 2012, p. 3-39). Pipelines are built across the country, often on public land. Hence, large pipeline spills cannot rarely if ever be fully concealed from the public. Large oil spills also make up for a dominant share of the overall spill volume, hence even if some small spills are missed the data still offers an almost complete picture. When oil enters waterways, its color and smell makes the spill very obvious. Pipeline operators and employees are legally obligated to report pipeline spills.<sup>4</sup>

There are two main sources for data on pipeline spills in the US. (1) The Pipeline and Hazardous Materials Safety Administration (PHMSA) maintains a repository on all pipeline spills that occur. A fairly unique attribute of the data is that there is both qualitative and quantitative data available. Over 300 pipeline spills occur in the United States every year, and more than 100 of them are classified by the PHMSA as significant. The number of spills is sufficient for quantitative analysis to be sensible, but not at a level where an individual large spill becomes irrelevant. PHMSA also provides a dataset on pipeline operators, which allows for identification of the organization that caused each oil spills, how many miles of pipelines these organizational operate, and how much oil the organization transported over what distance each year. Between 2002 and 2004, PHMSA significantly increased the amount of data collected from each operator and on each spill. Hence, from 2004 forward the quality of the PHMSA data is generally good.

(2) The National Transportation Safety Board (NTSB) provides reports on pipeline spills that the agency deems significant. These reports typically have a length of 50-200 pages (usually being more than 100 pages long) and detail the incident, events leading up to it, and its causes. From 1969 until today, 142 reports and briefs have been published. The NTSB reports stand out from other reports because of the NTSB's "Go Team".

<sup>&</sup>lt;sup>4</sup> See https://www.phmsa.dot.gov/incident-reporting, accessed 2020-08-30.

<sup>&</sup>lt;sup>5</sup> Meaning an injury, fire, explosion or property damage of over \$50,000, or the spill volume is at least 50bbls. See also https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/docs/pdmpublic\_incident\_page\_allrpt.pdf and https://julianbarg.shinyapps.io/incident\_dashboard/, accessed 2020-07-14.

<sup>&</sup>lt;sup>6</sup> See https://github.com/julianbarg/oildata, accessed 2020-07-14

Members of the Go Team are ready around the clock to be deployed to accident sites, for the benefit of collecting information that might otherwise not be available anymore.<sup>7</sup> The NTSB also spends significant resources to determine underlying causes of (rather than liability for) the spills after the fact.<sup>8</sup>

In addition, other public agencies also sometimes become involved in th cleanup of pipeline spills and subsequently author reports. In addition to the quantitative data it provides, the PHMSA also occasionally commissions reports on pipeline safety (Shaw et al. 2012, e.g.,). Other agencies that are involved with pipeline spills and provide relevant information are the Environmental Protection Agency (EPA), the National Oceanic and Atmospheric Administration (NOAA), Fire Marshals, and the coast guard. All these agencies sometimes provide primary data on the impacts of pipeline spills. Journalists also report on pipeline spills, and sometimes create very in-depth material that represents a valuable addition to government reports (e.g., McGowan, Song, & Hasemyer 2012). Finally, residents that are affected by pipeline spills sometimes organization in grassroot organizations. These grassroot organizations provide valuable data on the human impacts of pipeline spills. <sup>10</sup>.

#### Literatures

Multiple literatures contribute to this dissertation, the obvious ones being organizational learning and greenwashing. The learning literature further falls into two camps: organizational knowledge and organizational routines (Bingham & Eisenhardt 2011). Other literatures that inform this dissertation include the work on ESG indicators

<sup>&</sup>lt;sup>7</sup> See https://www.ntsb.gov/investigations/process/Pages/default.aspx, accessed 2020-08-31.

<sup>&</sup>lt;sup>8</sup> For instance, in one case NTSB tried to replicate an error of a SCADA system on a replica of the original SCADA setup (NTSB 2002), and in another case NTSB used various pieces of heavy equipment on a pipeline section to determine what caused the mechanical damages that lead to a spill (NTSB 1990).

<sup>&</sup>lt;sup>9</sup> E.g., https://response.restoration.noaa.gov/about/media/ 10-years-after-being-hit-hurricane-katrina-seeing-oiled-marsh-center-experiment-oil-clea, accessed 2020-08-30

<sup>&</sup>lt;sup>10</sup> E.g., http://grangehallpress.com/Enbridgeblog/, accessed 2020-08-30

and grand challenges. Most importantly, there is an emerging stream in management research that discusses the management of natural resources (George, Schillebeeckx, & Liak 2015). This research stream's starting point is the observation that an excess emission of certain pollutants on a global scale would have catastrophic consequences (Rockström et al. 2009b), and the literature problematizes excess resource use.

Grand challenges and ESG indicators. The starting point for this work is the environmental part of the triple bottom line (Elkington 1997). To just mention one in a long lineage of conceptualizations (Bansal & Song 2017): Rockström et al. (2009a) argue that there are certain biogeochemical flows on earth, the condition of which constitutes a safe operating space. Based on these, one can define quantitative planetary boundaries for resource use. For instance, an ocean acidity above a certain value would lead to catastrophic results. This, and similar concrete environmental concerns have also entered management research (e.g., Whiteman, Walker, & Perego 2013). The social-ecological systems literature contends that to respond to these and other environmental concerns would require a rather unprecedented collective response (Reyers, Folke, Moore, Biggs, & Galaz 2018).

In addressing to environmental concerns and the difficulty of responding to them, AMJ initiated a Special Research Forum to motivate more work under the banner of grand challenges (George, Howard-Grenville, Joshi, & Tihanyi 2016). Usually, the grand challenges literature showcases or theorizes how organizations can defy limitations and effectively tackle grand challenges against all odds (e.g., Ferraro, Etzion, & Gehman 2015). This dissertation turns the research on grand challenges on its head by taking as its starting point the status quo of pollution and improvements thereof—in a sense, the second order function of pollution. I pick an empirical context and investigate what emissions there are and what we can expect of the future. In that specific

The "gold standard" for research on environmental sustainability is to comprehensively measure environmental impacts. A common approach for doing so is to

use an ESG indicator (Montiel & Delgado-Ceballos 2014). However, many barriers have to be overcome to make effective use of ESG indicators. Specifically, how the indicator is constructed has to be taken into consideration: the researcher has to be aware that the indicator is a product of social construction and has to treat it as such when conducting empirical research (Eccles, Lee, & Stroehle 2019). In particular, comparisons across industries are problematic. ESG indicators are always a combination of other metrics, and when for instance one of these metrics dominates the impact of an industry (e.g., downstream emissions of the fossil fuel industry), that should be taken into consideration during research design. Data availability also tends to be better for large corporations, favoring a cross-industry approach over intra-industry tests.

This dissertation sidesteps the issues associated with using an ESG indicator to some degree by using a more specific indicators that captures environmental pollution specifically. Moving from an ESG indicator to a more specific variable means making a sacrifice. The researcher at least to some degree forgoes the aspiration to measure impacts comprehensively, and research may become susceptible to greenwashing. For example, a chemical producer might try to improve its image by improving worker conditions; to then make any generalized statements on the sustainability of the corporation's operations without also taking into account e.g., environmental emissions would draw a wrong picture. On the flip side, to judge chemical company with excessive deaths only by its environmental impacts would also be flawed. By focusing on just one issue these complexities are lost.

The only context where focusing on just one metric would be justified is when that metric represents the most important area of impact. Coal power plants for instance are characterized by the high number of respiratory problems and indirect deaths they cause through air pollution, and the nuclear industry by its catastrophic potential. For pipelines, the case is less clear, because of their role in the fossil fuel supply chain, and by extension global climate change. However, pipelines are not indispensable for the global fossil fuel. A large share of petroleum transport globally happens by ship, which is also very

cost-efficient. Thus, the pipeline industry's environmental impact is largely characterized by pipeline spills, especially because of their catastrophic potential.

Organizational learning. As mentioned above, the literature on organizational learning traces its roots back to two distinct streams of literature that can be distinguished by their definitions of learning. The first stream defines learning as "a change in the organization's knowledge that occurs as a function of experience" (Argote & Miron-Spektor 2011, p. 1124). Henceforth, this stream will be called the knowledge-based approach. The second literature holds that organizations learn "by encoding inferences from history into routines that guide behavior" ("Organizational Learning" 1988, p. 320). The contributors are much more careful about stating that organizations know per se the lessons learned. Henceforth, this second stream of literature will be called the behavioral approach.

#### Knowledge-based approach

The first discussions of organizational learning are found in the learning curve literature (Wright 1936). In particular, WW2 provided a couple of "quasi-experiments". In the shipbuilding industry, the researchers could observe how with every subsequent unit of production, productivity would improve (Searle & Gody 1945). The most straightforward mathematical representation of the learning curve is the progress ratio. For instance, if the progress ratio is p, then each time the cumulative output doubles, the unit cost would be predicted to drop to p% of its previous value (Argote 2013c, p. 15). In other words, while in the beginning organizational learning allows for a quick reduction of unit cost, eventually, the next doubling of cumulative production is so far out that the unit cost is almost constant. One ambition of the learning curve literature is to mathematically disaggregate learning curves into multiple intraorganizational factors that predict the speed of learning (e.g., Arrow 1962).

Because so many different factors were found to influence the learning rate, the literature eventually directed its attention to the process of organizational learning itself. A large share of this body of work roughly follows this pattern as exemplified by the structure

of Love, Roper, and Vahter (2014): the author selects an organization-level performance variable (innovation, measured as sales from newly introduced products), and gathers this data for large companies in an industry or country (Ireland). Then, independent variables are selected that account for the heterogeneity across organizations (innovation linkages, measured as product development with customers or suppliers, joint ventures, etc.). This approach has allowed researchers to identify a broad variety of sources of variation (Argote 2013c, pp. 18ff).

A limitation of this relatively formulaic approach however is that it may fail to identify path-breaking innovation. Not all knowledge is equally important, and the best insights are sometimes difficult to capture with quantitative metrics. For instance, some new pieces of knowledge might fall outside the regular schema of innovation and lead an organization into a new industry. And many fossil fuel companies are currently (still) successful because they double down on their existing knowledge stock and insulate their industry from changes—an orthodox learning paper might still diagnose learning, if, for example, production increases. But an example of a more interesting question with regard to learning would be which organizations manage to diversify and benefit from the rise of renewable energy.

#### Behavioral approach

The Carnegie school early on took notice of organizational learning (e.g., Cyert & March 1963). For some time, this literature developed in parallel to the learning curve literature. This difference between the two approaches is best exemplified by Argyris and Schön (1978). Argyris and Schön (1978) developed the concept of double-loop learning. The first loop represents adjustments according to well-known decision criteria, such as launching a promotion when a sales goal is not met. The second loop represents an adjustment of the decision making process itself. For instance, a member of the organization may discover that the organization's goal has become unattainable, and push for a modification of the goal itself. This literature allows scholars to talk about issues that

fall outside the scope of the learning curve (and knowledge-based) literature. A drawback is that it is difficult to translate the this literature into empirical work. For example, one major criticism of learning curves is that findings may have resulted from a self-fulfilling prophecy—an organization ends up at a certain productivity level because that productivity level was the goal. The organization would not overaccomplish, because members lower their efforts when they approach the target. And if the organization falls short of its goal, the organization may move the goal post—by adjusting the goal, or its accounting approach.<sup>11</sup> The behavioral approach provides us with a language to discuss these issue and similar issues.

Concepts that speak to the phenomenon of pipeline spills include the aforementioned double-loop learning, exploration and exploitation (March 1991), the competency trap ("Organizational Learning" 1988), and experiential learning under ambiguity (March & Olsen 1975). Some streams of the behavioral approach have cross-fertilized the knowledge-based stream. These include work on learning from rare events (March, Sproull, & Tamuz 1991, Maslach, Branzei, Rerup, & Zbaracki 2018), and learning from failure (e.g., Madsen & Desai 2010). These literature talk to some of the tensions that can be observed with regard to pipeline safety—an insistence on existing technology, and a lack of major overhauls, but also surges in activity in response to spills.

Greenwashing. Greenwashing describes a range of activities. This section provides three examples of greenwashing. This dissertation uses the third one, selective disclosure, which should be distinguished from the first two. The first, maybe the oldest one, describes an attempt of improving reputation through association with a signifier of ethics. For instance, "bluewashing" describes a corporation's effort to construe an association between a product and the United Nations (Laufer 2003). Similarly, in marketing greenwashing describes falsely advertising a product as environmentally friendly (Delmas & Burbano

<sup>&</sup>lt;sup>11</sup> Similarly, the reason why organiztional learning and learning curves appear to be omnipresent could be a result of a publication bias.

2011). For that purpose, a corporation does not necessarily need to make false claim. It may be sufficient to use green packaging and images of flowers. Many consumers can also be mislead with close-to-meaningless labels and certifications. Greenwashing has also long been a problem at the level of corporate governance (Ramus & Montiel 2005). With regard to environmental reporting, the term greenwashing as used in the literature often describes a process of selectively releasing positive information about one's environmental (or social) performance without also releasing negatives ones (Lyon & Maxwell 2011). That approach of selective disclosure is insidious, because the information released are objectively true, yet, the picture of reality they paint is not accurate. The approach is also suitable for empirical research on organizations. Marquis, Toffel, and Zhou (2016) for instance operationalizes greenwashing as the difference between what share of metrics of environmental performance a corporation discloses and what share of total impacts these disclosed emissions make up for. For example, a corporation that discloses nine out of ten of its emission types, but where the missing emission type makes up for 90% of its environmental impacts, would gain an abysmal score of 0.1 - 0.9 = -0.8.

The abovementioned types of greenwashing have in common that none of the statements which organizations make are openly untrue, or even criminally liable. Note also that intent is not a necessary condition for greenwashing (although intent is often implied). For instance, Lyon and Maxwell (2011) point out that a firm might itself be uncertain of its environmental impacts (Lyon & Maxwell 2011, pp. 26f). More universally, greenwashing can be defined as "any communication that misleads people into adopting overly positive beliefs about an organization's environmental performance" (Lyon & Montgomery 2015, p. 225). Within that definition, greenwashing takes on different forms. Since misleading communication constitutes greenwashing regardless of intent, a discussion of motivations and mechanisms for greenwashing is optional in empirical works on the topic. That definition of greenwashing as misleading communication regardless of intent describes well the developments taking place in the pipeline industry. Although the

qualitative data provides several examples that suggest malicious intent, the divergence between asserted and observed pipeline safety to some degree resides at the industry level and is shared by all actors. The myth of pipelines as a safe technology is diffused at the population level by actors such as the American Petroleum Institute, the engineering profession, and shared technologies. The qualitative data allows us to make educated guesses as to the mechanisms at play at the different levels, but not to establish unambiguous intent and effect direction.

The divergence between communicated and observed pipeline safety amounts to more than just a decoupling process. The diffusion of pipeline technology ensures some coupling in the industry, and there is little evidence that technology is used throughout the industry in ways that it is not intended for. Decoupling does not equal greenwashing (Lyon & Montgomery 2015). For example, if sustainability is decoupled in an organization because the sustainability does not have sufficient resources to effectively implement initiatives, and the organization then announces a major initiative, this communication would then qualify as greenwashing. However, not all decoupled activities result specifically in greenwashing, and not all cases of greenwashing are the result of decoupling—as mentioned above, greenwashing can also be a deliberate, malicious strategy. Decoupling could occur in other areas, such as R&D activities, and greenwashing could result from other organizational processes, for example malice or misjudgment. This dissertation specifically discusses greenwashing that results from a technology that may function as designed, but does not deliver the results that it promises. Motives for greenwashing in this context vary. There are documents that are specifically written to testify that pipelines are safe to obtain permits (e.g., discussed in Stansbury 2011). But there are also grey areas, where financial interests and obligations to ensure pipeline safety are interweaved and cannot be disentangled. Decoupling certainly is not the encompassing or even dominant cause of cause of greenwashing in the pipeline industry.

### Chapter 1: The Green Black Gold Blues. Diffusion of greenwashing in the pipeline industry

'API's "Power Past Impossible" campaign continued throughout the year, making the connection on the value of oil and natural gas to people at a personal level – reinforcing that these products make modern life, and beyond, possible. The campaign is also repositioning the industry, including pipelines, in the public's eye as high-tech and innovative. Specifically, liquid pipeline benefits and use of technology in pipeline construction videos were completed in targeted states. These overarching messages help support pipeline communications efforts in building a foundation for advancing the conversation on America's future energy and infrastructure needs' – excerpt from the API-AOPL joint annual report on pipeline safety. 12

For decades, activists have called out corporations for not walking the talk. In 1992, Greenpeace warned that the most powerful corporations' rhetorics mostly serve to distract the public, while these corporations fight off liability and accountability in the judiciary and legislative arena (Bruno 1992). To describe this phenomenon of corporations building a false green image, grassroot movements have coined the term "greenwash". Greenwashing describes "any communication that misleads people into adopting overly positive beliefs about an organization's environmental performance" (Lyon & Montgomery 2015, p. 225). Generally, corporate communication with stakeholders is driven by their goals and interests. For instance, what corporations stay quiet about is as important as or more important than what they do disclose (Kim & Lyon 2015). Hence, what corporations say cannot be taken at face value. The greenwashing literature researches this problem with regard to environmental performance. The most common style that has been explored in the literature is disclosure of only positive information on environmental performance and

<sup>12</sup> See https://www.api.org/~/media/APIWebsite/oil-and-natural-gas/primers/2018-API AOPL-Annual-Pipeline-Safety-Report.pdf, accessed 2020-09-02.

withholding of bad news (Lyon & Maxwell 2011). To date, research has focused on different types of greenwashing, their prevalence, and performance implications for corporations (Kassinis & Panayiotou 2018, Marquis et al. 2016, Ramus & Montiel 2005, Seele & Gatti 2017).

The existing research shows that greenwashing is a phenomenon that plays out not only at the level of individual organizations. In empirical research, to control for industry effects has become the norm (e.g., Du 2015, Marquis et al. 2016, Ramus & Montiel 2005, Testa, Miroshnychenko, Barontini, & Frey 2018). The necessity to control for the industry indicates that there are important processes taking place within industries. Standards and research insights that are shared across an industry can act as templates for greenwashing, and organizations copy each other's greenwashing strategies. The greenwashing literature has yet to cover these processes. Under the watchful eye of stakeholders, entire industries such as mining, agriculture, or the energy sector have come under suspicion across the board and need to constantly put in efforts to legitimize their business models. In cases such as these, industry could even surpass organizational factors as a predictor for greenwashing. Hence, a discussion is overdue on the question: How does the industry affect organization's propensity to greenwash? Assisting with this question can other literature on inter-industry processes (such as Hardy & Maguire 2020, Maguire & Hardy 2009).

To empirically demonstrate how industry-specific greenwashing strategies are diffused, this research turns to an industry where greenwashing has taken a very peculiar form. The pipeline industry uses the veil of engineering to present itself as safe, and pipeline technology as perfectly controllable, despite pipeline spills being a regular occurrence in the US. The public repository of the Pipeline and Hazardous Materials Safety Administration (PHMSA) holds data on both individual operators' pipeline miles and the volume of crude and refined petroleum transported. Further, the repository offers a description of and quantitative data on each minor and significant pipeline spills that has occurred in the US. The analysis of text data for this research relies on Natural Language

Processing (NLP)—specifically, Topic Modeling—to determine spill causes and technology trends (Hannigan et al. 2019). The descriptions of individual spills reveal the shortcomings that individual operators exhibit in terms of pipeline safety. This data is matched with text data on pipeline safety strategy obtained from annual reports or, where available, safety reports. Annual or safety reports provide insight into the strategic plans and actions of operators. Next, data on headquarter location and executives' connections (BoardEx) surfaces networks within the industry. Finally, documents by industry-level actors such as the American Petroleum Institute (API) or the PHMSA unearth the latest industry trends. Greenwashing is given where non-substantive industry trends, rather than the operator's safety problems, determine individual operators strategic plans and action. By using operators' spill frequency and volume over time, we can ensure that effective measures are not accidentally flagged as non-substantive.

By researching greenwashing in the pipeline industry in the form of non-sustantive strategic plans and actions in the pipeline industry, this research expands the greenwashing literature. The empirical data reveals the flow of information within the industry, and the contribution of intra-industry networks to greenwashing. Greenwashing in the form of engineering and technology-centric communication also represents an addition to the literature. This form of greenwashing is particularly insidious, because an observer needs to first penetrate a layer of engineering and technology lingo, before the underlying issue can be surfaced. The addition of this form of greenwashing to the literature could help direct attention to other industries that have developed sophisticated forms of greenwashing which may be impossible for laymen to discern. Polluting industries that make intense use of new technologies are likely candidates to exhibit this form of greenwashing, for example chemistry, engineering, and construction. Exposing the role of industry-level actors such as the API, and an industry-wide propensity to greenwash also has relevance outside academic circles. Where the industry plays a role in greenwashing, policy makers and activists that seek to reign in greenwashing need to take a more systemic view, and target

industry-level actors, or industries as a whole. On a related note, this unique cross-level research, which spans from the industry down to individual spills, also contributes to the literature on social-ecological systems (Reyers et al. 2018).<sup>13</sup>

## Chapter 2: When the next spill is only a matter of time. Learning in the pipeline industry.

"...I'm not convinced [that there is a problem]. We haven't had any phone calls. I mean it's perfect weather out here—if it's a rupture someone's going to notice that, you know and smell it" – quote from a regional manager during the costliest onshore pipeline spill in history NTSB (2012, p. 100).

From 1980 to 2000, the US pipeline industry was a on a good track toward making pipelines safe. The standardized spill volume of refined petroleum pipelines more than halved, from a value of about 40 bbl per billion barrel-miles transported in 1980 to a value of below 20 in the last three years of the 20th century. Since the turn of the millennium, the standardized spill volume has been remarkable stable at a value of around 10 bbl per billion barrel-miles—so stable one can barely see a trend when fitting a curve (see Figure 2). After the year 2000, the development of new pipeline safety technology did not stop—but the trend of improving pipeline safety did come to an end. The end of a learning process is well known in the literature on organizational learning. The theory of learning curves is built on the assumption that the efforts of an organization to optimize a performance measure will end up looking like a distinct curve that initially falls quickly before learning declines (Argote 2013c). Figure 2 shows that pipeline safety follows the same pattern.

.....

#### Insert Figure 2 about here

<sup>&</sup>lt;sup>13</sup> More recently, the need for cross-level research has also been voiced repeatedly during the ARCS Online Seminar Series and Ivey Sustainability Salon. For instance, at the Ivey Sustainability Salon session on July 16, 2020, Tima Bansal to Nicholas Poggioli: "If the firm is at one level, one could argue that the eco-system is a different level in which many actors interact. And, arguably, Sustainable Development is a macro-level concept (system of actors)."

......

The literature on organizational learning largely focuses on three issues: improvements of performance measures other than labor hours per unit of production (which the early literature focused on), knowledge transfer or vicarious learning, and organizational forgetting (Argote 2013c). This research does speaks to the first point, learning toward a diverse set of outcome variables, but it is not the focus of this work and the evidence is already quite compelling that organizations learn and improve any performance measures they track. Evidence is also conclusive that organizations learn vicariously from other similar others (Kim & Miner 2007). The last point, organizational forgetting, has received less attention to date. Organizational forgetting paints a decisively less straightforward picture of organizational learning than the literature that precedes it. The concept acknowledges that learning is not always linear, and highlights that organizational dynamics have a bearing on knowledge (Argote 2013a).

If we take the learning curve seriously, we would expect that rapid improvements of performance measures are the exception, rather than the norm. Not on the organizational level, but on the level of a business unit or individual products or technologies, we would expect organizations to only spend a short time in a period of rapid improvements. Most of the time is spent in the tail end of the learning curve, where only marginal improvements are achieved, if any. Organizational learning offers little in the way of explaining the process by which learning comes to a standstill. The literature currently has a a strong focus on organizational knowledge (Bingham & Eisenhardt 2011), from which we can derive two possible explanations. Either organizational knowledge eventually reaches a point of saturation, where the organization has attained an almost perfect command of the process. Or organizational forgetting could be a mechanism of convergence in learning. If an organization was to forget at the same pace as it is learning, that could give the impression of stagnation. This research will discuss the question head on: how does the convergence of

<sup>&</sup>lt;sup>14</sup> Conversation with colleagues always yields a lot of anecdotal evidence for this.

a performance measure take place?

This research takes a mixed-methods approach to uncover what happens inside organizations after the phase of rapid learning. The qualitative section takes a deductive approach. The qualitative data directly reveals that and how learning takes place in the pipeline industry, which is in the "long tail" of the learning curve. The quantitative section explains how the observation of learning in the pipeline industry is compatible with an absence of aggregate improvements of the performance measure. The qualitative section takes advantage of the well-established link between failure and learning (Baum & Dahlin 2007, Kim & Miner 2007). Failures are an unambiguous form of performance feedback and a strong catalysts for learning. Failure allows organizations to identify inadequate assumptions that underlie their activities, and develop models that better represent the world (Madsen & Desai 2010). Pipeline spills act as looking glasses for this research, highlighting the problems that still exist in the management of pipeline safety and magnifying the actions taken by the industry and individual actors alike. The qualitative section is based on a sample of ten recent, significant pipeline spills. The quantitative section uses a dataset of the Pipeline and Hazardous Materials Safety Administration (PHMSA) on pipeline operators and spills. For the period from 2004-2019, this dataset holds information on 6,146 spills, including 2,246 that PHMSA deems significant. This research utilizes the textual descriptions of the spills in conjunction with spill rates to show that pipeline spills do trigger learning, but that pipelines have developed into complex systems that again and again surface unexpected interactions which lead to spills. To process that text data, I employ Topic Modeling (Hannigan et al. 2019). Difference-in-difference is used to show that learning still takes place in the pipeline industry in response to pipeline spills, despite a stagnation of pipeline safety.

Whilst the main contribution of this research is to shed light on the convergence stage of learning that arguably most organizations are in most of the time, the relevance of this research extends beyond just this phenomenon. The learning literature might give off impression that organizational learning is impactful and commonplace, when the reality might be that organizations run into limits all the time. Organizational learning might be the exception rather than the rule. By highlighting the limitations of conventional organizational learning, this research underlines the importance of learning that goes beyond optimizing performance measures. Something that the organizational knowledge literature does not capture well is possibility to attain ones goal in a nonlinear fashion, for instance by questioning or abandoning currently held knowledge. With regard to attaining for example the viability or sustainability of a business unit, this research underlines the importance of exploration (March 1991). For example, if society were to decide that the current pollution from pipelines spills is unacceptable, but that instead spill levels should be significantly lower, the trajectory that this research has identified suggests that pipeline operators or energy systems would need to make a radical departure from the current approach. The same could be the case for other systems with significant environmental impacts. Hence, this research also speaks to the discourse on grand challenges: rather than highlighting individual contributions, this research alerts us to general trends. Here, literature on nonlinear learning can offern valuable insights (e.g., Argyris & Schön 1978, March 2010), as will be laid out in the discussion section.

# Chapter 3: I know that they know nothing. Knowledge and organizational learning

"Many organizational endeavors are more dependent on the sharing of understandings (reliability) than on their correctness (validity)" – James G. March in *The Ambiguities of Experience* (March 2010, p. 69).

Organizational learning is among the oldest of topics discussed in management research. Cyert and March (1963) discusses learning extensively, especially in conjunction with politics. Empirical research on learning curves goes back to the 1930s (Wright 1936). Today, our understanding of the topic has reached an astounding scope (Argote 2013b).

There exist two main views of learning. (1) The *organizational routines* view describes learning as organizations developing routine responses to reoccurring scenarios. (2) The *organizational knowledge* view characterizes organizations as developing a knowledge and understanding of the world, which is stored in individuals, routines, or transactive memory systems (Argote & Miron-Spektor 2011).

The main difference between the two approaches to organizational learning is their take on knowledge. The organizational knowledge stream describes knowledge in relatively tangible terms. Organizations create knowledge from their experience, it is held in various different forms, and can be transferred between business units. Still, organizational knowledge in this stream is a metaphor: the stream distinguishes between organizational knowledge and knowledge in its literal sense, as held by individuals (Argote & Miron-Spektor 2011). Authors in the organizational routines stream are hesitant to allude to the concept of knowledge (1) because they are aware that organizations are not monolithic, and diverging perspectives can exist within an organization. More importantly, the second group (2) questions the capability of organizations to accurately "know" something, in light of the sparse and uncertain signals that organizations receive from the environment (March & Olsen 1975). This chapter discusses the concepts of validity and reliability of knowledge in the context of the two separate conceptualizations of organizational learning.

The ideal outcome of a discussion on organizational knowledge would be to bridge the two existing streams. That "unification" of the two streams may be difficult to achieve, because of the fundamental disagreement regarding knowledge between the two streams. Instead, this chapter introduces two concepts that at least allow for a better understanding of the fundamental rift, and maybe a partial integration. "Reliablity" describes the degree to which a piece of knowledge is shared across the members of an organization (or at another level), and validity describes whether the knowledge will enable the organization to better understand, predict, and control problems, for example technological limitations or

bottlenecks Rerup and Zbaracki (in press). On the one hand, these concepts allow for a discussion of knowledge that is compatible with the *organizational routines* view. On the other hand, these concepts translate two of the main concerns raised by the the *Behavioral Theory of the Firm* into the language of *organizational knowledge*. Reliability talks to the political dimension of organizational behavior, and validity talks to the ambiguous nature of experience. Hence, the concepts allow for a limited integration of ideas from the two stream.

This work is motivated by events outside of the literature. Organizational learning, and especially the organizational knowledge stream of the literature, implicitly advances a strong modernistic view of the world. To say that learning creates knowledge and can be measured in performance improvements is ultimately a tribute to enlightenment. The organizational routines stream deviates from this formula to some extend, as it traces back its roots to research on bounded rationality (Cyert & March 1963). But contributors to the organizational routines stream are also seeking to enable organizations to identify and correct their shortcomings (such as inaccurate models of the world) (e.g., Argyris & Schön 1978), and ultimately are motivated by a desire for progress. Not by accident did March discuss in his last work truth, justice, and beauty-Plato's transcendentals that later became the three tenants of enlightenment (March 2010). While the critical interrogation of the concept of knowledge, and the inconsistencies that this review raises may be more in line with a postmodern inquiry, the more important contribution this review is to bring attention to organizational learning where it is based on invalid or unreliable knowledge. There may be limits to an organization's ability to accurately predict the future developments on the basis of past experience, but a lack of validity and reliability has clear implications that this review alludes to. Invalid knowledge will lead to strategic actions that are much less likely to accomplish their goals—think a society that makes political decisions based on fake news. Unreliable knowledge on the other hand will lead to learning and action that is not stable—for instance the implementation of a strategy that can easily

be challenged and undone by adversaries. These are the two main point that this article draws attention to.

#### References

- Argote, L. (2013a). Organizational Forgetting. In Organizational learning (2nd ed., pp. 57–84). Boston, MA: Springer US. Retrieved from http://link.springer.com/10.1007/978-1-4614-5251-5\_3 doi: 10.1007/978-1-4614-5251-5\_3
- Argote, L. (2013b). Organizational learning: Creating, retaining and transferring knowledge (2nd ed.). Boston, MA: Springer US. Retrieved from http://link.springer.com/10.1007/978-1-4614-5251-5 doi: 10.1007/978-1-4614-5251-5
- Argote, L. (2013c). Organizational Learning Curves: An Overview. In *Organizational learning* (2nd ed., pp. 1–29). Boston, MA: Springer US. Retrieved from http://link.springer.com/10.1007/978-1-4614-5251-5\_1 doi: 10.1007/978-1-4614-5251-5\_1
- Argote, L., & Miron-Spektor, E. (2011). Organizational Learning: From Experience to Knowledge. *Organization Science*, 22(5), 1123–1137. Retrieved from http://pubsonline.informs.org/doi/abs/10.1287/orsc.1100.0621 doi: 10.1287/orsc.1100.0621
- Argyris, C., & Schön, D. A. (1978). Organizational Learning: A Theory of Action Perspective. Readings, MA: Addison-Wesley Publishing Company.
- Arrow, K. J. (1962, jun). The Economic Implications of Learning by Doing. The Review of Economic Studies, 29(3), 155. Retrieved from http://link.springer.com/10.1007/978-1-349-15430-2\_11https://academic.oup.com/restud/article-lookup/doi/10.2307/2295952 doi: 10.2307/2295952
- Bansal, P., & Song, H.-C. (2017, jan). Similar But Not the Same: Differentiating

  Corporate Sustainability from Corporate Responsibility. *Academy of Management*Annals, 11(1), 105–149. Retrieved from

- http://annals.aom.org/lookup/doi/10.5465/annals.2015.0095 doi: 10.5465/annals.2015.0095
- Baum, J. A. C., & Dahlin, K. B. (2007). Aspiration Performance and Railroads' Patterns of Learning from Train Wrecks and Crashes. *Organization Science*, 18(3), 368–385.

  Retrieved from
- Beck, U. (1992). Risk Society: Towards a New Modernity. London: Sage.
- Bingham, C. B., & Eisenhardt, K. M. (2011, dec). Rational Heuristics: The 'Simple Rules' That Strategists Learn from Process Experience. *Strategic Management Journal*, 32(13), 1437–1464. Retrieved from http://doi.wiley.com/10.1002/smj.965 doi: 10.1002/smj.965
- Bruno, K. (1992). The Greenpeace book of greenwash (Tech. Rep.). Greenpeace. Retrieved from https://research.greenpeaceusa.org/?a=view&d=4588
- Burger, J. (1997). Oil Spills. Rutgers University Press.
- Cyert, R. M., & March, J. G. (1963). A Behavioral Theory of the Firm. Englewood Cliffs, NJ: Prentice-Hall.
- Delmas, M. A., & Burbano, V. C. (2011). The Drivers of Greenwashing. *California Management Review*, 54(1), 64-87. Retrieved from http://journals.sagepub.com/doi/10.1525/cmr.2011.54.1.64 doi: 10.1525/cmr.2011.54.1.64
- Dochuk, D. (2019). Anointed with oil: How Christianity and crude made modern America.

  New York: Basic Books.
- Du, X. (2015). How the Market Values Greenwashing? Evidence from China. Journal of Business Ethics, 128(3), 547–574. Retrieved from http://dx.doi.org/10.1007/s10551-014-2122-y doi: 10.1007/s10551-014-2122-y

- Eccles, R. G., Lee, L.-E., & Stroehle, J. C. (2019). The Social Origins of ESG: An Analysis of Innovest and KLD. Organization & Environment, 1–22. Retrieved from http://journals.sagepub.com/doi/10.1177/1086026619888994 doi: 10.1177/1086026619888994
- Elkington, J. (1997). The Triple Bottom Line. Sustainability's Accountants. Oxford: Captstone.
- Ferraro, F., Etzion, D., & Gehman, J. (2015). Tackling Grand Challenges Pragmatically: Robust Action Revisited. *Organization Studies*, 36(3), 363–390. Retrieved from http://journals.sagepub.com/doi/10.1177/0170840614563742 doi: 10.1177/0170840614563742
- George, G., Howard-Grenville, J., Joshi, A., & Tihanyi, L. (2016). Understanding and Tackling Societal Grand Challenges through Management Research. *Academy of Management Journal*, 59(6), 1880–1895. Retrieved from http://amj.aom.org/cgi/doi/10.5465/amj.2016.4007 doi: 10.5465/amj.2016.4007
- George, G., Schillebeeckx, S. J. D., & Liak, T. L. (2015). The Management of Natural Resources: An Overview and Research Agenda. *Academy of Management Journal*, 58(6), 1595–1613. Retrieved from http://journals.aom.org/doi/10.5465/amj.2015.4006 doi: 10.5465/amj.2015.4006
- Greenblatt, J. B., Brown, N. R., Slaybaugh, R., Wilks, T., Stewart, E., & McCoy, S. T. (2017). The Future of Low-Carbon Electricity. *Annual Review of Environment and Resources*, 42(1), 289–316. Retrieved from https://doi.org/10.1146/annurev-environ-http://www.annualreviews.org/doi/10.1146/annurev-environ-102016-061138 doi: 10.1146/annurev-environ-102016-061138
- Hannigan, T., Haans, R. F. J., Vakili, K., Tchalian, H., Glaser, V., Wang, M., ... Jennings,

- P. D. (2019). Topic Modeling in Management Research: Rendering New Theory from Textual Data. *Academy of Management Annals*, annals.2017.0099. Retrieved from http://journals.aom.org/doi/10.5465/annals.2017.0099 doi: 10.5465/annals.2017.0099
- Hardy, C., & Maguire, S. (2020). Organizations, Risk Translation, and the Ecology of Risks: The Discursive Construction of a Novel Risk. Academy of Management Journal, 63(3), 685–716. Retrieved from http://journals.aom.org/doi/10.5465/amj.2017.0987 doi: 10.5465/amj.2017.0987
- Kallis, G., Kostakis, V., Lange, S., Muraca, B., Paulson, S., & Schmelzer, M. (2018).
  Research On Degrowth. Annual Review of Environment and Resources, 43(1),
  291-316. Retrieved from
  https://www.annualreviews.org/doi/10.1146/annurev-environ-102017-025941
  doi: 10.1146/annurev-environ-102017-025941
- Kassinis, G., & Panayiotou, A. (2018). Visuality as Greenwashing: The Case of BP and Deepwater Horizon. *Organization & Environment*, 31(1), 25–47. Retrieved from http://journals.sagepub.com/doi/10.1177/1086026616687014 doi: 10.1177/1086026616687014
- Kim, E.-H., & Lyon, T. P. (2015). Greenwash vs. Brownwash: Exaggeration and Undue Modesty in Corporate Sustainability Disclosure. Organization Science, 26(3), 705-723. Retrieved from http://pubsonline.informs.org/doi/10.1287/orsc.2014.0949 doi: 10.1287/orsc.2014.0949
- Kim, J., & Miner, A. S. (2007). Vicarious Learning from the Failures and Near-Failures of Others: Evidence from the U.S. Commercial Banking Industry. *Academy of Management Journal*, 50(3), 687–714. Retrieved from http://journals.aom.org/doi/10.5465/amj.2007.25529755 doi:

- 10.5465/amj.2007.25529755
- Laufer, W. S. (2003). Social Accountability and Corporate Greenwashing. *Journal of Business Ethics*, 43(3), 253–261. Retrieved from http://link.springer.com/10.1023/A:1022962719299 doi: 10.1023/A:1022962719299
- Love, J. H., Roper, S., & Vahter, P. (2014). Learning from Openness: The Dynamics of Breadth in External Innovation Linkages. *Strategic Management Journal*, 35(11), 1703–1716. Retrieved from http://doi.wiley.com/10.1002/smj.2170 doi: 10.1002/smj.2170
- Lyon, T. P., & Maxwell, J. W. (2011). Greenwash: Corporate Environmental Disclosure under Threat of Audit. *Journal of Economics & Management Strategy*, 20(1), 3–41. Retrieved from http://doi.wiley.com/10.1111/j.1530-9134.2010.00282.x doi: 10.1111/j.1530-9134.2010.00282.x
- Lyon, T. P., & Montgomery, A. W. (2015). The Means and End of Greenwash.

  \*Organization & Environment, 28(2), 223–249. Retrieved from 
  http://journals.sagepub.com/doi/10.1177/1086026615575332 doi: 
  10.1177/1086026615575332
- Madsen, P. M., & Desai, V. (2010). Failing to Learn? The Effects of Failure and Success on Organizational Learning in the Global Orbital Launch Vehicle Industry. *Academy of Management Journal*, 53(3), 451–476. Retrieved from http://amj.aom.org/cgi/doi/10.5465/AMJ.2010.51467631 doi: 10.5465/amj.2010.51467631
- Maguire, S., & Hardy, C. (2009). Discourse and Deinstitutionalization: the Decline of DDT. Academy of Management Journal, 52(1), 148–178. Retrieved from http://journals.aom.org/doi/10.5465/amj.2009.36461993 doi: 10.5465/amj.2009.36461993
- March, J. G. (1991). Exploration and Exploitation in Organizational Learning.

- Organization Science, 2(1), 71-87. Retrieved from http://pubsonline.informs.org/doi/abs/10.1287/orsc.2.1.71 doi: 10.1287/orsc.2.1.71
- March, J. G. (2010). *The Ambiguities of Experience*. Ithaca and London: Cornell University Press.
- March, J. G., & Olsen, J. P. (1975). The Uncertainty of the Past: Organizational Learning under Ambiguity. European Journal of Political Research, 3(2), 147–171. Retrieved from http://doi.wiley.com/10.1111/j.1475-6765.1975.tb00521.x doi: 10.1111/j.1475-6765.1975.tb00521.x
- March, J. G., Sproull, L. S., & Tamuz, M. (1991). Learning from Samples of One or Fewer.

  \*Organization Science\*, 2(1), 1–13. Retrieved from

  http://pubsonline.informs.org/doi/abs/10.1287/orsc.2.1.1 doi:

  10.1287/orsc.2.1.1
- Marquis, C., Toffel, M. W., & Zhou, Y. (2016). Scrutiny, Norms, and Selective Disclosure:

  A Global Study of Greenwashing. *Organization Science*, 27(2), 483–504. Retrieved
  from http://pubsonline.informs.org/doi/10.1287/orsc.2015.1039 doi:
  10.1287/orsc.2015.1039
- Maslach, D., Branzei, O., Rerup, C., & Zbaracki, M. J. (2018). Noise as Signal in Learning from Rare Events. *Organization Science*, 29(2), 225–246. Retrieved from http://pubsonline.informs.org/doi/10.1287/orsc.2017.1179 doi: 10.1287/orsc.2017.1179
- McGowan, E., Song, L., & Hasemyer, D. (2012). *The Dilbit Disaster*. Bolton, ON:

  InsideClimate News. Retrieved from https://insideclimatenews.org/content/
  dilbit-disaster-inside-biggest-oil-spill-youve-never-heard
- Montiel, I., & Delgado-Ceballos, J. (2014, jun). Defining and Measuring Corporate

  Sustainability: Are We There Yet? Organization & Environment, 27(2), 113–139.

  Retrieved from http://journals.sagepub.com/doi/10.1177/1086026614526413

- doi: 10.1177/1086026614526413
- NTSB. (1990). Railroad Accident Report. Derailment of Southern Pacific Transportation

  Company Freight Train on May 12, 1989 and Subsequent Rupture of Calnev

  Petroleum Pipeline on May 25, 1989 (Tech. Rep.). Springfield, VA. Retrieved from

  http://www.pipelinesafetytrust.com/docs/ntsb doc26.pdf
- NTSB. (2002). Pipeline Accident Report. Pipeline Rupture and Subsequent Fire in Bellingham, Washington (Tech. Rep.). Springfield, VA: National Transportation Safety Board. Retrieved from
  - http://www.ntsb.gov/investigations/AccidentReports/Reports/PAR0202.pdf
- NTSB. (2012). Enbridge Incorporated Hazardous Liquid Pipeline Rupture and Release

  Marshall, Michigan July 25, 2010., 164. Retrieved from

  https://www.ntsb.gov/investigations/AccidentReports/Reports/PAR1201.pdf
- Organizational Learning. (1988). Annual Review of Sociology, 14(1), 319–338. Retrieved from

  http://www.annualreviews.org/doi/10.1146/annurev.so.14.080188.001535
  doi: 10.1146/annurev.so.14.080188.001535
- Park, B., & Rogan, M. (2019). Capability Reputation, Character Reputation, and Exchange Partners' Reactions to Adverse Events. *Academy of Management Journal*, 62(2), 553–578. Retrieved from http://journals.aom.org/doi/10.5465/amj.2016.0445 doi: 10.5465/amj.2016.0445
- Perrow, C. (1984). Normal Accidents: Living with High-Risk Technologies. Basic Books.
- Ramus, C. A., & Montiel, I. (2005). When Are Corporate Environmental Policies a Form of Greenwashing? Business & Society, 44(4), 377–414. Retrieved from http://journals.sagepub.com/doi/10.1177/0007650305278120 doi: 10.1177/0007650305278120

- Rerup, C., & Zbaracki, M. J. (in press). The Politics of Learning from Rare Events.
- Reyers, B., Folke, C., Moore, M.-L., Biggs, R., & Galaz, V. (2018). Social-Ecological Systems Insights for Navigating the Dynamics of the Anthropocene. *Annual Review of Environment and Resources*, 43(1), 267–289. Retrieved from https://www.annualreviews.org/doi/10.1146/annurev-environ-110615-085349 doi: 10.1146/annurev-environ-110615-085349
- Rockström, J., Steffen, W., Noone, K., Persson, Å., Chapin, F. S., Lambin, E. F., ... Foley, J. (2009a). Planetary Boundaries: Exploring the Safe Operating Space for Humanity. *Ecology and Society*, 14(2), 33. Retrieved from http://www.nature.com/articles/461472a doi: 10.1038/461472a
- Rockström, J., Steffen, W., Noone, K., Persson, Å., Chapin, F. S., Lambin, E. F., ... Foley, J. A. (2009b). A safe operating space for humanity. *Nature*, 461(7263), 472-475.

  Retrieved from http://www.nature.com/articles/461472a doi: 10.1038/461472a
- Searle, A. D., & Gody, C. S. (1945). Productivity Changes in Selected Wartime

  Shipbuilding Programs. *Monthly Labor Review*, 61(6), 1132–1147. Retrieved from

  https://heinonline.org/HOL/P?h=hein.journals/month61&i=1136
- Seele, P., & Gatti, L. (2017). Greenwashing Revisited: In Search of a Typology and Accusation-Based Definition Incorporating Legitimacy Strategies. *Business Strategy* and the Environment, 26(2), 239–252. doi: 10.1002/bse.1912
- Shaw, D., Phillips, M., Baker, R., Munoz, E., Rehman, H., Gibson, C., & Mayernik, C. (2012). Leak Detection Study (Tech. Rep.). Worthington, OH: Kiefner & Associates. Retrieved from http://www.documentcloud.org/documents/809308-leak-detection-study-dtph56-11-d-000001-final-12.html
- Stansbury, J. (2011). Analysis of Frequency, Magnitude and Consequence of Worst-Case

  Spills From the Proposed Keystone XL Pipeline (Tech. Rep.). University of

  Nebraska-Lincoln Water Center. Retrieved from https://engineering.unl.edu/
  downloads/civil/Worst-case-Keystone-spills-report-dis.pdf

- Testa, F., Miroshnychenko, I., Barontini, R., & Frey, M. (2018). Does it pay to be a greenwasher or a brownwasher? Business Strategy and the Environment, 27(7), 1104–1116. Retrieved from http://doi.wiley.com/10.1002/bse.2058 doi: 10.1002/bse.2058
- Whiteman, G., Walker, B., & Perego, P. (2013). Planetary Boundaries: Ecological Foundations for Corporate Sustainability. *Journal of Management Studies*, 50(2), 307–336. doi: 10.1111/j.1467-6486.2012.01073.x
- Wright, T. P. (1936). Factors Affecting the Cost of Airplanes. *Journal of the Aeronautical Sciences*, 3(4), 122–128. Retrieved from
  - https://arc.aiaa.org/doi/10.2514/8.155 doi: 10.2514/8.155
- Zakikhani, K., Nasiri, F., & Zayed, T. (2020). A Review of Failure Prediction Models for
   Oil and Gas Pipelines. Journal of Pipeline Systems Engineering and Practice, 11(1),
   12. Retrieved from
  - $\label{eq:http://ascelibrary.org/doi/10.1061/%28ASCE%29PS.1949-1204.0000407} $$ doi: $10.1061/(ASCE)PS.1949-1204.0000407$
- Zbaracki, M. J. (1994). The Rhetoric and Reality of Total Quality Management.

  \*Administrative Science Quarterly, 43, 602–636. Retrieved from http://www.jstor.org/stable/2393677 doi: 10.2307/2393677

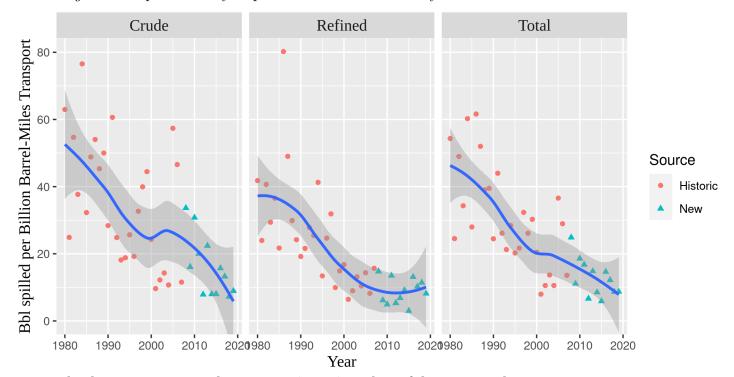


Figure 1. Pipeline safety improvements at the industry level

Blue line:

Local regression (Loess), with confidence interval.

Source (new):

https://github.com/julianbarg/oildata

Source (historic):

http://www.api.org/environment-health-and-safety/clean-water/oil-spill-prevention-and-response/~/media/93371EDFB94C4B4D9C6BBC766F0C4A40.ashx, p. 38

Source (-2007):

80 -Bbl spilled per Billion Barrel-Miles Transport  $\stackrel{\triangleright}{\otimes}$ 0 -1990 2000 2010 2020 1980 Year Line: Quadratic curve of best fit, with confidence interval. Bbl spilled per Billion Barrel-Miles Transport 0 -1990 2000 2010 1980 2020 Year Curve of best fit, linear model, with confidence interval. Lines:

https://github.com/julianbarg/oildata

Figure 2. Pipeline safety improvements at the industry level for refined petroleum pipelines