Spring 1-1-2014

Compliance in Credit Union Land: The Authoritative Text and Common Sense

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“COMPLIANCE IN CREDIT UNION LAND: THE AUTHORITATIVE TEXT AND COMMON SENSE”

by

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B.A., University of North Carolina at Chapel Hill, 2012

A thesis submitted to the

Faculty of the Graduate School of the

University of Colorado in partial fulfillment

of the requirement for the degree of

Master of Arts

Department of Communication

2014
This thesis entitled:
"Compliance in credit union land: The authoritative text and common sense"
written by Dana Kathryn Harrington
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IRB protocol #: 13-0533
As a result of the 2008 financial crisis, there has been renewed focus on issues of financial compliance from practitioners and academics alike. However, it is unclear from current literature exactly what compliance is and how it is created and accomplished. This qualitative case study explores these questions of compliance at a local credit union by taking a communication-as-constitutive approach and using the framework of the authoritative text in understanding compliance. This study identified the characteristics of the authoritative text of compliance and the implications of the authoritative text on the practice of compliance at Mountain Peaks Credit Union (a pseudonym). Three characteristics of the authoritative text were identified: The authoritative text is (1) politically situated and locally enacted, (2) intertwined with credit union identity, and (3) centers on managing risk to the members, the employees, and the credit union. The authoritative text was contested and engaged with through a discourse of common sense, which was used to challenge, supplement and alter the authoritative text. This study demonstrates the complex intertextual interactions that establish authority in organizations and provides a more nuanced explanation of what compliance is and how it is constituted.

Keywords: Authoritative text, compliance, regulation, communicative constitution
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CHAPTER 1
INTRODUCTION

In 2007 the world entered into a global financial crisis; a recession that officially ended in 2009. This crisis was heralded as the worst since the Great Depression by The Wall Street Journal and was likened to a spreading disease affecting the U.S. and the world (Hilsenrath, Ng & Paletta, 2008). What made this crisis so devastating? Surely, we should expect boom and bust cycles in a market economy. Yet, this recession involved “simultaneous shocks in the stock market, the housing market, and the labor market,” leading to a two-year spiral of steep economic decline (Hurd & Rohwedder, 2010, p. 2). The impact of this financial collapse was felt in communities and homes across the United States. According to an economic survey of the effects of the financial crisis, “almost 40% of households have been affected either by unemployment, negative home equity, arrears on their mortgage payments, or foreclosure,” with lower income homes taking larger hits (Hurd & Rohwedder, 2010, p. 21). This global financial crisis impacted numerous lives and livelihoods.

So why did this happen? Denning (2011) gives the breakdown in Forbes discussing the loose lending with little thought to risk or the ability to repay debt. This meant that people were getting loans that they would not realistically be able to repay leading to bankruptcy, foreclosures, and defaults. Institutions such as private lenders and commercial banks were acting on the opportunity to gamble on sub-prime mortgages, lowering interest rates and leading to an apparent boom that could not last. This was not a case of rampant law breaking, but instead opportunities present in financial policy (Taylor, 2009). The failure of major big banks, such as Lehman Brothers, necessitated “massive monetary and fiscal stimulus” to avoid economic collapse and take steps toward a “feeble recovery,” according to a 2013 article in The Economist. Responding to this crisis, people were ready to point fingers and there was plenty of blame to go
around. The brunt of the blame landed squarely on financial institutions and regulators, saying that the private sector was reckless and the regulators were asleep at the wheel (The Economist, 2013; Denning, 2011). Thus, financial institutions fell under scrutiny as regulators faced social pressures to respond to the rampant lack of regulatory controls that economists argue led to this depression. Financial regulation and policy went into “a massive cleanup mode,” resulting in significant changes to the regulatory landscape (Taylor, 2009).

From this crisis, it is impossible to ignore the supreme influence of financial institutions on our livelihoods. We rely on them to manage, lend and invest our currency. We need them to get cars, homes, pay for college, pay for retirement. The health of our financial markets influences employment opportunities. We rely on these institutions as key infrastructure, ranging from individuals trying to get a loan, to Wall Street stockbrokers, to our national government. Therefore, financial institutions are extremely consequential to societal processes.

Additionally, from this crisis, we see that regulation is the Band-Aid that we turn to in order to control these institutions. Regulation acts as a reactive mechanism to control problematic organizational behaviors. Regulations and regulatory agencies are situated as the protectors from these kinds of financial pitfalls. We expect *compliance* to be maintained in financial institutions in order to sustain this system that we rely on. As a result of the crisis, social attention has been directed at how we can better control these financial organizations so that these problems do not recur. Yet, controlling and regulating a market economy is no small task. Regulation is a complex bureaucratic system that attempts to cope with the shifting concerns of the financial industry (Sparrow, 2000). As such, achieving organizational compliance is likewise a complex and challenging issue. What exactly does it mean to be
compliant? How can it be achieved? How can we control organizational behavior to prevent another societal crisis?

As a result of the 2008 financial crisis, there has been renewed focus on issues of financial compliance from practitioners and academics alike. Compliance literature has attempted to address these issues of controlling organizational behavior by proposing strategies and best practices; yet achieving compliance is an ongoing struggle. However, among all of these strategies, it is unclear what compliance actually looks like. Is compliance a practice? An idea? How is it understood? How does it change? How do we know what it means to be compliant? Without knowing the answers to these questions, it is challenging to address the issue of compliance. Therefore, this study interrogates these questions and explores the notion of compliance with a focus on what compliance is and how compliance is created.

A communication perspective offers an explanation for these processes as well as an empirical site for observing this negotiation of compliance. By viewing communication as the modality of organizing, we can understand compliance as continually constituted and reconstituted through talk. Furthermore, drawing from a Communication as Constitutive of Organizations (CCO) perspective, we can understand not only how compliance is created, maintained and changed, but also how compliance has the capacity to exercise authority and direct organizational behavior. The framework of the authoritative text offers a novel and nuanced perspective on the organizational phenomenon of compliance and highlights the challenges and complexities of controlling organizational behavior. This case study explores these theories and concepts through the empirical study of a local credit union. Through this exploration and this perspective, this study offers insights for understanding the complex and precarious accomplishment of compliance.
CHAPTER 2
LITERATURE REVIEW

Compliance Literature

The challenges in managing issues of compliance, the complexities of compliance, and the importance of being a compliant organization are well known and have attracted significant attention. Silverman (2008) highlights compliance as a central focus in organizations today, saying “The failure of organizations, from Enron to the Red Cross, to comply with laws, regulations, codes of conduct, and ethical standards of good practice have heightened our awareness of these critical issues” (p. xv). Headlines of corporate scandals are all too familiar, but these are just the public view of compliance issues. Silverman (2008) goes on to say “While these acts of wrongdoing may serve as a catalyst or a rallying point for legislative and regulatory action, there are other broader forces at work (societal, judicial, and technological) that are inexorably forcing our attention to issues of organizational behavior and compliance” (p. 28).

Significant resources are allocated toward organizational compliance, particularly in highly regulated sectors such as technology, finance, food and drug production, and energy production. Tarantino (2008) has dedicated a significant volume detailing the significance and necessity of governance, risk management and compliance in the contemporary organization. Sparrow (2000) noted the steep requirements for the organizations under heavy regulation as “The regulated community faces an overwhelming accumulation of rules, regulations, and reporting obligations, and, associated with them, tedious and time-consuming bureaucratic processes” (p. 18). Thus, organizations cannot afford to ignore issues of compliance, and creating a compliant organization is no simple matter. According to much of this literature, the challenge comes from managing the multitude of rules and regulations that are in regular flux.

In order to respond to these issues, challenges and changes, compliance literature has
situated around three main dynamics: (1) the relationship between compliance and regulation, (2) the relationship between compliance and control, and (3) the relationship between compliance and ethics.

Compliance Defined

In order to contribute to the existing conversation, I will begin by providing a conceptual definition of compliance as it is represented in compliance literature, and discuss an overview of the themes and trends currently present in organizational compliance literature. In this review, I will look both at practitioner literature as well as academic studies explicitly focusing on issues of compliance. I will begin by discussing the definition of compliance, as it is understood in business literature. Compliance in practitioner literature is often defined as “a state of being in accordance with established guidelines, specifications, or regulations” (Biegelman & Biegelman, 2008, p. 8). Therefore, when people are referring to compliance, they are working with a dichotomy where a behavior or action either is or is not compliant or in accordance with a given standard. This standard has historically been regulatory laws whereby the failure to be compliant “can be potentially destructive and perhaps even fatal to an organization through legal penalties, public humiliation, and large financial loss” (Arthus, 1994, p. 3). Compliance is understood as something that either is or isn’t, and each interpretation carries with it organizational ramifications.

Regulation and Compliance

Given this definition of compliance, it is important to consider the role of regulation and regulatory agencies in relation to issues of organizational compliance. Regulation and compliance are tightly associated and often conflated. Much of the literature on compliance either alludes to or explicitly discusses the role of regulations in compliance in two ways: (1) as
requirements for compliance (i.e. deciding factors of what qualifies as compliant behavior), and
(2) as consequences of compliance (i.e. threats of organizational repercussions).

First, it is important to note that all organizations in the U.S. are subject to regulation and
“must follow federal, state, and local laws and all must comply with the United States’ Federal
Sentencing Guidelines, which mandate the creation of compliance programs” (Biegelman &
Biegelman, 2008, p. 3). These guidelines mandate particular policies or behaviors uniform to
organizations in a given sector. These mandates stem from both governmental regulatory arms
and Self-Regulatory Organizations (SROs), or independent entities. These organizations are
imbued with the authority to impose regulations on industry behavior based on assorted
pressures and interests. Regulation is both reactive and preemptive of business practices, thereby
generating a continual relationship between regulation and organizational compliance processes.
Thus, regulation attempts to direct and correct the behavior of financial institutions.

Next, regulation is used to enforce desired practices by levying fines, revoking support or
terminating the ability to do business. These ramifications can do significant damage both
directly through financial reparations and through loss of public support and customer base. A
significant lapse in compliance has the potential to shutdown an organization, making
compliance a life or death concern for organizations (Arthus, 1994). Major banks have been
fined billions of dollars by federal regulators, including JPMorgan Chase, Bank of America and
HSBC. While these large institutions are able to pay these hefty settlements, smaller
organizations can be subject to bankruptcy leading to liquidation of the organization. This threat
of destruction and penalty makes compliance a consequential concern and situates external
entities as powerful actors.

Biegelman and Biegelman (2008) discuss the history of compliance as “an ongoing tug of
war between regulators who seek to reign in corporate excess and businesses that resist regulation in order to achieve greater flexibility and innovation” (pp. 45-46).

Biegelman and Biegelman further characterize this relationship by describing regulation as a means for governmental control in the wake of scandal in the market system, suggesting that regulation and organizational compliance practices are intertwined. Regulation is put in place to deal with complex and contentious issues where “Regulators inhabit, and are obliged to navigate, a landscape of conflicting and shifting interests” (Sparrow, 2000, p. 17). Thus, regulations are a complex bureaucratic response to public expectation and private party interests. Furthermore, this relationship is maintained by a threat to the bottom line whereby a less than clean examination can result in fines and legal fees (Arthus, 1994) as well as impact organizational image. Still, complying with these regulations is an ongoing struggle. Arthus (1994) discusses the increasing sensitivity of regulators saying, “The fact that no compliance violations have been found is not a guarantee of a clean examination” (p. 59). Arthus is referring to the scope of regulation as something beyond “strict compliance” and incorporating approach, procedures, and knowledge. Thus, authors in this stream suggest that compliance is not something bounded or contained within organizations but is part of a complex system sensitive to societal forces. This external influence is an important consideration in understanding organizational processes of compliance. External regulation is a key factor in understanding processes of compliance.

Yet, compliance is framed as locally situated and is observable in situated behaviors, according to existing compliance literature. It is clear that external regulation is critical in understanding compliance processes and these regulations should be given due consideration (Arthus, 1994; Sparrow, 2000; Tarantino; 2008). However, organizational agents are the actors
who carry out compliance processes. Based on these practices of compliance, an organization is attributed an identity of compliance by examiners and auditors. Compliance is bounded to organizational identity whereby an organization is compliant or non-compliant based on guiding notions and conceptualizations of what compliance is. Compliance, then, is simultaneously a concept, a practice, and an aspect of organizational identity.

*Control and Compliance*

The notion of compliance is situated strongly around the notion of control. In addressing the concept of control, compliance literature associates the responsibility of controlling employee behavior with management. Therefore, much of the practitioner literature is geared toward management and leadership. It is the expectation that a compliant organization is generated at the top of the traditional organizational hierarchical structure. It is the management’s role to control employee behavior. This concept is regularly referred to as the “tone at the top,” meaning that “corporate boards and executives provid[e] the stewardship, culture, and organization committed to corporate governance” (Tarantino, 2008). A managerial perspective is extremely common in business and organizational literature and with it comes the expectation of those “at the top” setting the tone for the rest of the organization. Arthus (1994) attributed complete responsibility of ensuring compliance to the managerial ranks, stating “Compliance and risk management is not the responsibility of the compliance department, the risk management department, or the auditors; sole ownership lies with management at all levels” (p.105). Not only is it the responsibility of organizational leadership to assure compliance, according to the practitioner literature, but also ethical behavior in general should be delivered from the top down. Biegelman and Biegelman (2008) reference the concept of “real compliance” where ethics and integrity are essential and are achieved through “integrity at the top,” where compliance practices all stem
from hierarchical leadership and “true” compliance is an achievable goal with the right combination of leadership skills. If compliance is situated squarely on management’s shoulders, the question of concern is how managers achieve compliance.

As a result of the managerial focus, it is no surprise that most literature focuses on strategies for gaining compliance in organizations. In this body of literature, compliance is understood as a *way of being* in the organization. This literature on “compliance-gaining” centers on gaining desirable *outcomes* according to managerial and/or regulatory expectations. Practitioner and communication research on compliance has largely focused on the best ways for management to communicatively convince others to comply, thereby mandating a way of being in the organization. Take for example, Carpenter’s (2012) study on the “But you are free” compliance gaining technique. The focus of this study was to break down the efficacy of this technique across contexts and the nature of delivering compliance requests to achieve the desired outcomes. Carpenter (2012) walks step-by-step through how best to communicatively frame compliance requests recommending face-to-face interactions and noting that the wording doesn’t matter as long as the concept of the target’s freedom is reinforced. Likewise, Sullivan, Albrecht and Taylor (1990) identify seven strategies (reason, friendliness, coalition, bargaining, assertiveness, appeal to higher authority, and sanctions) commonly used among managers in attempting to gain compliance and then discuss the influence of different factors on the success of the strategies. Sullivan et al.’s research was again oriented toward efficacy saying that their research findings were “optimal for improving performance focused on uncertainty-reduction through a consistent, predictable use of compliance strategies” (p. 350). Hellweg, Geist, Jorgensen, and White-Mills (1990) do an entire analysis on the different types of instrumentation used in organizational communication literature in order to empirically evaluate the efficacy of
compliance gaining strategies. These instruments take a cause-effect approach to the understanding of compliance strategies and their relationship to desired outcomes.

Compliance literature largely offers a utopian view of an ideal compliance program. For instance, Biegelman and Biegelman (2008) conclude their discussion of “a world-class compliance program” with seven steps to compliance. Still, though these step-by-step plans are common in compliance literature, they do still fall under critique suggesting that these steps are easier listed than accomplished. Vardi and Weitz (2004) offer a more nuanced reading of the causes and processes of organizational misbehavior across multiple levels of an organization and attributing misbehavior to multiple causes. However, Vardi and Weitz (2004) still focus on concepts of compliance through a managerial focus concluding their work with strategies for prevention of misbehavior and intervention tactics. Furthermore, some of these strategic approaches do diverge from recommending a step-by-step program. For instance David and Baker (1994) employ a different understanding of these strategies by using compliance-gaining strategies as a way to understand and evaluate organizational memos. This is a unique approach, though still oriented around compliance-gaining strategies. David and Baker use the strategies as a way to understand and explain different kinds of organizational discourse, considering communicative consequences of these strategic approaches. Overall, the focus on compliance-gaining strategies, in some form, has been a clear theme throughout both communication and practitioner literature on compliance highlighting usefulness, and research with quantifiable results and the centrality of strategy in issues of compliance.

This focus on outcome is understandable based on immediate organizational needs. However, a strategy-based approach overlooks the collaborative nature of constituting cultures of compliance. Furthermore, the concern with particular desirable outcomes views compliance as
something concrete and finite instead of an ongoing, systemic process. Therefore, by looking at one particular strategy or best practice, it overlooks other influences and factors, such as situated contexts, present in organizational decision-making processes. For instance, Sutcliffe and McNamara (2001) explored controlling decision-making processes in a financial institution and found that decision-making is not solely about individual choice, but rather context of the decision and that the organizational environment is extremely influential. Sutcliffe and McNamara introduce an additional factor for consideration in understanding and influencing organizational decision-making. Likewise, Bullis (1993) discussed the transorganizational pluralistic view of organizational control whereby individuals are nexus points. According to Bullis, organizational actors inculcate values and go through a complex acculturation process where contradictions occur and surface. Therefore, there are a number of influences and complexities that have been overlooked by this strategic approach to controlling compliance.

Still, this attention on outcome and control presumes that there is a clear and desirable outcome that can be achieved through exerting strategies of control. Given this attention to the complexity of organizational interactions and the importance of context, we see that compliance is something negotiated, not necessarily controlled by a single governing entity. This suggests it would be beneficial to make a move toward a focus on process to understand how compliance is “achieved” as well as what compliance even is. Given the contradictions and contestations discussed above, the question of what compliance is deserves greater scrutiny.

Ethics and Compliance

Finally, a branch of compliance literature highlights the more theoretical and ethical issues surrounding the implications of compliance on ethical business practices and processes of control used to achieve compliance. Scholars have recognized the heavily managerial
concentration of compliance literature and responded by questioning the values and ethics behind these strategies in relation to comprehensive organizational responsibility. In questioning these processes, researchers are calling for greater ethical accountability among managers and compliance officers. For instance, Sison (2010) notes, “Since values inform the individual conscience and guide the individual behaviour, practitioner involvement in the value-setting process seems a logical first step towards becoming an organisational conscience” (p. 321) whereby the organizational conscience is the moral guide to ethical organizational behavior. This concept of the organizational conscience moralizes the judgments regarding regulations and compliance as actions that create the organization’s conscience. Thus, those who are involved in the creation of the conscience are responsible for the organization’s values. Likewise, Cohen (2006) suggests that there is a difference between ethical behavior and compliant behavior. In managing issues surrounding rules and regulations, according to Cohen, one is not reprieved from the burden of judgment, saying, “The point is that rules and regulations cannot do the job of replacing judgment—they cannot remedy all behavioural difficulties” (p. 114). Cohen eschews the conceptualization of compliance where “if we can just get the procedures, the rules the equipment, and the hardwiring right, and then get people complying with these requirements, then we will not have these difficulties any longer” (pp. 114-115). Cohen goes on to complicate issues of compliance by noting four different kinds of moral judgments and the limitations of accountability. The main argument we can see from Cohen is that compliance is not just about rules and regulations but is fundamentally a moral and value-laden issue. On the contrary, there is also a different take on ethics and compliance that considers compliance as a tool of evaluating ethical, sustainable, or morally desirable organizational or corporate behaviors. For example, Panth and Shastri (2008) discuss industrial pollution compliance in India, using compliance
measures to indicate industrial ethics and sustainability. This study is also somewhat different in its focus not on managerial tactics but on conceptualizations of action at an organizational level. Furthermore, Panth and Shastri’s (2008) study also highlights the external pressure of compliance on organizations, suggesting that compliance is not something bounded and contained within an organization, but instead spans organizations and institutions. Finally, a focus on ethics in relation to compliance can also be understood as yet another strategy for garnering compliant behaviors. Silverman (2008) argues that compliance and ethics are intertwined and that ethics are crucial to managing organizational behavior (p. 56). Here, we see that compliance is not only a daily issue for practitioners but also an ethical concern that is beyond clear procedural mandates.

The prevailing conversation in compliance literature paints a picture of compliance as tightly tied to regulation and part of a complex and changing system, as something that needs to be controlled by managerial strategies and setting a tone at the top, and as something that is necessary and desirable for ethical business practices. From this literature, we can understand that compliance is complex, challenging and consequential for organizations. Additionally, compliance impacts the ability to maintain social processes and, therefore, is a significant factor in organizational social responsibility. From this literature, we can conclude that notions of compliance are salient, complex and necessary. However, there are ongoing struggles with achieving desired outcomes through existing strategies of control.

**Communication as Constitutive**

While the existing literature on compliance makes significant contributions, there is a prevailing focus on outcome: Processes are identified based on the efficacy of generating a compliant outcome. However, the concept of compliance itself is understood as complex,
interpreted and contested by many compliance scholars. Yet, even with this acknowledgement of complexity and interpretation, the notion of compliance is often treated as an objective fact of business. Thus, instead of presuming a preexisting reality of compliance, I suggest that it is beneficial to refocus attention onto understanding how and what the notion of compliance is. I argue that it is necessary first to understand *how* compliance is constituted in order to intervene or re-conceptualize systems and networks of compliance. A communication perspective can address this question and contribute to the existing conversation regarding compliance. In order to discover what it means to be compliant, it is necessary to understand how meaning is created. To do this, I take a communication approach, whereby I take the position that “communication is *the* site of meaning construction” (Kuhn, 2012, p. 548). I argue that it is necessary to take communication seriously and ask: “How does communication constitute realities of organizational life?” (Ashcraft, Kuhn, & Cooren, 2009, p. 7). Communication provides an explanation for how organizational phenomena such as compliance come to be. Taylor and Van Every (2000) argue that communication is the means by which the organization and organizational processes and phenomena are continually negotiated and that the essential modality for organizing. Likewise, communication provides an explanation for the organizing of compliance. By first understanding this constitutive process, we can then better approach the task of influencing compliance and instigating effective change, the goal asserted in most compliance literature. Understanding communication as constitutive privileges process and incorporates notions of continuous organizational change. Additionally, communicative constitution provides an explanation of how organization phenomena are constructed and theoretical concepts useful in explaining these phenomena, specifically the concept of the authoritative text. Therefore, I argue that communicative constitution is a useful framework for contributing to the existing discussion
regarding compliance (a) by focusing on the processes of organizing compliance, and (b) by providing the framework of the authoritative text to explain the phenomenon of compliance.

Organizing: Communicative Constitution of Compliance

As I approach communication as constitutive, I am drawing from an understanding that stems from the Communicative Constitution of Organizations (CCO) literature. Though I am not focusing on the constitution of “the” organization in the study reported below, CCO literature takes a unique approach to understanding communication’s role in constituting organizational phenomena. In this section, I argue that communication-as-constitutive is useful in understanding (1) the creation of organizational phenomena, (2) organizational phenomena as ongoing processes, and (3) the agency of these organizational phenomena.

First, a constitutive approach explains how organizational phenomena are created, maintained, and changed through communication, where “communication is the producer and carrier of organizational reality” (Kuhn, 2012, p. 548). As communication is an interactive process, communication as the modality for creating meaning is necessarily a collective process. Therefore, a CCO approach to understanding how organizational phenomena come to be centers on the notion that the organization is co-created through interaction. Instead of viewing the organization as designed by a singular agent, CCO perspectives highlight co-construction, which “implies that organizing is an ongoing, interactive achievement that exceeds any single agency, however powerful she/he/it may be” (Ashcraft et al., 2009, p. 8). Therefore, the organization (and organizational phenomena) are continually formed through interaction and emerge through conversation, “specifically in the ongoing activity of coorientation, wherein two or more actors are entwined in relation to an object” (Kuhn & Ashcraft, 2003, p. 41). While much compliance literature conceptualizes the manager as the generator of organizational reality, from a CCO
perspective, an employee-manager interaction “jointly produces reality by co-creating meanings that establish ‘what is’ and coordinate and control activity accordingly” (Ashcraft, Kuhn, & Cooren, 2009, p. 5). As communication is considered a social phenomenon, this idea of co-orientation is particularly pertinent to the constitution of the organizational processes which make up the organization. The concept of co-orientation offers a particular claim regarding the purpose of communication as a social meaning-making process necessary for organizing: “Co-orientation (1) is negotiated through dialogue, (2) aims to produce coordination of belief, action, and emotions with some mutually understood object, and (3) is mediated by text” (Taylor & Robichaud, 2004, p. 401).

Next, the principle of viewing communication as constitutive allows researchers to attend to ongoing organizing processes instead of presuming preexisting realities. Organizations are viewed as ongoing processes that are neither prescribed nor fixed. Cooren, Cornelissen, and Clark (2011) note that if communication is indeed constitutive of the organization, then “organizations can no longer be seen as objects, entities, or ‘social facts’ inside of which communication occurs. Organizations are portrayed, instead, as ongoing and precarious accomplishments realized, experienced, and identified primarily—if not exclusively—in communication processes” (p. 1150). Thus, organizations, in this view, do not have an a priori existence but instead are undergoing a continual process of becoming. This idea of organizational becoming is championed by Tsoukas and Chia (2002) through their argument that “If change is viewed as the exception, the occasional episode in organizational life, we underestimate how pervasive change already is” (p. 568). Thus, instead of viewing change as a temporary or occasional occurrence, we should recognize the continuous processes of change that creates and recreates organizations. By taking this approach, Tsoukas and Chia argue that we
will better be able to understand the micro-processes of organizational change that we currently do not know a lot about. Furthermore, Tsoukas and Chia state that “as well as not knowing a lot about the micro-processes of change, we do not know enough about how change is actually accomplished” (p. 568). Thus, viewing organizations as going through continuous processes of change could highlight previous oversights incurred by viewing change as particular events. Viewing the organization as a work-in-progress provides a more dynamic understanding of the organization and provides the opportunity to better understand how changes and shifts in the organization are accomplished.

Finally, a communication-as-constitutive view articulates the ability for organizational phenomena (e.g. the organization and organizational texts) to have agency, or the ability to make a difference (Cooren, 2004). First, consider the appropriations of action directed toward organizations. It is common to hear attributions of action ascribed to organizations by saying “this organization did that.” According to Bencherki and Cooren (2011), “the organization exists because it has been created in being attributed action” (p. 1600). Just as the organization is communicatively created, the organization is also imbued with the capacity for action through other agents. For the organization to act, there must be a process of organizing to create collective action in the name of the organization. Taylor, Groleau, Heaton and Van Every (2000) assert, “For the organization to emerge as an actor, therefore, these disparate representations must resolve themselves into a single representation of the situation, which is that of the organization-as-a-whole” (p. 402). Thus, organizational actors are aligned to produce a collective voice or course of action. By this alignment or co-orientation, the organization has agency. This concept of the organization speaks to the ability for the imbrication, or layering and reification of
conversations and texts to constitute an entity that participates and influences organizational processes.

Additionally, organizational texts are understood as capable of demonstrating agency or the ability to act and interact. *Text*, here, is referring to what Taylor and Van Every (2000) would understand as a “collectively negotiated interpretation of the world” (p. 40). The concept of textual agency suggests that while texts are not necessarily inherently foundational, they participate in the constitution of organizations along with other actors (Cooren, 2004). Texts participate in organizing and “the mere presence of these texts makes a difference in organizational life” (Cooren, 2004, p. 375). Texts are not merely the outcomes of organizing processes; they do things in organizations: they represent, mediate, direct attention, discipline, link and “shape the coorientation system” (Kuhn, 2008, p. 1236). This textual engagement can be understood through Cooren’s use of the term *ventriloquism*, “the activity that consists of making someone or something say or do something” (2012, p. 5). Ventriloquism suggests that texts are capable of framing, shaping and intervening in organizational interactions. While people can shape, engage, invoke, and appropriate texts, organizational members are likewise made to speak by organizational texts. People are not the only organizational agents and “the interactional scene should open itself up to the agency of other figures that speak through us—the human beings” (Cooren, 2012, p. 12). Thus, a constitutive approach is sensitized to agency of organizational constructs and the ability for these constructs to influence organizational actors.

In sum, a communication-as-constitutive approach explains how organizational phenomena are constructed, maintained, and altered. Furthermore, this perspective does not take for granted the existence of organizational realities but instead privileges a focus on organization as an ongoing process and a precarious accomplishment that is constantly being recreated.
Finally, viewing communication as constitutive allows for the participation of organizational phenomena in organizational action and acknowledges the capability of non-human agents to exert influence on organizational actors. In this way, a communication-as-constitutive perspective can contribute to the existing literature on compliance by interrogating how organizational phenomena such as compliance come to be instead of presuming a particular reality, by highlighting process instead of outcome, and finally by providing a framework for understanding the influence of compliance as an organizational construct on organizational actors.

*Compliance as Authoritative Text*

In order to further explore the contributions of a constitutive view of communication on understanding compliance, in this section, I discuss authoritative texts. I suggest that the authoritative text provides a useful framework for refocusing research on compliance as a communicatively negotiated, process-based organizational phenomenon with the ability to influence and participate in the organization. Using the theoretical perspective of the authoritative text highlights questions of authority, legitimacy and power in organizational practice. Much of the existing compliance literature is geared toward influencing these dynamics of authority, legitimacy, and power. This focus on authority, legitimacy and power, makes for a strong connection between current understandings of compliance and the move to the authoritative text. The authoritative text draws attention to how these dynamics are created, sustained, and changed. While other communicative perspectives can certainly contribute to our understandings of compliance, the authoritative text foregrounds communicative processes as the means for creating authority, legitimacy and power in the organization. To further explain this frame of the authoritative text, I explore the concept and the implications of using this lens in
understanding compliance. Specifically, I define what they are and what they do, how they are communicatively produced, and finally, how they can contribute to understandings of compliance.

An authoritative text is an abstracted textual production that generally represents organizational identity (“who” the organization is) and trajectory (where the organization is going). In this way, “the authoritative text exists as a reference point, encouraging actors to subordinate personal interests to the collective good, or as a marker of likely future action” (Kuhn, 2008, p. 1236). Authoritative texts are so called because organizational actors imbue them with authority, using authoritative texts as reference points guiding action. The authoritative text “emphasizes the relations of legitimacy and power characterizing firm practice” (Kuhn, 2008, p. 1236). Thus, the authoritative text performs consequential functions as “it represents, mediates, directs attention, disciplines, and links people and practices through conversations that, at least putatively, can be said to relate to a set of canonical firm-level outcomes” (Kuhn, 2008, p. 1236). Therefore, the authoritative text as an organizational referent provides a resource for influencing and disciplining organizational practice across space and time.

Compliance is well suited to being understood both as an authoritative text and as a practice. Compliance is can be understood as an authoritative text as what is (or is not) compliant is used to influence and discipline organizational behavior. Yet, compliance is also a practice. One is compliant based upon actions and practices; thus compliance is something that you do. Compliance as the authoritative text then influences and is influenced by the practice of compliance; both the text and the practice are contingent upon and linked to the other. The authoritative text provides a useful framework because just as compliance is treated
simultaneously as a concept and a practice, the authoritative text is not separate but intertwined with practice; there is no distinct separation. Compliance is simultaneously text and practice. Given this relationship of the authoritative text of compliance and the practice of compliance, it is important next to understand how the authoritative text is communicatively constituted and how authority is established.

Authoritative texts are produced “as cooriented texts become imbricated and validated by interactants” (Kuhn, 2008, p. 1236). This means that authoritative texts are produced through coorientation or the alignment of actions between people in relation to an objective through the continuous interaction of conversations and texts (Koschmann, Kuhn & Pfarrer, 2012, p. 355). Put simply, through the relationship between conversations (observable interactions) and texts (the symbolic context) organizational actors ascribe authority to an abstracted text that is formed by the layering and interaction of other texts. Thus with this interaction between texts, authoritative texts are intertextually produced. Texts do not exist in a vacuum, separated from the influence of other texts. Therefore in order to grapple with the meaning of a text, we must consider texts as situated among other texts. Allen (2000) argues that texts do not have independent meaning but instead “meaning becomes something which exists between a text and all the other texts to which it refers and relates, moving out from the independent text into a network of textual relations” (p. 1). This understanding of meaning suggests that a number of texts vie for influence over one another to impact the authoritative text and the identity and trajectory of the organization. Benoit-Barné and Cooren (2009) assert that “both local and dislocal aspects of interaction are inherently linked in the accomplishment of authority” (p. 10). This assertion articulates that authority is accomplished by making present notions, ideas and concepts from a multitude of sources both local and removed. Likewise, compliance is created
through the interactions of multiple texts across public and private sectors and among numerous organizations. By approaching compliance as an authoritative text, the multitudes of influencing texts are highlighted as integral in meaning construction.

This authoritative text as an intertextual abstraction is not authored by a sole instance or even in a clearly traceable way. The authoritative text is *de-authored*, meaning that as the abstracted text gains distance from the myriad of conversations and texts that interact to create the authoritative text, authorship is lost, leaving the authoritative text beyond identifiable authorship (Cooren, 2004). Though these texts are authored and produced by a human agent, the authorship is regularly omitted; instead texts are recognized in the organization’s name. Thus, these authored texts become attributed to a collective identity. This de-authoring is achieved through *distanciation* or the removal of the text from immediate circumstances (Ricoeur, 1981, 1991). Kuhn (2012) also discusses distanciation, saying “as tests and conversations recursively shape one another, communication becomes distanciated, extending itself through space and time” (p. 552). Thus, as texts and conversations shape one another, they move beyond the immediate circumstances. As a text is removed from the immediate circumstances, it can be disseminated across other situations and appropriated in different contexts, while continuing to be shaped by other texts and conversations. Over time and distance, individual authorship can be lost. This process of distanciation and de-authoring means that “the actions and intentions of particular individuals are omitted in subsequent interactions, and the resulting textual representations (abstractions) are the primary means by which we communicate with each other” (pp. 7-8). In other words, through distanciation and de-authoring, the abstraction formed becomes a referential presence that permeates organizational interaction and is pervasive throughout the organization. The authoritative text is collectively understood though it is not
defined by one particular source. The authoritative text is an interwoven aspect of the organization to the point where people may take the meaning of the authoritative text for granted. Though the authoritative text is an abstraction, it is still something that is collectively understood.

Considering organizational texts as emergent and communicatively reified to develop a de-authored organizational phenomenon, such as compliance, is a novel framework for understanding the constitution of compliance processes. While authoritative texts are traditionally understood as this representation of the organization, I suggest that it would be a useful framework for understanding compliance. Therefore, instead of understanding the authoritative text as a representation of the organization, the authoritative text of compliance can be understood as the representation of compliance that dictates what compliance is and where compliance is going at a given organization. As we have seen, the notion of compliance is complex in how it is constructed, negotiated, and understood. Therefore, it is necessary to approach compliance in a way to attempt to adequately acknowledge and account for this complexity by understanding how it is communicatively constituted. I argue that it is beneficial to approach compliance as an authoritative text in order to understand, mediate and influence constructs of compliance.

The authoritative text is a useful framework for understanding compliance because it provides an explanation for the creation of compliance in the organization. First, compliance is abstracted and intertextually constituted. As noted earlier, compliance is understood in relation to established guidelines, regulations and specifications (Biegelman & Biegelman, 2008). These guidelines, specifications and/or regulations are largely dispersed across space and time. They are reified and policed through practice and discourse. Regulations are external mandates that the
organization must comply with, but how those guidelines are complied with is often up to interpretations of the regulations made locally. The implementation of compliance procedures then also need to be negotiated by day-to-day needs of doing business and providing for the member. Furthermore, these mandates are politically situated. This means that state and federal examiners may be facing a number of pressures, which impact interpretations of the meaning and intent of the regulations. Just as authoritative texts are intertextually created, the practice compliance is informed, shaped, and influenced by a multitude of varied conversations and texts that are layered together across time and space, which make up the authoritative text of compliance.

Second, the authoritative text is useful in explaining the influence of compliance on organizational processes as an entity that is beyond the control of a singular actor. Compliance can be seen as having the capability to enforce, guide, influence and direct organizational behavior. Specifically, compliance has disciplining authority. Being compliant is a requirement of employment. Therefore, if an organizational actor invokes the authoritative text of compliance, there are significant consequences that can come with being identified as non-compliant such as the threat of termination in extreme cases. For a state or federal examiner to invoke the authoritative text of compliance, it could threaten the very existence of the credit union. On a less extreme scale, saying something is not compliant is a way of disciplining daily behavior. Saying something is compliant also serves as a justification for behavior. In this way, organizational actors choose to ascribe authority to what is considered compliance and allow it to direct practice in a way that effects organizational outcomes.

In sum, compliance is a complex and consequential issue influenced by a complicated system of pressures that has been largely understood with a focus on strategic control of
outcomes. Yet, with all of these challenges, compliance is seen as a need to ensure ethical business practices and organizational social responsibility. Communication can contribute to this existing compliance literature by reframing the issue by problematizing assumptions of the realities of compliance. Communication provides an explanation for how the notion of compliance is interactively constituted and is an ongoing process. Finally, by using the theoretical lens of the authoritative text, we can make more visible the organizational influence of compliance and address the consequences of this influence for organizational practice.

**Research Questions**

Given this review of compliance literature and a communication-as-constitutive perspective, I argue that the authoritative text is a useful explanatory tool for reframing an understanding of compliance. By spotlighting processes of constitution, we can understand how the notion of compliance is created and sustained. In doing so, it is possible to create new interventions and solutions to organizational struggles with compliance. Furthermore, applying the authoritative text to compliance contributes to communication literature by providing an empirical example employing the authoritative text not only as a representation of the organization itself but also as a framework for understanding other organizational constructs.

In order to explore compliance using a communication perspective, I structured two research questions to guide an exploratory empirical case study of compliance.

(1) What are the characteristics of the authoritative text of compliance?

(2) What is the relationship between compliance as an authoritative text and compliance as an organizational practice?
Existing research on compliance often treats compliance as a concrete phenomenon; the meaning of compliance is taken for granted. These questions problematize and address these assumptions in existing literature by allowing for a more nuanced understanding of compliance. Turning to communication offers an empirical means for understanding how the notion of compliance is created and demonstrated as practice. By using the authoritative text, these questions highlight the dynamics of authority, legitimacy, and power. Furthermore, these questions investigate the complex and interrelated relationship between the text and practice of compliance. Thus, these questions guide an empirical inquiry into the creation of the notion and practice of compliance. By examining these questions, it is possible to study compliance in a manner that is sensitive to the dynamics of authority, as well as the nuance and complexity of compliance as both a text and a practice. In the following section, I will discuss my research site, data collection, and data analysis.
CHAPTER 3
METHODOLOGY

In order to explore these research questions, I conducted a case study of Mountain Peaks Credit Union (a pseudonym). A case study allowed the opportunity to study a real-life phenomenon in depth while encompassing important contextual conditions (Yin, 2009). Though existing literature suggests that compliance is a part of a complex system of social pressures, it is most readily observable within particular sites and organizations, as “most significant choices will remain within corporations themselves” (Deetz, 1995, p. 25). Though compliance is being informed by a multitude of societal forces and is somewhat ambiguous and pervasive, it is locally felt, dealt with, negotiated and performed. Therefore, it is beneficial to observe the processes of compliance within a given organization. Compliance research is frequently situated around financial institutions due the multitude of both internal and external policies and regulations employed in the financial sector and the concern with controlling organizational behavior (Arthus, 1994). Significant regulatory attention has been directed toward financial institutions as a result of market failures and financial crises, such as the global financial crash of 2008. As financial institutions carry significant influence on national and international economic processes, the market system is subject to governmental scrutiny with the intent of ensuring economic sustainability and growth. With this focus on the financial sector in mind, I pursued access to a credit union. Credit unions are very cognizant of issues of compliance and invest time and money in the pursuit of compliance. Unlike large national banks, credit unions are more locally situated “small shops”. While all financial institutions ranging from large commercial banks to small credit unions are under the scrutiny of external regulatory bodies and are subject to consequences associated with compliance, credit unions as local organizations tend to hold less capital and are then less capable of absorbing the costs associated with non-compliance. This
makes compliance paramount at credit unions to ensure survival and the existence of the credit union.

Credit unions are painted as distinct financial institutions as they are not-for-profit institutions that are member owned. Thus, instead of having investors as stakeholders, credit unions are held accountable to the credit union’s membership. The board of directors is charged with representing member interests. Credit unions, however, still take part in market competition against commercial banks and other credit unions. Therefore, credit unions must be competitive in order to grow and maintain membership. While profit is necessary for the credit union to do business, profit is reinvested in the credit union in order to provide more for the credit union members, whether through introducing new technological conveniences, expanding locations for access, or lowering or eliminating fees. As credit unions are member driven, they are very locally situated within a particular community. This alignment with community as well as the need to be competitive for survival makes for a compelling site based on organizational identity and positioning. Still, it is important to note that credit unions are driven by market forces and aim to expand and increase capital.

Furthermore, a credit union provided a useful site given considerations of access and scope. First, as credit unions are smaller organizations that are locally managed, gaining access to a credit union was more viable than gaining access to a national organization such as a large commercial bank. A large commercial bank would be more difficult to gain access to because organizational members with the power to grant access are often not accessible on site. Additionally, larger organizations would be more likely to hesitate based on concerns for confidentiality and representation of the larger national chain. Second, the smaller scale of the credit union provided a better opportunity to study the organization in its entirety and gain access
to participants at all levels of the organization (including executive level management, board of directors, team leaders, tellers, loan officers and Financial Service Representatives).

In the following section, I discuss gaining access to the research site, the details of the research site, and my experience with participants and situatedness as a researcher.

**Research Site**

**Access**

At the beginning of September 2013, I began contacting local credit unions requesting long-term access as a research site for this project. I was granted access to one credit union by executive management and the board of directors at Mountain Peaks Credit Union (MPCU). Once initial access was granted, I negotiated a confidentiality agreement with the Executive Vice President that was approved by the CEO and the board. The confidentiality agreement stipulated that all names of participants and of the credit union would be represented using pseudonyms. Identifying characteristics were removed from my research in order to protect participants and the research site. It was further agreed that I would sign in upon arrival and departure, and that I would not remove any organizational documents from the premises. I then developed a consent procedure for organizational members outlining my study, discussing my confidentiality procedures, and highlighting that all participation is voluntary. All participants were given an informed consent letter, approved by the Institutional Review Board (IRB), as well as a verbal explanation of my project, details of my confidentiality commitments, IRB contact information, and any possible costs to participants. Participants were able to withdraw from participation at any time without penalty from the organization.

**Site**
Mountain Peaks Credit Union (MPCU) is a community credit union with upwards of 20,000 members and five branches. This site is ideally situated for this study, as it is a highly regulated organization that, as a local credit union, I am able to observe across levels of the organization through my access to the main credit union branch. MPCU has experienced significant growth over the past couple of years and is the fastest growing credit union in the area. With this change, MPCU is amidst changes in procedures and processes, as well as the creation of new organizational positions and some recent personnel turnover. The main branch houses the MPCU’s executives, including the CEO and Vice Presidents, the compliance officer, accounting department, and call center. The main branch also carries out branch operations including member access to tellers (walk-up and drive-thru), financial service representatives, and mortgage lenders. As the main branch of the credit union, board and committee meetings were conducted on the premises, allowing me to gain access to decision-making practices and discussions at the upper levels of the organization. Based on these opportunities for observation and time constraints, I focused my study only on the main branch of the credit union. This site provided both benefits and limitations for this study.

The main branch is beneficial for studying compliance because, as a smaller organization, I was able to get a better glimpse of the organizational decision-making processes through access to executive and board meetings. Furthermore, as participants got to know me, I was allowed deeper access to the credit union processes such as internal audits and member interactions. However, I sacrificed breadth for depth. While I was able to gain greater access to one site, I am less able to generalize across credit unions and to other branches’ activities. Furthermore, due to time constraints, I was unable to observe a yearly external audit involving state and federal regulators. This would have been beneficial not only in getting a glimpse of the regulator’s
perspective, but also in having the opportunity to observe the organizational processes surrounding the audit (including preparation and response to the audit recommendations).

Researcher Positioning

As I began my research, I was set up with a visitor’s badge in order to access the upper level of the credit union and was given a spare cubicle to review organizational documents and write field notes. My presence was initially very conspicuous. I was noticed as an outsider and was regularly asked questions about what I was doing at the site and what my research was about. Employees were generally friendly and welcoming but very aware of my presence. Over time, participants got more used to seeing me around and became very inclusive and generally eager to explain what they were doing. As participants became more used to my presence, I was invited to observe more areas of the credit union. Furthermore, my location in the credit union was monitored to assure the safety of member information. Organizational behavior was likely augmented based on my observation in an attempt to explain organizational processes and assist in my research. Thus, as a result of being observed, it is very possible that employee behavior was influenced or changed based on my presence.

Data Collection

Data collection for this study included participant observation, interviews, and a review of organizational documents including prominent policies, regulations, and posted signs and member materials.

Participant Observation

Approximately 55 hours of participant observation was conducted for this study. Participant observation was employed to understand routine experiences and to “create
increasingly precise, vivid, detailed, and theoretically relevant accounts of this experience” (Lindlof & Taylor, 2011, p. 136). All subjects of field observation were employees of the credit union. Participants were recruited either by making personal contact or through email.

Participant observation at my site included observations and field notes taken in communal areas of the credit union including the lobby and teller interactions (open to public), but no details about credit union members are included in this study to protect privacy. Participant observation also included attendance at staff meetings, management meetings and one board meeting. Finally, participant observation included shadowing of participants during daily work activity and at any conferences or other events to which I was invited to attend by participants.

Outside of meetings, participant observation is somewhat limited due to the layout of the site. Much of the work conducted by organizational members on a daily basis, with the exception of meetings, was done individually, was coordinated through phone or email, and/or involved comments in passing. Many of these interactions were, therefore, difficult to observe. Thus, this study also included the following methods of data collection in order to gain a well-rounded view of daily experience with and accounts of compliance.

Interviews

Ten formal interviews were conducted with different participants including the CEO, credit union Vice Presidents, the Branch Manager, loan officers and an internal examiner. All interviewees were employees of the credit union with the exception of the internal examiner. The internal examiner works at a third party institution hired by the credit union to perform audits every two months and provide recommendations to the credit union management team. With the assistance of the Executive Vice President, I was able to set up an interview with this examiner. All interviews were conducted in the workspaces of the participant or in other private areas if
preferred by participants. Interviews lasted between 30-60 minutes in duration and occurred during the workday at times deemed convenient by participants. Interviews did not interfere with participants’ ability to complete their work. Most interviews were audio-recorded and transcribed. Participants were given the option not to be recorded and one participant chose not to be recorded. These interviews enabled me to access member knowledge and experience and worldview as well as “gather information about processes that cannot be observed effectively by other means” (Lindlof & Taylor, 2011, p. 175). Specifically, interviews provided accounts of things difficult to observe such as the interpretation of particular policies and regulations as well as other contextual and explanatory information. Interviews provided insight into metadiscursive representations of the organization and the compliance culture.

Organizational Documents

For my study, I also evaluated organizational documents pertaining to policies and regulations. Lindlof and Taylor (2011) note that “there is no getting around the fact that documents are deeply embedded in people’s work and leisure worlds—as prompts to action, as informational resources, as aids in speech acts, as items of transaction, and so on” (p. 231). For my study, documents hold particular importance as vehicles of policy and regulation, and as representations of organizational identity and expectations. These documents include policies and regulations, member training literature, posted fliers and notices, and documents from support organizations utilized at my site such as CUNA (Credit Union National Association). The materials of these supporting agencies are open to the public. The Executive Board at my site approved private documents such as credit union policies specific to my site before I was allowed access to these texts. These texts were only accessed on site via a flash drive and could not be removed from the organization without executive board approval, nor were they
reproduced in my research without executive approval. I was allowed to take notes on the policies and use short excerpts in my research. Therefore, I did not have access to all documents in their entirety to use in my research, though many documents were shared at my request and were used to ground my understandings of credit union policies. This grounding was particularly helpful in being able to converse about the multitude of regulations and policies referenced in interactions and interviews.

Participant observation, interviews and organizational documents provided a measure of triangulation because data from interviews could be compared to field observations and organizational documents to provide additional support. Triangulation was not always possible because accounts of some situations were not directly observable during my time at the site, and therefore I had to rely on a singular method of data collection. During the second half of my data collection, I solicited feedback for my preliminary interpretations and understandings of credit union processes in order to validate and/or clarify my observations and better represent participant perspectives.

Data Analysis

As I underwent data analysis, I utilized natural and academic modes of criticism. While participants critiqued their own practices, I also ascribed academic concepts (such as authoritative text) in explaining and articulating the observed processes in order to reframe the academic conversation surrounding compliance (Lindlof & Taylor, 2011). While some coding was concurrent with data collection, most coding occurred after data collection was completed. After data collection, I coded data using a thematic analysis to understand characterizations of compliance at MPCU. Instead of relying on preconceived notions and categorizations of what compliance means from existing literature, I relied on in vivo codes, using participants’ own
language and terminology to understand compliance (Lindlof & Taylor, 2011). Thus, themes were constructed based on indigenous typologies, or the characterizations provided from participants (Ryan & Bernard, 2003). I used the constant-comparative method and conducted an ongoing process of comparing units of data and redefining categories. Once initial coding was completed, I introduced the theoretical framework of the authoritative text as a means of explaining compliance. I then engaged in triangulation or “the comparison of two or more forms of evidence with respect to an object of research interest” (Lindlof & Taylor, 2011, p. 274).

Through the lens of the authoritative text, I coded themes based on the characterization of compliance as the authoritative text at MPCU and the implications of the authoritative text on organizational practice.

Through this analysis procedure, compliance at MPCU was characterized both as a concept and as a practice. This usage made understanding compliance difficult as the term compliance was amorphous and ambiguous. Therefore, the authoritative text served as a means to understand the concept of compliance as concerned with meaning and situated action or compliance concerned with doing. Data analysis, then, consisted of two parts: (a) themes characterizing the authoritative text, and (b) discourses used to negotiate organizational practice and engagement with the authoritative text.

First, I will note how I approached observing the authoritative text at MPCU. While the authoritative text is difficult to directly observe as an abstracted entity that is intertextually constituted, the authoritative text is something that is commonly alluded to, understood without needing explicit explanation, and holds authority to encourage or discourage behavior in the organization. Therefore, I observed conversations and accounts involving compliance in order to identify characteristics of the authoritative text of compliance at MPCU. These conversations
and accounts refer to, draw on, engage or are engaged by the concept of compliance. Drawing on the concept of presentification, I identified instances where ways of speaking and acting made present ideas, concepts, notions, or experiences that were absent in order to influence a situation (Benoit-Barné & Cooren, 2009). Because the authoritative text is reified and imbricated, as concepts were made present the image of the authoritative text became more “visible” over time.

In reviewing field notes and interviews, my attention was drawn toward concepts, ideas, and notions that were employed repeatedly across people and situations to justify or enforce organizational action and that employees related to questions about compliance. Thus it was through this repetition of concepts that were treated with authority that I identified themes that characterized the authoritative text. In this way, I thematically coded themes characterizing compliance as an authoritative text through repeated commonalities in the treatment of the concept of compliance over the course of the study.

Next, I made an analytical distinction between organizational discourses engaging with the authoritative text and the authoritative text itself. Discourses, for the purposes of this study, are recurrent tropes present in situated conversations that participants treat as distinct from the notion of compliance and use in contrast or opposition to the authoritative text. Though organizational discourses inform and constitute authoritative texts, I treated them as distinct to analyze the engagement with the authoritative text and to maintain the distinctions that were present in the data collected at MPCU. Employees, in their talk about compliance, made these distinctions and indicated that certain practices and situations fell outside the norms and expectations associated with the accepted understanding of compliance. Thus, I analytically treated these discourses as separate from the authoritative text of compliance because they were identified as something outside the scope of compliance or different from the traditional
treatment of compliance. While these discourses are both informed by the authoritative text and constitutive of it, it is useful to make this analytical distinction to observe the discursive process of engagement with the authoritative text.

In sum, data analysis focused on identifying characteristics of the authoritative text of compliance itself based on themes developed based on repetition in the data. These concepts and ideas, furthermore, demonstrated authoritative capacity in their use at MPCU. Additionally, data analysis highlighted situated discourses that negotiate practices of compliance. These discourses are separated from the themes and characteristics of the authoritative text because participants treat them as distinct constructs outside of their normative understandings of compliance. Thus, participants used recurrent discourses to negotiate perceived ambiguities or shortcomings in the authoritative text of compliance. In this way, I identified the characteristics of the authoritative text of compliance itself and the discursive negotiations directed toward practices of compliance.
CHAPTER 4
ANALYSIS

To understand the construct of compliance, I first reiterate the concept of the authoritative text to situate compliance as an organizational phenomenon. Next, I discuss themes that characterize the authoritative text, thereby exploring what the authoritative text looks like at MPCU. As a result of the analysis, the authoritative text was characterized by three themes: Compliance is (1) politically situated, (2) an aspect of credit union identity, and (3) centered on risk to the members, the employees and the credit union. Finally, I analyze the implications of the authoritative text on organizational practice as negotiated through organizational discourse. Specifically, I identified discourses of common sense and reasoning as the situated modes of negotiating the authoritative text in order to reconcile tensions between needs of the moment and the ambiguities in understandings of compliance.

Compliance as Authoritative Text

In this section, I review the notion of the authoritative text. As discussed previously, the authoritative text is an abstracted textual production that represents, in this case, the organization’s stance on compliance. The authoritative text holds authority over organizational behaviors by guiding, directing, and disciplining behavior based on the standards attributed to “compliance” at MPCU. These conversations and texts inform, direct and constitute the authoritative text. As these conversations and texts gain distance from their situated context, they are de-authored and re-emerge across time and space through the authoritative text. Thus, the authoritative text is created out of the interaction of a multitude of varied conversations and texts. Finally, the authoritative text as an ongoing accomplishment is amorphous and shifting, yet recognizable through the reification of existing patterns and understandings.
As a complex, ambiguous, and amorphous organizational entity, the authoritative text is a challenge to operationalize in empirical research. When all conversations and texts have the potential to, and theoretically do, inform and constitute the authoritative text, identifying and characterizing the authoritative text could involve observing everything. Since incorporating everything is an unrealistic undertaking, another analytical tactic must be taken to evaluate the authoritative text. The authoritative text is not separated from action but instead integrated and distributed throughout organizational practice. Just as the authoritative text informs practice, practice simultaneously constitutes the authoritative text. Thus, distinguishing a characteristic of the authoritative text of compliance is the capacity for ambiguity. This ambiguity in the understanding of compliance was noticeably present during observations at MPCU; compliance was understood as a guiding authoritative principle and situated organizational practice. This conflation in the local approach to compliance is unsurprising when using the construct of the authoritative text because there is not a clear separation between practice and an abstracted text of compliance.

In order to explain this relationship, I make an analytical distinction between the authoritative text and discourses associated with organizational practice. This distinction is not arbitrary, but informed by the local treatment of the concept of compliance at MPCU by participants. In the following sections, I identify themes indicating characteristics of the authoritative text of compliance demonstrated repeatedly throughout organizational conversations and texts. Additionally, I highlight an organizational discourse of sense making used to negotiate the ambiguity of the authoritative text. This discourse, while effective, also highlights the stresses of managing the ambiguity of the authoritative text of compliance at MPCU.
Themes Characterizing Authoritative Text

RQ 1: What are the characteristics of the authoritative text at Mountain Peaks Credit Union?

In this section, I characterize compliance at MPCU based on discursive representations from participants and observed practices based on three themes. Compliance is characterized as (1) politically situated, (2) an aspect of credit union identity, and (3) centered on risk to the members, the employees and the credit union.

Politically Situated “People Factor”

Compliance is understood as being situated within a particular societal and political context, specifically involving regulation. Compliance is represented as keeping up with regulation in order to continue doing business. This orientation around regulation makes compliance very externally driven, stemming from Congress passing legislation in response to the broader societal climate. Because financial institutions are federally insured, the motivations for regulatory changes are often driven by governmental mandates. Governmental agencies such as the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Association (NCUA) act as the regulatory arm of the government. In addition to these federal regulatory organizations, there are a number of Self-Regulatory Organizations (SROs), which are non-governmental organizations with the ability to create and enforce industry regulations and standards. With governmental regulatory agencies and SROs, mandates and regulations stem from a number of different sources and governing bodies. From the multitude of regulatory agencies comes a complex compilation of regulation, written and enforced based on different focuses and interests. In this way, regulation is regularly in flux and used by these organizations to cope with complex and contentious issues where “Regulators inhabit, and are obligated to navigate, a landscape of conflicting and shifting interests” (Sparrow,
Thus, regulations are a complex bureaucratic response to public expectation, private party interests, and market forces.

The recent political climate with regards to the 2008 financial crisis was particularly resonant for Kathy, the Vice President of Mortgages. With the burst of the housing bubble and massive bank bailouts, Congress and the financial industry fell under the spotlight of public attention and scrutiny. Specifically, Kathy discussed new regulations coming into effect from the Consumer Financial Protection Bureau (CFPB). The new regulations from the CFPB added restrictions to the rates for loans that lenders can offer (especially for first time home owners) as well as increase the responsibility on lenders to protect the consumer. She noted that many regulations make sense and that she “totally agreed” with the need for them, but Kathy went on to note that some of the regulations leave “no leeway” and are a “nightmare” because they are reactive instead of proactive. She said that the new regulations were penalizing the lenders and the borrowers across the board. She articulated that mortgage lenders were saddled with the blame because some private lenders weren’t ethical. She stated that not everyone deserves to buy a house if they lack credit and savings, but people were being put into homes that they shouldn’t have been in. As a result, more attention from regulators was centered on “looking after the consumer” which Kathy said “created costs for us.” These costs are significant for a credit union because MPCU is a “small shop.” She went on to discuss the frustrations of trying to keep up with these politically motivated regulatory changes saying, “consensus is Congress is a bunch of idiots.” Yet, these regulations are a primary concern for Kathy in the day-to-day. She had stacks of paper on her desk detailing the new regulations, drafts of policies, and other paperwork required to document compliance for state and federal examiners. She said you “hope they know what they’re looking at” because “what they say goes.” In this way, regulation and the political
pressures of the time create boundaries around organizational understandings of compliance. Kathy’s remarks about the power of state and federal regulators demonstrate the external influences that are present in negotiations of compliance. Thus, the meaning of compliance at MPCU can be shifted or found wanting by external forces. This suggests that there is a strong locus of authority that is external to MPCU. She stated that she would “hope they know what they are looking at” suggesting that if the regulators understand compliance in alignment with MPCU’s policies, procedures, and practices then there would not be an issue with the processes under scrutiny by the examiners.

Employees mentioned this ebb and flow of regulation regularly. For instance, Dawn, a Loan Officer, said that one of the biggest challenges of living with compliance was dealing with “kneejerk reactions from congress” and that when one looks 20-25 years in the past there is an “ebb and flow” of regulation in real estate. Dawn described a cyclical relationship between regulators “not watching what they needed to” and people taking advantage because the bottom line looked good and, as a result, the whole industry deals with the repercussions because financial institution practices (e.g. lending and investment) get “out of control.” Executive Vice President, Ben, also discussed regulations as having “hot button topics” where the industry goes overboard one way or another.

Ben: A lot of it is necessary... and a lot of it, something happens and we go overboard-the industry goes overboard with regulations and over time, things normalize... You never quite know what's gonna be the hot button for the examiners.

In this excerpt, Ben notes the relationship between a significant event in the financial industry, when “something happens,” and the reactive response of regulatory bodies by going “overboard
with regulations.” The term “overboard” in this denotes an unreasonable or overzealous reaction until things “normalize.” This idea of normalizing regulatory attention or enforcement suggests a balancing act of regulation between too little, too much, and just right. In this way, regulation is the medium for political influence to interact with the credit union. Social and political influence steers industry regulation.

There is, however, a distinction between regulation and representations of *compliance*. While they are closely linked, highly interactive and mutually dependent, regulation is represented as the mandate or limitations while compliance is “the people factor” or what people do to stay within the mandate. Ken, the head of the call center, articulates this distinction in an interview:

Ken: I would... maybe this might open up more than intended but I think that um regulation and um well… Regulation and compliance are often put into the same thing. I think they're two separate things. Regulation is the mandate. Compliance is how you fulfill it. So compliance is the people factor I think…[lines omitted] there's been a lot of new regulation lately…[lines omitted] Um the tools we use to um comply with that regulation have changed and they continue to evolve and become um more robust and more secure and more automated um because compliance is not an innate human trait. It is a learned human trait. Um and so we have to learn how to um work within the boundaries of the regulation. So that to me is what compliance is.

In this excerpt, Ken discusses having to “learn to work within the boundaries of regulation,” suggesting that regulation is a disciplining force in organizational behaviors and impacts what is considered to be compliance. Furthermore, Ken discusses compliance as a process that must be
learned and is “not an innate human trait.” Instead, compliance is a learned disposition to deal with the pressures and expectations of politically situated mandates. Compliance, here, is treated simultaneously as conversation and text. First, it is understood as the actions and behaviors people take to cope with the mandates stemming from regulations. However, Ken further explains that it is not an “innate trait” and that instead it is a learned disposition or a broader understanding of what is or is not compliant gained through experience over time within the financial industry. This learned understanding situates compliance as a guiding text that one becomes familiar with and that influences organizational behavior. This notion of a learned disposition suggests that the situated behaviors can be attributed to an accumulation of experiences and notions that become aggregated over time.

In this system of pressures, compliance becomes the “people factor.” Ray, the CEO of MPCU, likewise discusses compliance as dealing with the flow of pressures. He said that the pressures come from “Congress getting on the examiners” and that pressure “Flows downhill and flows to us.” He further articulated a hierarchical framework of power distribution saying, “Everyone has a boss.” This idea of the boss depicts an image of continuous subordination to a higher authority. In dealing with these pressures, compliance is the ability “to do what’s needed to do the job.” Thus, to be compliant is what people do while entrenched in these pressures. In reference to engaging with examiners, instead of highlighting the pressures that the credit union is put under, Ray acknowledges the pressures put on the examiners. In this way, instead of antagonizing examiners, Ray said “We’re just humans. It’s all about dealing with people.” Even though pressures are placed on the credit union by examiners, at the end of the day, compliance is how people deal with those pressures.
This theme of compliance as stemming from a complex, politically situated system of pressures characterizes the authoritative text by drawing attention to the pressures that are incorporated in the authoritative text of compliance. These pressures that were discussed in relation to regulation and the power of the examiners hold authority over how people behave in the name of the organization and how they demonstrate what is deemed to be “compliant.” This theme represents the authoritative text as a disciplining force made up of a myriad of pressures that must then be dealt with by people in the organization. Though individual pressures are not necessarily acutely felt in the organization (such as broader social pressures), the accumulation of these pressures is a constant of the authoritative text of compliance at MPCU. Additionally, the role of the organization and employees is also articulated in this theme. Specifically, the credit union’s place in compliance is to cope with these politically situated pressures. These pressures are often treated as a given even if they are a burden or inconvenient, but to be compliant is to deal with and alleviate these pressures where possible. In this way, compliance at MPCU is characterized by a medley of politically situated pressures and the expectation that it is the role of the people in the credit union to mediate, manage and assuage these pressures where possible.

Identity: Compliance in Credit Union Land

Compliance is an aspect of organizational identity and the meaning of compliance is oriented toward credit union philosophies. In other words, the meaning of compliance is articulated as something specific to credit union identity. Compliance is based on the identity of being in “credit union land.” During an interview, Human Resources Director, Sandy, discussed credit union culture as a reason for high retention rates (numerous employees have been with MPCU for over ten years).
Sandy: And I think as a whole, once people work for a credit union, it's that whole credit union culture and philosophy and mentality that um once you get into credit union land as we call it, you really don't want to move out of that sector. It has the philosophy of really helping people and being community oriented and it's all about serving the member and being a cooperative and all of those things that at some level make us all feel warm and fuzzy, whether that's a priority for you or not. So, yeah.

Sandy discusses “credit union land” as a culture, philosophy and mentality that engenders loyalty to working in the organization. The “warm and fuzzy” feeling is associated with an identity of doing good and providing a service for the community. Employees regularly articulated this identity of being an organization dedicated to helping people as the reason they worked at MPCU. This virtuous identity of being there to help people was articulated as an aspect the authoritative text of compliance. Compliance is understood as a necessary component to being an ethical and service oriented organization. Being non-compliant carries connotations of shady or unethical behavior. Thus, the identity of member service portrays compliance as a responsibility of the credit union in the efforts to “help people.” This reasoning is seen through the language of MPCU employees where the term “member” is very purposely used. If I ever used the term “customer,” I was corrected. In one instance, Mark, the Branch Manager, explained that “members” are more than “customers” because they have a stake in the credit union. Since credit unions are not-for-profit, the organizational structure is organized so that credit union employees work for members, not for private shareholders. This idea of member service and working for the members is a significant part of why the credit union endeavors to be compliant.

This identity of being in “credit union land” is represented strongly in this juxtaposition between what a credit union is versus a private commercial bank. Credit union compliance is
represented as something different than commercial bank compliance. Where credit union land is all about serving a community and helping people, there is a strongly represented contrast between the idea of the commercial bank as a machine for turning profit. The representations of compliance dramatically differ between banks and credit unions, according to participants. The authoritative text of compliance at MPCU stems from the credit union identity of member service and is reflected in differences in compliance practices. Ken, the head of the call center and recent hire at MPCU, discussed the difference in procedure between commercial banks and a credit union when dealing with “grey areas”.

Ken: Less grey area meaning, I think there is...I know there is um less of a willingness to make exceptions to policies when it makes sense. So overdrawing your account at [a commercial bank]. They are going to charge you when you overdraw it and then for everyday it's overdrawn until you make it positive. We're only going to charge you if it overextends your account or if funds are not available. One time done. You come to [a commercial bank] and say, "Hey this is what happened. Um you know [the energy company] pulled three days prior to when they usually do. Here's the dates that they usually pull. Here's a statement from them saying yes there was an error from our system, will you waive the fee?" Chances are at [a commercial institution], they're not gonna waive it. We'll look at that and say Ok how do you manage your account. It's not your fault. It's not our fault. Maybe we'll split the fees with you. Or refund them altogether. Because it makes sense. You're going to bring more to us by us taking that one step back. One step back, two steps forward. Whereas at [a commercial institution], it's one step forward, one step forward, one step forward. It's more planned and calculated.
In this excerpt, Ken notes the difference between a credit union and a commercial bank based on the reaction to procedures and policies. In this example, the commercial bank is depicted as intractable, “more planned and calculated” as well as being unreasonable. The credit union, however, is discussed as being willing to take that “step back” and meet the member half way by splitting or waiving a fee. This difference in enacting policy shows contrasting practices of compliance. Thus, the text of compliance is filtered through the identity of member service and the resulting practices are deemed more desirable for the member. Ken articulates the room to consider the specific circumstances of a certain situation in order to provide better service to the member and noting the rigidity of following strict policy without taking these circumstances into account. Furthermore, he draws on concepts of responsibility and where the “fault” lies for the overdrawn account. He describes this process as taking “one step back, two steps forward” indicating the option to move outside of a direct path “because it makes sense.” Thus, this flexibility is deemed an asset when oriented toward member needs as opposed to the “planned and calculated” process of commercial institutions. The ability of compliance to be flexible to member needs is framed as a significant component of the authoritative text of compliance at MPCU and is juxtaposed against a rigidity associated with compliance at large commercial banks.

Mark, the Branch Manager, further described a credit union as a more flexible compliance relationship with members. He first discusses that credit unions tend to be smaller institutions, suggesting a more intimate or personal relationship with members. A smaller organization is further represented as it increases the ability to “do something simple.”

Mark: So with a credit union, that piece is you have some flexibility when it comes to relationship. So the larger the institution, the harder it is just to do something simple.
Whereas in a credit union, especially since we do our underwriting, we have the opportunity that we can talk with a member, see what's going on with them instead of we're gonna plug in this number--A plus B must equal C and if it doesn't you don't get your loan or you don't get your account. Well we look at that if it doesn't equal C, we can dig a little bit deeper, and have the flexibility to make that decision. So that's a relationship. In a relationship there's flexibility. Other institutions they’re--you can't bend like that. You're breaking a policy, which can end in termination.

In this excerpt, Mark further discusses flexibility as the foundation of a “relationship” versus a transaction where “A plus B must equal C.” This flexibility allows for better member service, according to this description. The opportunity to “dig a little deeper” allows for a more personal interaction that can yield better results (getting a loan instead of being denied) for the member. Finally, this excerpt demonstrates the rigidity and strict consequences associated with deviation from the norm at a commercial bank. While a credit union has the ability to reason through an issue and make a flexible decision, at other institutions “you can’t bend like that” which can “end in termination.” There is a threat of punishment at commercial banks and with that threat, there is less ability to provide for the member.

This credit union identity of serving a community was strong throughout employee interactions, not only among managers. While I was observing the teller line during a lull, one teller discussed the stress of layoffs occurring at her boyfriend’s work. Another teller said she felt lucky to be working at MPCU because she had a friend who was a teller at a bank where they had to keep track of what they called “cross-sells” and had to meet a quota every week. Cross-sells, they explained, refer to getting members to sign up for and use multiple financial services. They discussed how they could just focus on serving the member and did not feel the pressure to
keep track of every cross-sell. This comparison between MPCU and a bank again shows an orientation toward helping the member. While the tellers at MPCU still do cross-sells and offer credit union services to members, the pressures to fill a quota and the focus on selling over service was represented as being absent from the work environment.

The CEO of MPCU, Ray, likewise discussed this difference in credit union identity in relation to community over profit when asked about his previous work experience before choosing to come to MPCU. Ray said, “The banking world is different. I didn’t know it but I was becoming a shark banker. We’re more community oriented, and I had been focusing on profit.” Where before, we see in credit union land there is an orientation toward member service, commercial banking is represented as having a primary concern with the bottom line. He said that he chose to go where he would be challenged and said “I learned that if you don’t keep the coin up to your eye, you can see the whole world.” This comment from Ray suggests that a profit orientation can blind people to what is important, the community. This concept of community is regularly drawn upon, though is never really defined. The use of community suggests more of a connection to the membership as opposed to the anonymity of a large corporate bank. Drawing on the notion of community over profit further moralizes credit union positioning. The juxtaposition between credit union land and commercial banks creates a moral identity for the credit union. This moral identity is used to understand what compliance is and should be.

Credit union identity characterizes the authoritative text by drawing on the notion of a moral and ethical high ground by privileging member service in how compliance is performed. The contrast between commercial banks and credit unions characterizes how compliance is understood at MPCU. While at a commercial bank, policies are represented as intractable; the flexibility associated with the enactment of compliance at MPCU demonstrates that credit union
identity characterizes the treatment of policies and procedures. Thus, credit union identity strongly characterizes compliance at MPCU, suggesting a distinction from a large commercial for-profit bank.

*Risky Business: Members, Employees and the Credit Union*

Compliance is represented as management of risk. Risk is central to credit union operations; compliance is represented as a means of managing that risk. Specifically, risk is represented in three areas: risk to members, risk to employees, and risk to the credit union.

First, compliance is represented as a way to manage risks for members. For instance, during an interview the Executive Vice President, Ben, discussed the role of regulation and policy in protecting members.

Ben: the other part is you just have to determine how much risk you are willing to take. You know with compliance there is a lot of consumer regulations, um Truth and Savings that no one really looks at and it's more that we want to be doing it right for our members and everything like that. Um so some things we know the examiners aren't going to look at but for the things we know they will look at, we want to be on top of that...

In this excerpt, Ben is saying that even though examiners do not pay much attention to the credit union following through with Truth and Savings regulations, it is still a priority for the credit union because “we want to be doing it right for our members.” While some policies garner more derision than others, many employees indicated that those policies are there to protect the members from unethical practices by the credit union (e.g. protecting against discrimination, ensuring privacy, keeping assets secure) or from other criminal activity such as fraud and identity theft. Compliance, in these instances, is framed as a means of member service because it
is the responsibility of the credit union to keep the member safe. Numerous regulations and policy focus on keeping the membership informed and protected. Thus compliance is once again constructed as a means for providing better service to the members.

Keeping members safe and dealing with member risk not only involves keeping the member safe from external threats, but also keeping members safe from themselves. Many Financial Service Representatives discussed part of their job as helping members with their financial literacy so that they could make the best decisions for their finances, whether by bringing up their credit score or suggesting a less expensive car or house. This idea of helping keep the member safe through being compliant was addressed by Dawn (Loan Officer). She discussed using policies as a way to help members get what they can handle, even if they are not getting exactly what they want. In this way, being compliant with policies is a way to protect members from taking on larger loans than they can realistically make payments on. While this protects the credit union as well, the practice is positioned as a way to protect the member from defaulting and helping them make financial lifestyle changes to get what they want. Thus, compliance is a way to protect members from risk that they might unwittingly enter into as well as other financial security risks. If serving the member means keeping the member safe, then compliance is the way to manage member risk.

This concept of protecting the membership was regularly linked to the practices discussed in relation to compliance. The credit union in these situations is represented as standing on the frontline protecting member assets from outside threats. For example, I was discussing a case of fraud that was brought up with Mark, the branch manager. He noted that one of the reasons MPCU monitors activity on accounts is to protect the member from potential fraud since criminals are always finding new ways to steal people’s information. For this reason, he said,
they have policies in place to verify information and investigate fraud to protect the member from being taken advantage of. Likewise, in an interview with Sonya, the compliance officer, she told a story of compliance as fighting against these external threats.

Sonya: And we had a couple of ladies come in and open an account and we were requiring at that time like a thumbprint for ID verification purposes.[Omitted line]. And they physically, right in front of the member service person, put glue or something on their thumbs so when they had to give a thumbprint it wouldn't give a really good print. And then um that person caught that and notified me right away. And well as soon as they opened the account, they actually went through the drive thru and were trying to cash a check and so when I tried to verify the check I of course was unable to because the name on the check was invalid, so I--while they were in the drive thru called the police on them. And the policemen actually came into the drive thru and actually pulled behind her car. And she went right through the drive thru. And of course you know this parking lot is a little--there's only two, three ways out and she got into the front parking lot area here where there's no exit and she was unable to get out so the police caught her. And um of course in the back seat of the car there were boxes of fraudulent checks that-- they had all the stuff there that they were actually um uh printing the checks right there in their car. And then they were going to different financial institutions in [the area] and doing that and we actually caught them here at this credit union. So that was something I was really proud of.

In this excerpt, Sonya tells a story that was brought up to me multiple times during my observations at MPCU. This story is strongly associated with the idea of catching and protecting against the criminals that might look to take advantage of the credit union and the membership.
There is a strong feeling of pride that Sonya mentions associated with the discovery of the fraud and the subsequent capture of the two women looking to cash fraudulent checks. By following procedures for verifying the checks, Sonya tells a story where following procedure led to a victory for the credit union over criminals.

Next, compliance involves managing the risks to employees. Centered on compliance is the idea of consequences and disciplinary action. At the most basic level as a credit union employee, being non-compliant can result in termination. Policies outline compliance as “a condition of employment” and denote specific employees who are responsible for enacting and ensuring those policies. Therefore violations leave supervisors vulnerable based on documents indicating accountability. For example, during a board meeting, as a result of an audit, the management team was discussing a new encryption service for work laptops that will work faster and will be less expensive. The Executive Vice President, Ben, mentioned that this new encryption service would help secure the network and alert them to issues such as an employee using dropbox.com on a PC at the credit union, an issue they had dealt with previously. Ray then interjected that this particular violation of policy was resolved as “that person” was “not here anymore” and that they observed the activity to ensure that the violation was not malicious and that data was not compromised. While it was unclear as to why the employee who violated the policy was no longer at MPCU, the severity of a breach of policy was resonant in the conversation, especially given the context of a board meeting. This example suggests that a violation or deviance is subject to consequences and implicates employee positioning at the organization.

Risk to employees is often referenced in terms of avoiding trouble. For instance, when discussing some of the antagonism or anxiety toward examiners expressed by employees, Ray
CEO) explained the attitude by saying “Everyone doesn’t want to get in trouble.” Put simply, being identified as non-compliant comes with trouble for the employee within the hierarchy of the organization. Kathy (VP Mortgages) likewise discussed engagements with state and federal examiners saying, “covering your ass is essentially the job.” Employees are put into vulnerable positions during audits and examinations. This vulnerability makes compliance a means for protecting oneself from the risk or danger as an employee. By being compliant, you “cover your ass” and avoid getting in trouble.

Finally, compliance is characterized as a way to protect MPCU. Just as employees are subject to consequences if organizational behaviors are deemed non-compliant, the organization itself is also held accountable. State and federal regulators hold the power to levee fines and even shut down the organization, meaning compliance is a requirement for the credit union to exist. This is a concern at the forefront of people’s minds when thinking of compliance. For instance, during a mortgage lending conference hosted by CMLA (Colorado Mortgage Lending Association) speakers were outlining new regulations and told harrowing tales of the fines with which major national banks had been hit. Therefore, with every external audit from state and federal examiners, the credit union itself is at risk. Ben (EVP) notes the potential for regulations to invoke significant financial penalties for financial institutions saying, “Depending on what they come out with, they could do some serious damage financially to credit unions and banks and everything.”

This financial damage does not only come from fines. Being compliant is costly for organizations, both in terms of time and monetary investment. With new regulations come new costs to set up policies and procedures that adequately comply. This presents particular obstacles for banks and credit unions when the only source of revenue comes from membership. In order
to comply, then, additional fees must often be placed on the member. Therefore, being compliant can be a detriment to member service. Ben discusses this issue, saying that it is necessary to weigh the costs of compliance and the risk to the credit union.

Ben: We're always striving to be in compliance [line omitted] Being number one in compliance doesn't make you the number one credit union. So you kind of need to weigh that if you want strong growth in different things, maybe compliance isn't overall number one. But I think we definitely want to be doing enough to get by and probably a little bit more so that with the examiners coming in and they look at it and say "wow this credit union is pretty good at compliance". But again it doesn't need to be really far ahead of the curve and implementing things that are just on the horizon [line omitted]. In terms of compliance, there's definitely a dollar cost involved to keep everything up and running.

In this excerpt, Ben articulates that being a trailblazer in compliance is not necessarily the best for doing business. Part of the protecting the organization is staying afloat as a business and money has to come from somewhere. Investing in compliance is costly. Being found non-compliant is costly. Therefore, it seems that the goal is to be compliant enough to protect the credit union from incurring fines, but not so compliant as to not have enough capital to grow other areas of the credit union. In this way, the authoritative text of compliance is mediated by business practice and characterized by finding a balance between the costs of compliance and the costs of non-compliance. Thus, the authoritative text requires the credit union to be compliant enough.

This weighing of risk to the credit union is paramount in financial planning and investment. MPCU invests money and with investments come risk. In investments, higher risks
can yield higher returns, meaning that some risk is good. The question, then, is how much risk is the right amount of risk for the credit union to take on? This is a question that was explored during a board meeting where the financial standing of the credit union was a main topic of discussion. Because MPCU has grown significantly, the management team was discussing the ability of the credit union to handle more risk to increase return while keeping the safety of the credit union in mind. Though the board expressed confidence in the management team, the chairman still commented that they “don’t want to be on the bailout side of a bankruptcy.”

Failure to be adequately compliant comes with dramatic consequences to the organization. The authoritative text of compliance is strongly framed by this risk to the credit union. Compliance is a means of survival. To be non-compliant is equated with being bankrupted. The authoritative text of compliance is constituted as the defense against the threat of financial catastrophe and a way to address the risk to the credit union imposed by external regulatory agencies.

Compliance is also represented as a risk to the credit union based on the credit union’s reputation. Just as compliance is an aspect of credit union identity, that identity is under scrutiny by members and potential members. In this way, maintaining a strong reputation for compliance is a necessity for the credit union to do business. Chris, the operations manager discussed reputation risk as something “not good” and something that is “hard to overcome.”

Chris: We can't afford not to be [compliant]. The reputation risk is horrible if we did something out of compliance and it got out there it would not be good [line omitted]. Really because of again we've been getting into this technology kind of thing and [this place] is very privacy sensitive anyway (laughs) Um because...you know reputation risk can be good and bad. You know if you get a reputation of "hey they've got great loan rates and people talk it's great. But on the same side, if something came out "MPCU just
lost all their data in a hack" or it comes out in the news that we discriminated against somebody and you know that doesn't look good and that's hard to overcome because if a reputation out there is that you can't keep your data safe or you're doing unfair practices that doesn't look good.

In this excerpt, Chris says that MPCU “can’t afford not to be” compliant. The image of the organization as a safe place is required to maintain membership. Member trust is represented as extremely important in financial institutions as people rely on them for safety and security.

In sum, compliance is strongly situated around managing the risk of business. Though I have introduced these risks individually, they are interdependent. It is to the benefit of the employee and the member that the credit union survives and the credit union cannot survive without the employees and the members. Thus, compliance is characterized as balancing all these risks: to the employee, to the member and to the credit union. In an interview with Charlotte, the Chief Financial Officer (CFO), she discussed this negotiation of risk to the organization, employees, and members when being compliant.

Charlotte: So for me, from the things that involve our members directly, it's [compliance] that that we are affording them the protection that they rely on us for. Or we could, you know, our reputation could be on the line which would be huge. Um from a more broad sense of the fiduciary responsibility and good stewardship of the credit union, running this place for the members because they're the owners, in a manner that we're not jeopardizing the credit union or any piece of it. Um even for our own employees. You know we want to make sure that we're following employment law and that we're providing you know all this healthcare stuff that's just coming out.
In this excerpt, Charlotte articulates compliance as protecting the members, the employees and the credit union. Compliance is a means of conducting business in a way that will not jeopardize the employees, the members or the credit union. In this way, compliance is depicted as the means to mitigate risk. Mark, the main branch manager, likewise discusses compliance as protecting the member, the employee and the credit union, even when making decisions that may be less straightforward.

Mark: So it is very important to be compliant. Being compliant in the sense of with my employees, with the regulations of the credit union, with the federal regulations and all the rules and regulations that come with it, it's important for me to be compliant. However, that being said, within compliance, part of my job responsibility which could be added the others we were talking about is that I have the option to make a decision that that's still going to protect the credit union and protect the member, but not--may not be what's in this compliance. Like do I have some flexibility with that. So I have to be careful when I make those decisions that it cannot jeopardize anybody.

In this excerpt, Mark talks through his thought process in making decisions. He notes his ability to make decisions that are not “what’s in this compliance,” meaning he might exercise some of the flexibility discussed earlier and suggesting that a different form of compliance might be more appropriate to the situation. But with that flexibility, he frames that decision around protecting his employees, protecting the member and protecting the credit union. The priority demonstrated in this excerpt is that a decision “cannot jeopardize anybody,” and that risks to the member, the employee and the credit union must be taken into account. Thus, compliance is a means for managing these risks.
Managing risk is inherent in the authoritative text of compliance at MPCU. That risks are associated with compliance is no great surprise as monetary consequences come in many forms whether it is a member losing assets, an employee losing a job, or the credit union being fined. Yet, risk is not only represented as a bad thing. Some risk is necessary and even desirable. Thus, the authoritative text of compliance is characterized by the negotiation, mediation and balancing of risk. Compliance is seen as the means for protecting the membership, the employees and the credit union from the drawbacks of risk, but is a not a way to eliminate risk. The authoritative text of compliance directs organizational actions to mitigate risks while going about daily business. The authoritative text serves as a referent and guide for the appropriate course of engaging these risks that are abundant in the daily workings of the credit union.

In conclusion, compliance as the authoritative text at MPCU is represented as politically influenced by external stakeholders, more flexible and personalized due to credit union identity, and an act of balancing risk. These concepts are used to direct organizational behavior and hold authority over organizational action. Authority is demonstrated in the ability to direct and discipline organizational action. First, authority stems from the external influences of regulatory agencies and social pressures. These pressures are political, shifting and negotiated. Additionally, they are channeled into MPCU and mandate organizational actions. Next, the identity of the credit union further exerts authority over action. The credit union’s identity as a moral and ethical institution of the community influences the role of compliance. Compliance and organizational identity are intertwined. The notion of compliance is influenced by the identity of the credit union and the ability to demonstrate a degree of flexibility instead of the rigidity reflected in profit-driven financial institutions. Moreover, credit union identity is influenced by whether or not the organization is considered “compliant.” Finally, the ongoing
presence of risk to the credit union, to the employee and to the member, holds authority over organizational action through the threat of consequence. These three themes characterize the authoritative text of compliance at MPCU.

**Practice and the Authoritative Text**

*RQ 2: What is the relationship between compliance as an authoritative text and organizational practice at MPCU?*

As an authoritative text permeates and pervades the organization, it is called forth, appropriated, and engaged in organizational discourse. Thus, employees at MPCU communicatively engage with the authoritative text of compliance through the *discourse of common sense*. The discourse of common sense is another expression of authority enacted by MPCU employees. The use of this discourse of sense making demonstrates the intertextual interactions that constitute the authoritative text. This discourse was identified through the recurrent use of sense-making language and the expressed need to think through and evaluate the implications of accepted notions of compliance. While flexibility with compliance is a significant part of MPCU’s authoritative text, the discourse of common sense is represented as something *other than* compliance. Compliance as an authoritative text is reified and constructed as what one *should* or *should not* do. The discourse of common sense is used when the authoritative text is seen as insufficient as a guide for organizational action in a given situation. When there are grey areas, “common sense” is used to negotiate apparent conflicts with the authoritative text and locally situated needs. As seen earlier, member service, for many participants, was both a source of pride and the overall reason for doing business. Thus, when employees identified a “grey area” where interpretation of the regulation or policy was deemed more open (or less clear), they would go through a reasoning process and do what “makes sense.” In this way, participants would privilege an orientation toward a specific situation in their
decision-making processes, as opposed to the authoritative text of compliance. It is important to note that the lines of reasoning in these “grey area” situations were conducted with concerns for protecting the organization from undue risk. Employees weighed the potential costs and benefits in determining what made sense for both the member and the organization. The potential costs were higher because behaviors were deemed outside the purview of normative understandings of “compliance.”

The discourse of common sense negotiated compliance with a focus on local and situated internal interactions, particularly in terms of member service, and centered on decision-making regarding actions and behaviors. “Common sense” focused on the intent behind organizational behaviors in relation to the needs of the member and the needs of the organization in situations deemed “grey areas.”

For instance, during a management meeting, Charlotte, the Chief Financial Officer (CFO), was discussing the SUV (System Utilization Verification), which monitored the quarterly costs and expenses. She was asking about the platform, and appeared concerned about whether MPCU was using the program to its fullest capability to adequately document what was going on. Ray said “Don’t make it rocket science.” He went on to say that regulators were using FCA [the False Claims Act] “to the hilt” and that they “don’t need to know how many pens each person is using.” Ray told Charlotte to “get the important stuff.” Charlotte’s concern for adequate documentation for the examiners was redirected by Ray telling her “don’t make it rocket science” or to keep things simple. He then references what they “need” to know and urges Charlotte to focus on “the important stuff.” In this interjection, Ray is articulating a need to show only what makes sense to show and is asking Charlotte to focus on the important expenditures that the credit union should know about. In this way, Ray is suggesting that it is possible to go
overboard with concerns of demonstrating compliance to the examiners and that instead they should focus on what makes sense for doing business. Ray is uniquely situated to make this interjection as the CEO of the credit union. His authority within the hierarchy was able to redirect behavior that was being guided by the authoritative text of compliance. In a later interview, Ray articulated the tendency for people to get caught up in unnecessary concerns saying, “Sometimes there’s a lot of grey you need to tear away to get to black and white. You can get stuck.” This concept of tearing away the grey to get to the black and white suggests that there are distractions from what is truly important and that things should be kept simple and streamlined. By trying to get to what is “truly important,” Ray is pushing back against the authority associated with the authoritative text of compliance. The authoritative text of compliance is positioned as a cumbersome burden that limits action. Instead, Ray is privileging the ability for collective action or avoiding getting stuck. Getting stuck suggests that getting hung up on these distractions then limits action, which does not make sense for doing business. Thus, getting to the black and white means getting to the place where one can act and perform daily business. Participants expressed the goal to clarify a situation to the point where succinct, efficient and effective action becomes possible instead of being mired by ambiguities or redundancies.

Ray later described experiencing conflict between a former credit union and regulators. This conflict served as a distraction in the endeavor to save the credit union from going out of business. Ray noted that the credit union management would use recordings for “he said/she said” to attempt to prove who was right and who was wrong. This led to antagonism between the two parties but did little to address the issues before the credit union. Ray explained the situation saying that who said what was “not the point” and that “they were getting caught in the grey
area. In conversation not everyone is perfect. What is the point? Get to the black and white.”

Thus, getting to the black and white, getting through the grey area, is the process required to do business.

Getting to what makes sense or getting to the black and white requires digging. Because it is not always clear what happened, sometimes it is necessary to investigate to get to the “crux of the matter,” where the crux of the matter allows for organizational action to take place. For instance, I was talking with Mark (the branch manager) and Julia, a Financial Services Representative (FSR). They were describing situations of fraud. They said that some situations were very clearly fraud, but that other situations were not always as straightforward as they appeared to be. For example, when a member says he or she did not make a charge and the credit union investigates, MPCU may discover that the member’s teenager made the charge or that the member made the charge and forgot. While policies and procedures are clear about what to do when fraud occurs, reasoning and investigation must be done to determine what the situation is. While things may seem “black and white,” some situations require reasoning, research and investigation in order to determine the appropriate course of action. For instance, in the situation where a member’s child used her credit card, that would still qualify as fraud and the credit union would pursue legal action, but the parent might no longer want the credit union to perform that action. One FSR commented that one of her favorite parts of her job was feeling like a detective to get to the bottom of things. Thus, reasoning and investigating is a regular expectation in order to make organizational decisions. Here, participants privilege the need for investigation and reasoning in order to perform the practice of compliance. This need is distinguished from the authoritative text of compliance. While it is not necessarily contrasting or countering the authoritative text of compliance, it is separated as something other, something additional. These
situations where investigations and reasoning are deemed necessary reflects a shortcoming in the authoritative text of compliance in directing organizational action. Compliance is supplemented in these situations by discourses of reasoning and common sense. While the authoritative text is not being rejected, it is found wanting as a guide for organizational action. Thus, the ambiguities associated with the authoritative text are remedied with investigation and reasoning. Discourses of sense making and reasoning offer more flexibility for dealing with ambiguity stemming from interpretation and the translation of the authoritative text into the practice of compliance.

Mark further discussed using common sense to supplement the authoritative text and the flexibility this discourse allows. Mark discussed flexibility as using common sense “within compliance.” He said, “Some things just make common sense. When we go to do it, let's think about this, let's think about the pros and cons when it comes to doing that.” Mark discussed thinking through the situation in this quote and later in the interview discussed encouraging critical thinking among his employees so that they could make the best decisions possible based on the information they have available. Mark articulated the need for this process by discussing his dissatisfaction with the explanation for behavior that “that’s how we’ve always done it.” Instead, he would encourage his subordinates to explain why a given behavior makes sense. He articulated the need to explain why a particular process was carried out in that way and what the purpose was behind the action.

Mark: So obstacles that have been is that they'll come to me and say, "Well in the past, this is what it is." So we don't do it for that reason. I'm like "OK. I need you to explain to me, help me through the thought process of why we don't do something." And typically you get "um we've always done it that way." I'm like "Ok but why? Why have we always done it that way?" So there's where the compliance--somebody decides that they read
what compliance is or policy is and that that's just what it means. I don't think that's what the intent was. Let's find out what the intent is. So it's every time involved with that. And that's why I've shared with them, when you see something, come to me and ask me. If you think we do something that doesn't make sense because somebody says “it's policy” or “compliance,” it's OK to ask. So then that's the whole review process. So throughout the last five months, every time we've had something come up, we've reviewed it. So now they come to me and they say, "well you know we talked about this. Here's another thing that kind of falls in the category, what do you think?"

In this excerpt, we see compliance being highlighted as an interpretation of the intent behind a policy or regulation and how that translates into organizational action. Furthermore, we see compliance as a disciplining, authoritative force being countered by the concept of common sense, where the explanation of “it’s policy” or “compliance” no longer is an adequate explanation. This excerpt shows an account describing the attempt to change the understanding of compliance by encouraging questioning and critical thinking in order to “do what makes sense.” Instead, when considering procedure, making sense is privileged. Mark summed up this perspective saying, “Let it make sense! If you read a policy or you read our procedure or you allow an answer to dictate what you do and you didn't dig, um you didn't get a conversation out of it, you know what I mean, you're not doing justice to anybody.” Here Mark is invoking the concept of justice. Thus what is right is doing what makes sense and taking the time to critically think through organizational action. In this excerpt, Mark is questioning the authority associated with the authoritative text of compliance. By engaging these notions of compliance and getting “a conversation out of it,” the outcomes will do justice for the participants involved. The authoritative text is drawn on here with the explanations of “it’s policy” or “it’s compliance” as
these are reified understandings of what compliance is and how that translates to organizational action. Instead of relying on the authority of these statements, Mark is employing a discourse of common sense in order to engage the authoritative text in conversation and possibly shift or alter the authoritative text of compliance at MPCU.

Though the discourse of “common sense” dealt with decision-making in the moment, there is a supplemental discourse of documentation in order to provide legitimacy to the “common sense” discourse. When reasoning through a “grey area” to get to the “black and white” there is still a need to prove that due diligence was performed. With common sense and reasoning is a need to show that the reasoning holds up to expectations throughout the credit union and/or imposed on the credit union. Dawn, a loan officer, commented on this saying that if an organizational behavior is outside the norms employees require extra documentation to show the reasoning behind it. She said that compliance reality is you have to “interpret things into black and white. It’s strictly interpretation.” Once again, we see this idea of black and white, but somewhat paradoxically. Black and white suggests that something is clear-cut whereas interpretation suggests that multiple interpretations would be possible. Thus, you go through the grey area and make interpretations in order to make things as clear-cut as possible. Dawn went on to say, “You get suggestions and interpretations but the contingencies are not laid out. This makes communication paramount.” Dawn further explained, “That’s why she got out of bigger banks because there is more communication between management and lending. Once a decision is made and the reasoning is explained, you know management will stand behind it.” Thus, once the discourse of common sense is invoked and adequately performed, there is protection afforded because it is recognized as having higher risk. She said that it’s all about “protecting this place” and “taking care of members.” Once again, protection and member service are called forward.
Finally, she concluded that the way to protect the credit union and take care of the members is with a combination of “compliance and the thought process.” By pairing “compliance and thought process,” Dawn articulated the need for compliance as a way to protect the credit union and take care of members, but the need for the thought process suggests that there are shortcomings of performing compliance in practice. The thought process or engaging in reasoning to “make sense” is a way to perform compliance in practice when stuck in the grey area.

The discourse of common sense and reasoning is a means for traversing the “grey area” and mediating the authoritative text of compliance in practice. While these discourses are themselves authoritative and have the capacity to influence organizational action, these discourses are treated as distinct from understandings of compliance and utilized as a means to engage with the authoritative text of compliance. Therefore, the discourse of common sense demonstrates an additional form of authority within MPCU that is connected to compliance. This suggests the complexity and nuance in the negotiation of compliance. While this interaction certainly becomes part of the authoritative text itself, it is useful to distinguish between “common sense” and the authoritative text in order to spotlight this process intertextual engagement. This discourse of making sense is considered legitimate and effective at MPCU, particularly when considering compliance outcomes. MPCU has high compliance ratings based on industry standards, demonstrating that they are adept at coping with the grey area by using common sense and documenting their process. However, while this discourse of common sense seems to be quite functional for redirecting organizational practice at MPCU and is linked with the authoritative text, it also comes with drawbacks and stressors. Invoking this discourse of common sense is time consuming and requires significant energy by the employees.
Furthermore, sifting through the multiplicity and ambiguity that is associated with the authoritative text of compliance can be stressful in feeling the pressure to document and prove that their reasoning is sound. Because of the ambiguity of the authoritative text, the discourse of common sense is used, at times, to supplement the authoritative text with another form of authority and power. However, because these discourses fall outside the authoritative text, there are extra pressures associated with demonstrating the legitimacy of these organizational actions. The discourse of common sense challenges the authorship of the authoritative text and moves to author the notion of compliance. With this move, there are extra burdens to protect against the consequences that are integrated into the notion of the authoritative text. Therefore, while these discourses of common sense are effective and have authority in MPCU, they come at a cost and are not necessarily recognized as legitimate outside of the boundaries of MPCU without additional moves to document and demonstrate this reasoning process. These discourses of reasoning and common sense impact the constitution of the authoritative text of compliance. However, the degree that these discourses can impact the authoritative text of compliance may be substantially limited given the risks and politically situated pressures that characterize the authoritative text and the plethora of external texts that likewise constitute the authoritative text at MPCU.

In conclusion, the discourse of common sense provides an empirical example of the detailed process of communication that constitutes compliance. The discourse of common sense demonstrates the nuance and complexity of compliance as both a text and a practice. Furthermore, this recognition of the authority of a prominent discourse at MPCU highlights the intertextual interaction inherent in the constitution of the authoritative text.
CHAPTER 5

DISCUSSION

In this project, I reconceptualize compliance from a communicative perspective by framing compliance as an authoritative text that is constituted through the progressive intertextual interactions and composition of texts and conversations. By theorizing compliance as an authoritative text, I am accounting for the capacity for influence of compliance in financial organizations beyond that of an individual actor. The abstraction and reification of the authoritative text provides the authority needed for compliance to be a directing force that induces “compliant” organizational action. Furthermore, theorizing compliance as an authoritative text accounts for the conflation of compliance as both a text and a practice in existing compliance literature. Viewing compliance as an authoritative text allows for the relationship between text and practice to be intertwined and interdependent.

Previous literature treats the notion of compliance as a given; communication in this literature is understood as a means of crafting the most effective strategy for assuring compliance. In contrast, my analysis problematizes this a priori understanding and instead approaches compliance as undergoing a continual process of constitution. Thus, compliance is portrayed as a communicative phenomenon beyond strategic control; compliance is not an outcome but simultaneously a text and practice that is created and recreated in an ongoing communicative process. The communicative constitution of compliance as an authoritative text foregrounds the continual shifting of compliance through the ongoing interaction of a multitude of texts and conversations. My argument is that conceptualizing compliance as an authoritative text helps us better understand the authority of compliance, the engagement with compliance in
financial institutions, and finally, the means for enacting change on the complex system of compliance.

This case study shows how the employees of MPCU experience and enact compliance during a time of growth and regulatory change. I suggest that compliance is an important element of work at the credit union and that a constitutive model of communication provides a valuable framework to analyze and explain how compliance is developed, sustained and altered. Specifically, I identify the characteristics of the authoritative text of compliance at MPCU and the ramifications this authoritative text has on credit union discourse and practices. In my fieldwork, MPCU, on the surface, seemed to achieve a degree of effectiveness in accomplishing compliance. Employees regularly noted the pressures of regulatory mandates and their responsibilities to fulfill those requirements. Regulations were discussed as politically charged outside forces coming into the credit union. How employees performed compliance was part of who they were as representatives of the organization. Organizational identity was embedded within the construct of compliance, whereby being compliant was intertwined with the image of the credit union. Finally, employees articulated the importance of compliance as the means and the call to protect the credit union, the member and themselves.

Yet, with this understanding of the demands of compliance, employees would struggle with or feel the pressure of what they called the “grey area.” The grey area was a space where compliance was ambiguous, unclear, or just did not make sense. The authoritative text of compliance that had emerged with the authority to direct organizational behavior had been found wanting. While the notion of compliance was touted for its capacity for flexibility allowing for better member service (as opposed to rigidity associated with commercial banks), that capacity, at times, was interpreted as ambiguity. This ambiguity presented a challenge in the practice of
compliance because there was an organizational expectation that there must be clarity to generate positive or appropriate organizational action. While the authoritative text of compliance still influenced and directed organizational action, some circumstances were insufficiently clear-cut to practice “compliance.” Instead employees fostered a discourse of common sense to “get to the black and white” and negotiate the apparent divide between a given situation and the authoritative text of compliance. While this discourse proved effective based on MPCU’s ratings according to industry standards, the need to prove the reasoning and the extra pressure in situations that deviated from what was considered to be the norm of compliance added stress and frustration for some employees. Because compliance is characterized by risk, going outside the bounds of the norms of compliance is saddled with risk both for the employee and for the organization. This discourse of common sense is another form of authority and serves as an example of the intertextual constitution of the authoritative text. While the discourse of sense making does impact the authoritative text of compliance, it is limited in its capacity to shift and influence the authoritative text because there are other texts that vie for authorship. External texts (such as regulations and societal pressures) hold significant authority and have the capacity to challenge the legitimacy of MPCU’s discourse of common sense. Given these dynamics, this study has important implications for theory and research, as well as for practitioners of compliance.

Implications for Theory and Research

The primary contribution of this case study is to offer a communicative explanation of compliance. Rather than assume compliance to be a preexisting construct or standard that managers seek to achieve through communicative strategies, this study shows how compliance emerges from communication processes and is continually reconstituted and reified through the
interactions of conversations and texts. By viewing compliance as simultaneously a text and a practice that is communicatively constituted, we can explain and account for the complexities and challenges of attempting to control compliance. Instead of directing compliance from the top down, compliance instead co-created by a number of actors and stakeholders across what are taken to be the “levels” of the organization. Therefore, instead of presuming control of compliance as an extension of organizational leadership, attention turns to the dialectic of texts and conversations that construct and perform compliance.

Furthermore, by reframing compliance as an authoritative text, we can recognize the authority compliance exercises in financial institutions and the capacity for compliance to direct and discipline organizational behavior. The framework of the authoritative text draws attention to the capacity for an abstracted text to influence, direct, and exercise power over organizational behavior. This case study demonstrated that the notion of compliance disciplined the organizational action based on the understandings of what was or was not “compliant.” This authority was largely an accepted norm that permeated everyday work. Being “in compliance” was a standard of work that consistently directed procedures and actions. However, the authority of compliance still encountered resistance.

By observing organizational conversations and sense-making processes, we can understand compliance as something that is contested, interpreted and negotiated instead of an objective organizational mandate that is an enduring fact. While compliance at times was depicted as a relatively stable fact, it also had the capacity to be changed and altered over time. There is not an inherent trait of compliance but instead a complex collage of experiences, conversations and texts that create and recreate and enduring notion of compliance. Compliance is a communicatively constructed text that exercises authority across time and space. Compliance
is also a precarious social accomplishment, a practice, which is subject to change and influence. When conversations and texts shift and change, compliance is likewise subject to change. Though compliance may at times seem stable, this stability stems from sustained patterns of interaction, not an inherent quality of compliance. Thus, what it means to be compliant is dependent upon social processes of meaning creation, not an inherent reality of compliance. Managerial literature used compliance as a preexisting construct that, using the appropriate strategy, could be achieved. Instead, this case study demonstrates that the meaning of compliance is an ongoing accomplishment, and achieving compliance, too, is an ongoing negotiation and struggle. While compliance has the capacity to change and shift, it is also an enduring phenomenon that can be reified and strengthened over time. As such, compliance is an organizational *presence* with great influence that can be recognized and changed. Compliance, as an abstract construct, is made present through communication and is imbued with the power and authority to influence organizational behavior (Benoit-Barné & Cooren, 2009).

Additionally, this research makes contributions to CCO theorizing by introducing an empirical study. This study provides a useful context to test and explore CCO commitments and theories, specifically the application of authoritative texts as a framework for making contributions to empirical research. Cooren, Brummans, and Charrieras (2008) call for more empirical work in order to ground CCO theorizing. Thus, this study uses the organizational phenomenon of compliance to explore the potential of CCO theorizing in explaining organizational processes in an empirical setting. This case study provides empirical examples and scenarios of situated organizational conversations and accounts to further explore the communicative process of organizing.
There are many challenges to operationalizing and grounding the concept of the authoritative text in a more empirical work. While other moves have been made in this direction (Koschmann, 2013; Spee & Jarzabkowski, 2011), grounding CCO theories in situated cases can provide more traction for CCO theorizing, as well as demonstrate communication’s capacity for explaining organizational phenomena. Thus, this study builds on previous works utilizing CCO and the authoritative text. The authoritative text is an intellectually engaging theory that provides a useful conceptualization of organizational phenomena. This study attempts to begin to tackle the challenge of identifying the theoretical construct of the authoritative text in an empirical setting. In doing so, this study makes moves towards operationalizing and providing criteria for identifying and characterizing the authoritative text. Furthermore, while most studies consider the authoritative text as representative of the organization, this study utilizes the authoritative text to explain the complex phenomenon of compliance. This study extends the contribution of the authoritative text beyond the characterization of organizational wholes and demonstrates the utility of the authoritative text in other “sites” of authority that impact the constitutive process of the organization.

This study further contributes to CCO literature by making a theoretical connection between compliance and the concept of the authoritative text. Putnam and Nicotera (2009) highlight the challenge put to CCO theorists regarding issues of legitimacy and authority. Specifically, Putnam and Nicotera note the challenge of explaining “how communication instantiates corporate actors with legitimacy and authority that grant them power and control” (p. 6). By understanding authoritative texts in the context of compliance, this study articulates the interactions between texts and conversations that constitute the authoritative text and develops the capacity for imbuing organizational actions with authority and legitimacy, where authority is
the power to direct behavior, and legitimacy is the representation of the accepted standard. At MPCU, the authoritative text of compliance had the capacity to exercise authority by directing organizational behavior. The authoritative text exercised legitimacy and established accepted standards of compliance. However, the discourse of common sense also exercised authority in challenging or contesting the “legitimate” standards. By invoking the authority of reasoning, the standards of legitimacy could be changed by altering a policy or procedure. This case study demonstrated the multiplicity of organizational authority and the intertextual complexity in negotiating organizational legitimacy.

Furthermore, by linking compliance with the authoritative text, there are many concerns with control and legitimacy that are acted upon in the form of fines, sanctions, termination, etc. Employees of MPCU recognized the legitimacy and authority of compliance in their need to demonstrate and prove their practices of compliance in order to avoid the material consequences of being found outside of compliance. Employees demonstrated and provided accounts explaining that organizational actions were compliant and therefore legitimate to external examiners. Furthermore, actions were disciplined when they were deemed non-compliant. This need to account for and explain organizational action to external parties provided a rich context for observing the driving organizational forces that inform, direct, and discipline organizational behavior. Thus, the concept of compliance was present as a legitimate and authoritative organizational phenomenon.

In sum, this study provides a communicative explanation for how the notion of compliance is created. This case study further offers empirical observations that ground CCO theories and makes moves to operationalize the authoritative text. Finally, this study introduces compliance as a complex organizational process that incorporates notions of legitimacy and
authority and provides a rich context for the exploration and application of CCO theories.

Specifically, this study addresses the call for greater attention to struggles over meaning (Cooren, Kuhn, Cornelissen & Clark, 2011; Kuhn, 2012). This study uses CCO theorizing to highlight the dynamics of power and resistance in the negotiation of compliance and the development of the discourse of common sense. This struggle over meaning is demonstrated by the contestation of what it means to be compliant. The use of the authoritative text as a theoretical framework highlights the complexity of this struggle and acknowledges the multiple claims to power and authority both within and beyond the boundaries of the organization.

**Contributions to Practice**

By taking a communicative perspective on the issue of compliance, processes of communication are highlighted. As communication is the modality by which compliance is generated, it is also the modality by which compliance can be changed. Therefore, practitioners can look to communication to approach challenges with compliance, both within particular organizations and through interorganizational interactions and collaborations. I discuss recommendations for communication practices in organizations and across organizations.

This case study provides insights for practitioners in credit unions, regulatory agencies and support institutions. First, MPCU provides an example of effectively managing tensions regarding compliance through encouraging discourses of reasoning and sense making. Encouraging reasoning through the processes of compliance can make moves toward shifting understandings of what it means to be compliant. Though fostering discourses of sense making at MPCU was an investment in time and energy, it also proved to be an effective means of negotiating the pressures of compliance in the moment. For MPCU, creating conversation
between employees and managers about procedures and intent provided as space to resolve, at least temporarily, ambiguities of compliance. This discourse was encouraged by MPCU management by empowering employees to interrogate and explore the reasons behind organizational action. Instead of questioning how things are supposed to be done, employees were encouraged to question why these policies and procedures were the accepted standards of the organization. This discourse was used to fine tune organizational procedures when the existing procedures did not make sense for daily practice. MPCU demonstrated learning from these conversations and experiences by translating them into existing policies and procedures. These discourses allowed MPCU employees to be reflexive in their organizing as they continually adjusted their organizational structures (e.g. changing policies and procedures) as a result of novel experiences. Thus, the discourse of sense making proved effective for MPCU, though it required significant investment by employees. Therefore, this kind of reflexivity should be encouraged throughout organizations in order to respond to emerging circumstances.

Conversation and questioning should be encouraged between subordinates and managers. While this kind of approach does sacrifice a degree of control, it increases the capacity for reflexivity. This approach creates a space to address issues of ambiguity and inefficiency. Fostering critical thinking, while challenging and intensive, can improve the understanding and reasoning involving the execution of procedures and policies, as well as provide insights into the logics of the work.

Furthermore, this project suggests that interventions across sectors have the potential for greater impact on the notion of compliance. As compliance is not bounded by a particular organization or authored by a particular actor, it is reasonable to suggest that any intervention will require interactions across organizations and sectors. In order to coordinate significant
change in the understanding of compliance, participation and buy-in from multiple stakeholders is required. In order to effect substantial change in compliance, it will likely require action from more than just one actor or mandate, but instead a collective ongoing shift in conversations and texts. Just as MPCU engaged in conversations throughout the hierarchical structure of the credit union, these conversations could be taken into cross-sector forums and work toward the generation of productive cross-sector partnerships (Koschmann, Kuhn & Pfarrer, 2012).

Managerial attention should be directed toward the generation of a space where conversations and questioning can occur between regulatory agencies and financial institutions.

**Limitations and Directions for Future Research**

This project was limited both in terms of time and scope. First, this study is only a brief look at compliance at MPCU. Fieldwork for this study was limited by the amount of time available for data collection. This limited the access to particular organizational occurrences such as annual audits, trainings and board meetings. A more longitudinal study would have allowed for a more holistic view of the process of translating regulatory mandate into organizational policy, organizational procedure and subsequently organizational action. Specifically, an annual audit from the NCUA and other state and federal regulators would have been useful to observe first hand in order to understand the negotiation of compliance within the power dynamics between regulators and the credit union. These dynamics were often referenced and discussed, however, I did not have the opportunity to observe the details and nuances of how these interactions played out. Furthermore, observing the resulting organizational interactions with employees and board members as a result of the examination would have provided an interesting context for understanding changes in organizational action. Throughout my fieldwork, changes in policies and procedures resulting from examinations were mentioned, however the details and
contexts of these recommendations and requirements would have been helpful in understanding the interactions of conversations and texts that informed the authoritative text of compliance and the practice of compliance.

This project was further limited by scope. By viewing compliance as intertextually constituted, greater access to regulatory and support organizations would have provided useful data concerning the external influences that inform and constitute the authoritative text of compliance. Viewing the interactions among and across these organizations would provide useful insight into the political processes mentioned by participants of this case study. Furthermore, access to these organizations would provide an opportunity to observe other stakeholders invested in compliance. It is very possible that compliance is understood and constructed differently by various stakeholders. These observations would provide an interesting juxtaposition to the observations from this case study. This project was very situated within a particular site, even though the theoretical framework is not bounded by a particular organization. While this situated context allowed for greater depth in the exploration of MPCU, a fuller understanding of the external influences, processes and patterns that participants made present during data collection would have been very useful for exploring the notion of compliance.

As an exploratory project, this perspective on compliance opens up many possibilities for future research. First, future research should focus on the operationalizing of the authoritative text. The authoritative text, while a useful framework, is difficult to identify and operationalize for empirical studies. Second, future research should explore the concept of compliance taking a more longitudinal approach in order to better understand the development of compliance. Third, future research should take an interorganizational perspective to explore the characteristics of
compliance across sectors and contexts in order to better understand the constitution of compliance. Finally, more research should be done on the creation of regulation and the political dynamics at play. This concept was often referred to but rarely explored in depth. Compliance offers many areas to be explored by a communication-as-constitutive perspective with interorganizational negotiations, power, control, social and ethical implications, and the complexity of the system. Compliance warrants further attention and study as a communicative phenomenon.
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APPENDIX

INTERVIEW GUIDE FOR EMPLOYEES

Intro: My name is Dana—I’m a graduate student at CU Boulder studying compliance. All of your answers will be confidential—if any of your responses are used it will be under a pseudonym names. Did you look over and sign the consent form? Are you comfortable with speaking here? Let’s get started.

Questions:

Background

How long have you been working at MPCU?
How long have you been working in financial institutions?
What drew you to this kind of work?
What does a day at work generally look like for you?

Compliance

How often do you “perform compliance”?
What does “being compliant” entail?
How would you characterize compliance?
How do the policies influence your customer relations?
Do you interact with external regulators? What is that like?
What do you think about the policies/regulations you deal with? Challenges? Benefits?
How much emphasis is put on policies and regulations?
How would you characterize the compliance here?
How does the attitude toward compliance here relate to other financial institutions you’ve been a part of?

Narratives and Accounts

Do you have any stories about dealing with compliance?
Are there any office narratives about compliance?
Do people talk about compliance? What kinds of things do they say?
If so, how often? In what ways?
Training and Resources

What kind of training is provided?
Did you feel the trainings you experienced prepared you for the things you deal with regularly?

During policy/regulation training, is the reasoning behind the policy or regulation explained?

What resources do you have available to you?

What other organizations or institutions do you interact with?

Do you collaborate with any other credit unions or other organizations?

Are there organizations or institutions that you are required to work/collaborate with?

Closing: Is there anything else you would like to add? Thank you so much for your time!

*These are guiding questions. Follow-up questions were used as needed.