How Institutions Decay: Towards an Endogenous Theory

Abstract. When organizations solve collective action problems or realize values, they do so by means of institutions. These are commonly regarded as self-stabilizing. Yet, they can also be subject to endogenous processes of decay, or so we argue. We explain this in terms of psychological and cultural processes, which can change even if the formal structures remain unchanged. One key implication is that the extent to which norms, values, and ideals motivate individuals to comply with institutions is limited.

Keywords
Institutions; institutional decay; institutional strength; goal framing theory; cultural slopes; organizations

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Organizations wax and wane. Hospitals might, for instance, become less functional because their employees lose their intrinsic motivation to provide good care. Universities might lose highly motivated staff as they increase the amount of red tape. And civil servants sometimes work to rule at the expense of the public services they are supposed to deliver. In such cases, the institutions – the rules, roles, and social norms of the organization – that had helped organizations to achieve their goals in the past no longer do so. Sometimes external causes explain such 'institutional decay' in a straightforward manner. Changes in the environment, such as budget cuts, can make it almost inevitable. But in other cases, there does not seem to be an external cause. In light of this, we ask whether institutional decay can be endogenous.[1]

In a process of institutional decay, organizations lose their ability to achieve their goals and realize their values. Understanding this process, as a precursor to finding ways to mitigate or even reverse it, requires a theory of institutions, including those that are internal to organizations. They are commonly taken to solve collective action problems and allow individuals to jointly pursue the normative goals of the organization, e.g., by dividing tasks between the holders of different roles. If our analysis is correct, institutions that do so successfully in the beginning frequently fail later on. We focus on forms of decay that have to do with psychological and cultural shifts, affecting individuals' motivations to pursue the normative goals of the organization. If these motivations decay it is problematic for organizations that provide private goods, such as businesses, but also for organizations that provide public goods, such as knowledge or health. Furthermore, it is detrimental to public

[1] We focus on the decay of institutions *within organizations*. Similar processes may hold outside of them, but for reasons of space, we cannot discuss these.

service organizations that are meant to secure equal rights, for example by providing access to education and legal security.

At the heart of our proposal lies the idea that, although normative goals can play an important role as motivators within organizations, they are often fragile. In particular, according to the theory of goal-framing, individuals who are motivated by normative considerations are easily distracted by more immediate motivators, in particular pleasure and gain (Lindenberg and Steg 2007; Keizer, Lindenberg and Steg 2008). We introduce this theory in section 2 and apply it to the organizational context in section 3. There we delineate three variants of institutional decay, which pertain respectively to the perceived legitimacy of organizational goals, to the normative motivation of their members, and to their intrinsic motivation. Our main contribution is thus a theoretical contribution to the theory of institutions, and specifically hierarchical organizations, but for each mechanism, we also provide real-life examples, drawn from organizations in the private economy, civil society, and the public sector. We show that these case studies can be fruitfully categorized into our framework of mechanisms. In the conclusion we briefly return to the significance of such institutional decay for normative theorizing. Our key claim will be that organizations that aim at realizing values such as justice or sustainability will often be particularly fragile.

Section 1 provides a short overview of previous research on institutional decay, thereby situating our approach in the literature. Section 2 introduces goal-framing theory, which is then applied, in section 3, to analyze three types of institutional decay in organizational settings. Section 4 discusses the implications.

1. Institutional Decay: Previous Research

"Institutions are behavioural rules that guide and constrain behaviour during social interaction" (Hindriks & Guala, 2015), which may "consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights)” (North, 1990). A tempting idea might be that when an institution is worth preserving, this makes it self-sustaining. And as many examples from institutions in organizations illustrate, laudable goals can indeed explain their success, at least for some time. Consider the mission of the United Nations (UN), which is to secure peace, dignity, and equality on a healthy planet. These organizational values may well motivate its members to comply to the rules and expectations that come with working for the UN. More generally, public service institutions are almost by definition built around norms, values, and ideals. However, even the members of such organizations can lose sight of their goals, triggering the decay of its internal institutions.

The specific angle from which we approach the topic is to focus on *endogenous* decay, without external shocks. Our aim is to address otherwise unexplained variation in institutions: even when (property) rights and governance structures are the same, different organizations can show very different degrees of success with regard to the realization of their goals. Readers from the academic world may take the different cultures in different faculties at universities as example, but the same holds for variations in motivation, culture, and success in achieving organizational goals across the different departments of companies or public administrations. Arguably, the differences in employee motivation that one can observe in such cases are particularly important for organizations in the knowledge economy, where the motivation of individuals is essential for good collaboration and for realizing organizational goals (Van Witteloostuijn, 1989). In some traditional industries, the contribution of individuals is easy to observe from the outside and lack of motivation can thus be controlled and sanctioned. In many white-collar organizations, this is far more difficult, and preventing endogenous institutional decay is therefore of particular relevance.

The insight that institutions can decay over time has long been observed by social theorists. It was part and parcel of ancient (Aristotle [1988]) and early modern (Machiavelli

[1965]) political thinking. But it has received less attention in modern political thought (but see Hirschman 1970; Daly, 2019; Levitsky & Ziblatt 2018). It has, however, received attention in a number of other academic fields, where it has been dealt with under different names.[2] We highlight three strands of this literature. First, questions of institutional stability play an important role in discussions in economic history (e.g., Greif 2006; Greif & Tadelis 2010) and new institutional theory (e.g. North 1990; Ostrom 2009; North, Wallis & Weingast 2009; Galiani and Sened 2014).

Second, problems of institutional decay have been most prominently addressed in organization science, where it has been researched under various labels and conceptual frameworks.[3] Organizational theorists, building on early contributions by Robert Michels (1911/2001), Robert K. Merton (1936) or Philip Selznick (e.g., 1949), have shown how organizations can undermine their own purpose or run into dysfunction (Anand et al. 2012; Weitzel & Johnson 1989; Whetten 1987; Wittek et al. 2003; Wittek 2022). This holds both for a declining rate of compliance with formal rules, as for the gradual deterioration of the informal norms and culture that sustain it. For example, theories of bureaucratization have analyzed how increasing formalization and control may trigger "ritualized behavior" and other "pathologies" (Barnett & Finnemore 1999, Carroll & Teo, 1996; March and Olsen 1989; March 1997; Masuch, 1985; Meyer and Rowan 1977).

Likewise, theoretical and empirical work on organizational cultures demonstrates how they can trigger the emergence of "cultural slopes" (Herzog, 2018). The latter represent a process during which the expectations and what is considered "normal", i.e. the "culture" of

[2] We do not claim completeness in what follows; summarizing and categorizing the various ways in which the decay of (different types of) organizations has been explained would require a paper of its own.

[3] Within recent philosophy, the only related notion we could find is what Miller (2010; 2017) calls "institutional corrosion." This process occurs when the quality of decision-making within an organization decreases, for instance because of a budget cut. As a consequence, members become less virtuous and those with morally bad habits corrode the roles they occupy (Miller 2017, 64-66, 86). Our account of institutional decay is less moralized and eschews talk of virtues. Furthermore, we argue that institutional decay can occur even in the absence of external shocks.

an organization shift over time. Initially, such changes are often barely visible. But they can quickly accelerate. The process is based on the fact that individuals in organizations can mutually observe each other's behavior, but often without opportunities for directly questioning or discussing it, which opens up the possibility of misunderstandings or overreactions. Individuals read each other's behavior as signals about the prevailing social norms and adapt their own behavior accordingly. Thus, if one person deviates from an existing social norm, e.g. by questioning the legitimacy of the organization's goals, others might follow suit, which might in turn be seen by others, etc. Over time, and unless steps are taken to address and reverse the process, this can lead to shifts of how individuals frame certain situations, and which goal frames are salient to them. A famous example of such a cultural slope, as described by Vaughan (1996), was the "normalization of deviance" that preceded the fatal decision to launch the Challenger spaceship despite well-known risks: over time, the perception of what counted as an acceptable risk had shifted more and more, leading to a kind of collective distortion of vision which, together with external pressures not to delay the launch, lead to the disaster.

Third, some studies developed formal models that cover institutional decay. Greif (2006) models the erosion of reputation systems. Here, the core mechanism of institutional decay is that decline (in the sense of decreasing contributions) is caused by *newcomers* who join a functioning system. Newcomers have an incentive to freeride (exploiting the trust-based system), because the system produces collective goods, in which they have not invested, and because they have no reputation to lose. Whereas Greif's model strictly speaking does not capture a process of endogenous decay, Granovetter's (1978) threshold model is able to capture this aspect. The model explains participation in a collective activity such as rioting in terms of the expectations that others will participate.

In sum, previous research acknowledged the possibility that institutions can be subject to processes of endogenous decay. The explanations that were offered invoke either motivations (e.g. incentives to exploit trust) or cognitions and shared understanding (e.g. expectations about the number of other participants), and they relate to declining rates of compliance to either the formal system of rules or the informal (cultural) norms. As a result, we lack an integrated framework that is able to account for the motivational and cognitive antecedents of endogenous changes in the strength of – both formal and informal – institutions. The next two section sketch such a framework.

2. Institutional Strength

For an institution to decay is for it to become weaker. To make this more precise, we need to discuss what it means for an institution to be strong. How strong an institution is, depends on the degree to which its participants comply to the rules, norms and conventions that define the institution. Compliance, in turn, depends on the motivation of its participants. The more they are motivated to comply with their norms, the stronger the institutions are (Hindriks 2022). An institution might induce compliance by means of the sanctions that individuals expect to incur in case of (the discovery of) norm violations. It could also be that they simply subscribe to the norm and regard it as the right thing to do: they perceive the norm as legitimate (Bicchieri 2006, Hindriks 2019). In these ways, an institution can reinforce a particular way of coordinating behavior. If a norm concerns cooperation, it decreases the temptation to free ride.

In contrast, an institution is weak if it is frequently violated because individuals are not sufficiently motivated to comply with it. Suppose next that they are all willing to comply. Does this mean that the institution is strong? This is not necessarily the case, because it might be that they stop doing so if this becomes only slightly less advantageous, which means the institution is rather fragile. Strong institutions need to be generally *and robustly* complied with. In other words, institutions are strong only when people have a surplus of motivation to comply (Hindriks 2022).

Against this background, institutional decay can be characterized as a process during which an institution becomes weaker. If the institution was strong to begin with, this initially means merely that people become less motivated to comply, even though they still do so. However, there comes a point at which the degree of compliance decreases, too. For example, when an institution that is meant to ensure cooperation decays, participants become less and less motivated to cooperate, until fewer and fewer people actually do so. Hence, in order to explain endogenous institutional decay, we need a theory that is able to explain under which conditions and how the motivation to comply with an institution declines also in the absence of external changes to the context. The next section introduces such a theory.[4]

3. Institutional Decay: A Goal Framing Explanation

The explanations of institutional decay that we propose all revolve around motivation of the members of an organization, which can change even in the absence of exogeneous changes (e.g. budget cuts). In particular, the idea is that the extent to which they support its goals and values and comply with its institutions decreases. Because of this, we need a theory that specifies under which conditions this motivation arises and why this motivation may fade. To this end, we rely on the goal framing theory. Importantly, it can be used to provide an endogenous explanation of why the strength of institutions can change over time.

Such an approach requires a complex theory of human motivation, which does justice to the accumulating empirical evidence that shows the broad spectrum of human motivations,

[4] Hindriks (2024) argues that an institution is sustainable exactly if it realizes one or more values in a robust manner. This means that a sustainable institution is both valuable and strong.

ranging from highly selfish opportunism to moderately costly prosocial acts and very costly altruism. *Goal Framing Theory* (GFT) (Keizer, Lindenberg & Steg, 2008; Lindenberg & Steg, 2007) does exactly this. It distinguishes between different motivational frames that can play different roles in different contexts. Because of this, it can account for endogenous change in a flexible manner.[5]

GFT rests on four core assumptions. First, three overarching goal frames or "mindsets" are the main drivers motivating human behavior. 1) The *hedonic* goal frame focuses on individuals' immediate satisfaction, such as seeking direct enjoyment, excitement, or gratification (Lindenberg 2008, 506). 2) The *gain* goal frame sensitizes individuals to opportunities that allow them to improve their resources. It focuses on the achievement of individual resources (e.g., money, status) in the medium or long term; as such, it corresponds to the motivations assumed by neo-institutional economic approaches, like principal-agent-theory. 3) The *normative* goal frame corresponds to "doing the right thing", i.e., acts or behavior that are considered as appropriate given specific social norms.[6]

Second, in any given situation, only one of these goal frames will be salient in the cognitive foreground, while the other two goal frames will be in the cognitive background. Individuals will interpret the situation depending on the goal frame in the cognitive foreground. Their attention will be selective, favoring information relevant for the salient goal frame. Background goals can either reinforce or dampen the salience of the goal frame in the foreground. When the salience of one of the background goals increases, this can result in a frame switch, with the former background goal now dominating the cognitive foreground. For

[5] We do not claim that it is the only possible way of conceptualizing the plurality of human motivations. Instead, it is suitable for our purposes, because it is sufficiently fine-grained and yet general, as we hope to show in what follows.

[6] The first and third goal frame often overlap with what psychologists and behavioral economists working on "motivation crowding out" would describe as "intrinsic" motivation, while the second one corresponds to "extrinsic" motivation. See e.g., Frey 1997, Frey & Jegen, 2001, Lindenberg, 2001. See section 3.3 for a discussion of crowding out.

example, a situation that was previously conceived in terms of "doing the right thing" might switch to one that is about "earning one's living."

Third, goal frames are activated but also sustained by environmental cues. A cue is any element in the environment that is permanently or occasionally present, and which can shape and reshape individuals' feelings, thoughts, and behaviors (Lindenberg, 2011). Hence, which goal frame becomes or remains salient depends on the kind of cue. For example, the activation of the normative goal frame is sensitive to our observation of what other people are doing. Being a witness of prosocial behavior is likely to increase the salience of the normative goal frame, whereas observing opportunistic behavior is likely to increase the salience of the gain goal frame and reduce the salience of the normative frame. Such effects have been extensively documented in lab and field studies. For example, in a vignette study of senior civil servants in Indonesia, Silitonga et al. (2019) showed that their inclination to give in to the temptation of a bribe is much lower if their peers or superiors are known to have rejected a bribe earlier on, suggesting that *others'* normative behavior functions as a cue to stabilize or increase one's own normative goal frame (for similar findings of such "contagion effects" see e.g. Lindenberg et al. 2021 or Teekens et al. 2021).

Fourth, the three goal frames differ in terms of their *a priori* strength or salience, with the hedonic goal frame being the strongest and the normative goal frame being the weakest. Individuals in a hedonic goal frame want to improve how they feel right now, which makes them very sensitive to factors influencing their mood, social atmosphere, and affect (Lindenberg & Steg 2007, 123). This goal frame activates subgoals like avoiding effort or situational uncertainty, or seeking immediate pleasure, excitement, or direct improvement of self-esteem (Lindenberg 2013, 82). Compared to the other two overarching goal frames, the hedonic goal frame is more strongly linked to lower-order self-regulatory processes. For example, whereas both the gain and the hedonic goal frames are closely tied to rewards, their underlying neural systems differ strongly in the sensitivity for different kinds of rewards (McClure et al. 2004). Given the hedonic goal frame's direct connection to immediate need satisfaction, institutional support (e.g., secure property rights) or moral support (e.g. disapproval) are needed for the gain or normative goal frame to replace it. This also means that the normative goal frame is more easily pushed into the background than the other two. The inherent fragility of the normative goal frame provides a major challenge to the robustness of organizations, which rely on the continuous endorsement of goals and compliance with formal and informal institutions.

Taken together, these four assumptions have far-reaching implications for how to understand organizations (and institutions in general), because they imply the possibility of *endogenous* shifts in motivation. Due to the hierarchy of *a priori* goal frame salience, the normative goal frame has a natural tendency to recede into the background, unless it is constantly stabilized through external cues. But as already noted, the behavior of others can provide such cues that stabilize or weaken the salient mindset – goal frames can be contagious (Lindenberg, Six & Keizer 2021). This is why goal framing should not be understood as an individual process alone – very often, it functions as a *social* process. Individuals can mutually reinforce their understanding of a situation, for example by appealing to norms of professionalism that orient them towards the goals of an organization, such as the health of patients in the case of a hospital.[7] In the case of robust organizations, there is often an informal "economy of esteem" (Brennan & Pettit 2004) that supports the formal framework: individuals receive recognition from others for pursuing the goals of the organization and for complying with its institutions.

[7] See also the phenomenon of "goal frame resonance" (Lindenberg 2003).

4. Institutional Decay: Empirical Illustrations

Based on this theory, we now suggest an account of institutional decay that allows for the possibility of it arising without external changes. It focuses on internal processes within organizations, even though external changes can also function as triggers or contributing factors.[8] The core mechanism[9] we focus on is a weakening of the normative goal frame in the motivations of individuals, such that they frame their activities no longer as oriented towards the goal of the organization, which they had previously seen as legitimate. Instead, individuals begin to be mostly motivated by other goals, whether hedonic (e.g. minimizing effort in the short run) or gain-oriented (e.g. maximizing their own long term financial gains).[10] This can happen because the goals or rules of an organization lose (perceived) legitimacy, but also because of other ways in which the normative goal frame is weakened compared to other goal frames. Cultural slopes (Herzog 2018) can then spread the changed goal framing to other parts of the organization.

We can distinguish several sub-species of such processes of institutional decay. All of them go hand in hand with a shift in what is considered "normal." The more such collective views shift, the more difficult it becomes for individuals to resist them, because peer pressure, and maybe also sanctioning by management, push them towards other goal frames. The first variant of such institutional decay focusses on the perceived legitimacy of organizational goals, the second revolves around member commitment to those goals, and the third pertains

[8] In fact, organizations that have robust institutions might become trapped if the environment changes and they do not adapt. The opposite risk is for an organization to be "too" flexible – changing directions all the time – which can decrease its legitimacy. Finding the right degree of flexibility in response to external pressures is thus a key challenge for organizations, but for reasons of scope, we cannot discuss it here.

[9] The notion of a mechanism is commonly analyzed in terms of parts that are arranged such as to produce a particular output (Bechtel & Abrahamsen, 2005; Glennan, 2002; Machamer et al., 2000). In this vein, Hedström defines a social mechanism as 'a constellation of entities and activities that are organized such that they regularly bring about a particular type of outcome.' (2005, p. 25; see also Hedström & Ylikoski, 2010)

[10] Business organizations (of the legitimate type) are a somewhat specific case: here, acting such that *the organization's* gains are improved is part of the normative goal frame of employees. Organizations typically use *individuals'* gain as one way of keeping employees motivated. But among their members, business organizations still need at least a weak form of solidarity that allows for cooperation (instead of an exclusive focus on *individual* gains).

to the foregrounding of other goal frames, which crowds out the normative goal frame. To explain these three processes, our point of departure is an organization that functions well in part because its members are, to a considerable extent, normatively motivated. In such organizations individuals are motivated to cooperate in order to achieve the joint goals of the organization: they have a "joint production motivation" (Lindenberg & Foss, 2011).[11]

3.1 Reduced Legitimacy of Organizational Goals

A first mechanism is based on a *cognitive* process in which an organization's goals lose legitimacy from the perspective of the organization's members.[12] This has behavioral consequences, because the latter's adherence to the normative goal frame is weakened. If individuals strongly believe in the legitimacy or worth of certain goals, they are willing to play their role even if this is unpleasant or costly for them (so much, in fact, that *other* ethical constraints might fade into the background, cf. Tenbrunsel & Messick 2004). But this belief can also unravel, for example if the leadership decides to reinterpret the goals in ways that the members of the organization consider misguided. Another possibility is that actions by leaders are seen as out of sync with the goals of the organization (they do not "walk the talk"), raising worries that the proclaimed goals are not the "real" goals of the organization, but only serve to elicit the motivation of members to work hard for what are ultimately other aims (e.g. the financial interests of leaders) (Cha & Edmondson, 2006).

A reduction in legitimacy can also follow from a shift in individuals' perception of what "the right thing to do" is, and how the organization's goals are related to it. This can happen in various ways. For example, a subunit of an organization might develop goals of its

[11] Joint production motivation differs from other conceptualizations of prosocial or collectivistic work motivation in that it captures the commitment to collaborate towards the realization of a common group goal, and integrates both motivational and cognitive aspects of joint production (Lindenberg & Foss, 2011: 501).
[12] Similar processes could also refer to the loss of legitimacy of *specific* institutions within an organization.

own, which are only loosely tied to the goals of the organization as a whole but are more salient in the minds of individuals. Or the goals of an organization can lose legitimacy because of shifts in the broader societal discourse about what can be legitimate goals of this type of organization in the first place. Such shifts could be caused, for example, by insights about the harmful effects of certain practices (e.g., those with high CO2 emissions), or because of other shifts in the broader culture. The individuals' perception of the reduced legitimacy of the organization's goals may, in fact, be *correct*. If that is the case, the reduced ability to pursue the organizational goals may be normatively desirable or at least neutral. But for the organization *qua organization,* such a constellation is a challenge, and it needs to find ways to readjust its goals and to regain legitimacy.

A real-life example of such a process can be found Cha and Edmondson's (2006) description of a case of hypocrisy allegations against the CEO of a marketing company. The study describes how, in a first phase, CEO behavior incongruent with the core values of the company (such as failing to share information on a hiring decision, or lack of transparency with regard to pay raises) was rare, and if it occurred, it was viewed with much leniency. Organizational members had little reason to doubt their CEO's commitment to the core values of the company. They were enthusiastic about his ambition to create a firm that values openness, equality, diversity, and a sense of "family." Their commitment was high, as indicated, among others, by very low turnover rates and employees working long hours without extra pay when deadlines required this.

The situation started to change when the CEO decided that the company had to grow. In the course of three years, the organization expanded from 12 employees running 300 projects, to over 30 employees handling 770 projects a year. Employees perceived this decision as evidence for the CEO's greediness, because it seemed to express his willingness to sacrifice company values for money. They argued that his decision violated the value of equality, because the developments would inevitably lead to some members of the organization making more money than others. It would also harm the "family values" that governed their interactions, because it disrupted the close-knit structure and the sense of solidarity of a small company.

Over the course of the next four years, eight other value-violating incidents involving the CEO followed, triggering similar hypocrisy attributions and ultimately resulting in employee "disenchantment": anger, erosion of trust, disappointment, and feelings of betrayal. As the authors note, these kinds of negative emotions are known to undermine compliance with organizational institutions, and to foster absenteeism and impaired job performance. Furthermore, employees stopped actively seeking clarification from the CEO about situation specific conditions that might have contributed to the value violation. The result was a downward spiral: "Once a hypocrisy attribution had been made, further causal analysis appeared limited, and subsequent attributions of hypocrisy appeared to become even more likely than before, suggesting a self-reinforcing dynamic with limited potential for self-correction" (Cha & Edmondson 2006, 70). In other words, this was a cultural slope (Herzog 2018): the expectations shifted such that it was considered normal to interpret the CEO's behavior as driven by hypocrisy, which undermined commitment to the organizational goals and thereby pushed the normative goal frame into the background.

3.2 Reduced Normative Motivation

Assume, once again, that an organization functions well in part because its members are, to a considerable extent, normatively motivated. The normative goal frame can also be weakened because the members of an organization are less motivated to pursue the goals of an organization, even though they continue to consider the goals legitimate on a cognitive level. In some cases, the lack of motivation may have to do with sheer incapacity: if the members of an organization are overworked, e.g. because of staff shortages and ensuing burnout, they may simply not be able to contribute as much to the organization's goal achievement as is expected from them. But even outside of such extreme cases, their motivation can be reduced, for example if they feel not treated fairly. Research on “organizational justice” (Greenberg, 1990; Cropanzano et al., 2001) shows that various behaviors that support an organization in achieving its goals can be compromised if individuals feel treated unfairly (see also Brockner et al., 1992; Kickul, 2001). Douglas McGregor (1960) had described such phenomena as shifts from "type y" employees (who pursue the organization's goals proactively and enthusiastically) to "type x" employees (who do their job to get an income, without a genuine interest in the organization’s goals. In terms of goal-framing theory, this is, again, a shift from the normative to the hedonic or gain frame.

Inconsistent governance practices are a major cause of such volitional weakening. For example, if management engages in rhetoric about the importance of teamwork, but at the same time keeps engaging in a star cult, paying high bonuses to individuals for their achievements (and thereby creating zero-sum situations), it is likely that the gain mindset will end up standing in the way of team cooperation. Such cheap talk and hypocrisy can be more detrimental to individuals' motivations than an honest, but brutal narrative about what counts as success in an organization. For example, the perceived corporate hypocrisy of a firm with regard to adhering to Corporate Social Responsibility principles was found to increase employee emotional exhaustion and turnover (Scheidler et al., 2019). In this study, hypocrisy was measured as inconsistency between external (e.g. philanthropic) and internal (e.g. directed towards employees) CSR strategies (see also Goswami & Ha-Brookshire, 2016).

Other possible causes of such volitional shifts might be that teams might get too occupied with their own inner life, which leaves less motivational energy for the pursuit of the organization’s overall goals. Such processes can have a temporal index, in the sense that mechanisms that were introduced, at a certain point, in order to strengthen the normative goal frame – of which team autonomy can be one – may cease to do so over time (Barker 1993).

Another effect, also with a temporal index, can be the realization, over time, that the organization's goals were *too ambitious,* and that they cannot be reached (or not all of them) because of various obstacles. Research on goal setting (Locke & Latham 1990; 2006) has shown that employee commitment goes down if goals are perceived to be unattainable, and if they are not accepted, for example because they were assigned to employees without them being involved in the goal setting process (Lunenburg 2011). The members of the organization may still believe in the normative value of the goals, but their motivation to try to reach them can be weakened by a sense of futility. While strong social norms (a kind of "can do" spirit) can counteract such motivational weakening, these can also unravel over time if more and more members of an organization feel that the goals are too difficult to reach. The salience of costs and obstacles can push the normative goal frame in the background, even though the perceived legitimacy continues to be high.

A case study from a civil society organization illustrates this variant of institutional decay. It analyzed the reasons for volunteer dropout from the Center for Assistance to Victims of Sexual Assault and Domestic Violence (Yanay & Yanay, 2008), and showed that volunteers drop out not so much because their motivation to serve the organization and its goals declines. Rather, the researchers saw the causes of this behavior in the perceived discrepancies between "ought" and "actual" experiences: "Volunteers expect to feel good about themselves. In contrast, the organization expects them to act as free agents who can independently manage feelings of pain and self-doubt. When such discrepancies between expectations and reality occur, feelings of anger and disappointment set in. As a result, devoted volunteers drop out in order to preserve their positive self-feeling" (ibid., 65). Put differently, the organization failed to keep the normative goal frame in the cognitive foreground, because it failed to provide enough support to volunteers. This led to an increased salience of the hedonic frame – in the sense of a focus on the *absence* of emotional well-being – that came to overshadow the normative goal frame, even though individuals remained cognitively committed to the organization's goals.

3.3 Strengthening Other Goal Frames

A third mechanism is the weakening of the normative goal frame by the strengthening of the salience of the other two goal frames in the cognitive background. This can lead to a *crowding out* of the motivation to pursue the organization's goals. A typical way in which this can happen is through the introduction of (badly calibrated) incentives. There is a large literature in psychology and economics on how to balance "intrinsic" and "extrinsic" motivation (Cerasoli, Nicklin & Ford 2014; Deci 1972; Kreps 1997; Osterloh & Frey 2000; Sansone & Harackiewicz 2000; Bénabou & Tirole 2003). Examples that have been studied empirically range from the loss of children's motivation to paint pictures when offered material rewards, to the reduced willingness to accept a waste disposal site in one's neighborhood when it was financially rewarded instead of being framed as a matter of civic duty.

In the context of organizations, "Campbell's law" formulates the risk of redirecting attention and energy by the inappropriate use of indicators (Campbell 1976, for examples see e.g. Muller 2018). It holds that "The more any quantitative social indicator is used for social decision-making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social processes it is intended to monitor" (Campbell 1976, 49). Expressed in terms of goal framing theory, the normative frame to do the right thing becomes less salient, and is replaced by an attention to quantitative indicators, e.g., the pressure to get deal with a certain number of cases. It can then also be very tempting to "cheat," either in a metaphorical sense, by adjusting the social practices (e.g., shifting cases into different categories), or in a literal sense (e.g. noting down more cases than one actually worked on).

This mechanism is not a necessary one. For one thing, in certain cases the contribution of individuals to the achievement of an organization's goals may be measurable, and expressible in indicators, in such precise ways that there is no risk of distortion.[13] In other cases, strong social norms may be able to keep the normative goal frame salient (see e.g. Mugler 2015 for an example). They can help to counteract not only the influence of the gain frame, but also of the hedonic gain, as when the members of an organization hold up social norms of working for the organization's goals even when this is burdensome or unpleasant.

A famous and well-studied case of this phenomenon from the world of business organizations is the “ethical erosion” of Enron, which has been described as “self-reinforcing decline” (Sims & Brinkmann, 2003). This case is particularly informative, since Enron, in its early days, was widely hailed and praised for its cleverness and ethicality. But the CEO’s motto – “do it right, do it now and do it better” – and the related continuous increase of performance standards not only pushed employees to focus on adding value, but also to deliberately break the rules, like booking earnings before they were realized. In Enron’s culture such bookings were not perceived as wrong, i.e., as violating the rules, but as an administrative act representing the “early” registration of a transaction that – given that failure was not an option – was believed to happen anyway. The result was that the “culture at Enron was quickly eroding the ethical boundaries of its employees” (ibid., 245). The description illustrates further how the increasing push of the gain goal frame, for example through personnel practices, gradually pushed the normative goal frame of Enron professionals into the background: “The company’s compensation structure contributed to an unethical work culture, too – by promoting self-interest above any other interest. As a consequence, the team approach once used by Enron associates deteriorated” (ibid., 250).

[13] In such cases, however, one wonders whether the relevant process needs to take place within an organization at all, or can be provided through the market.

Enron may represent an extreme case. But the relative emphasis that an organization puts on commercial success can play an important role for sustaining or undermining compliance to professional norms also in more routine settings, as a vignette study of client acceptance decisions of Dutch auditors showed (Wittek, Van der Zee, Mühlau, 2008). Auditors need to follow strict professional guidelines when it comes to decisions of whether or not to accept a new client, for example with regard to a budget that is sufficiently high to complete the assignment according to professional standards. But there are incentives for auditors to violate these standards, because they may hope to generate additional revenue by accepting a new client and offering additional services.

The study revealed that an audit firm's personnel policy matters. Auditors working for firms with a commercial orientation, in which individual promotions were tied to the amount of revenue generated, were significantly more likely to make risky client acceptance decisions that violated professional standards, than auditors working for firms with a professional orientation, in which promotions were based on seniority. This example illustrates how organizational policies can permanently strengthen or weaken the normative goal frame, depending on the degree to which their personnel policy and firm strategy make the gain goal frame salient for employees.

A recent report documenting administrative decay in the Dutch (semi)public sector (Bokhorst & Overman 2021) provides a plethora of examples documenting that decay is not only an issue for private corporations. The report defines administrative decay as decreasing performance, over time, of the director or the board, distinguishing between functional (incompetence) and moral (inappropriateness or even illegality) decay. It systematically reconstructs the processes of decay in 38 organizations of the (semi-)public sector, providing detailed examples for the different ways in which it unfolded.

A common denominator in almost all cases is that the relevant processes of control and voice that could provide the necessary checks and balances were either absent, not functioning well, or systematically sidelined; this was the more likely the longer the highest-ranking director was in office. Functioning and effective organizational processes of accountability and control are a crucial element to sustain a normative goal frame. Conversely, unchecked formal power, particularly if also rooted in informal networks of long-term personal relations, foster gain and hedonic mindsets.

An iconic example for the latter was the much-discussed case of the Rochdale housing corporation. Its director, who was in function for 19 years, had his organization pay for a Maserati worth 160K (including 7.000 Euro for a "Stinger" device allowing to detect the presence of speed controls). He was later sentenced to three years in prison for fraud, money laundering and corruption. Internal checks and balances at Rochdale also failed due to an "unhealthily" close trust relationship between the board and its director, resulting in insufficient control of project development activities. A whistle blower had signaled irregularities long before they attracted the attention of the media, but the responsible external regulator did not intervene. The Rochdale housing corporation figures as an example for moral decay, of which the behavior of its long-term director is a symptom. It became possible due to failing internal and external organizational processes of control, which weakened normative concerns and allowed personal gain and hedonic motives to prevail at the top. Although not detailed by the report, it can be expected that cultural slope processes contributed to the crowing out of the normative goal frame among an ever-larger number of members of the organization.

5. Conclusion

An important cause of the decline of organizations is the decreasing normative motivation of their members to comply with their institutions and to work towards their goals and values.

Maintaining the normative motivations of the members of an organization is often a kind of uphill battle, against the gravitational pulls of hedonic or gain goal frames. Institutions that will not survive without it are almost bound to decay unless there are active efforts to counteract this tendency. Thus, the notion of institutional decay is significant because understanding how institutions can be weakened is important for determining how to stabilize and strengthen them. It is not impossible to win this battle. Organizations that are successful in remaining functional over longer periods of time obviously have developed mechanisms that work against these gravitational forces. There are two ways in which decay can be prevented: first, by strengthening the normative frame; second, by making gain or hedonic goals compatible with the normative goal (Lindenberg and Steg 2007, 128-32).

The question of how to do this – the *maintenance* question, as one might call it – has not received much attention in philosophy, economics, or other disciplines dealing with institutions and organizations. Yet strong organizations are needed to achieve many societally valuable goals in a legitimate manner. Hence, the question of how to stabilize them is of great societal importance as well, and deserves attention from philosophers, scientists, and policy makers alike. As discussed, our arguments apply to organizations in the public and private domain. However, we believe that our framework is of particular interest to the public sector, including civil society, public administration, and political organizations. Such organizations are crucial for realizing many of the values that normative theorists are interested in – social order, distributive justice, or access to public goods. In these contexts, it is commonly assumed that people are motivated by the norms, values, and ideals that the organizations they work for are meant to realize. But it should not be taken for granted that such motivations are stable and can serve as core motivational repertoire for the organizations in which individuals work. When their institutions decay, organizations sometimes nonetheless continue to exist, at a very low level of functionality but capable of justifying their continued existence (Meyer

& Zucker 1989). But those who are meant to be served by them – patients, legal claimants, students, clients, etc. – suffer under their dysfunctionalities in ways that are often unjust. This connects the topic of institutional decay to questions of justice. If public organizations fail to achieve their goals (e.g., delivering good health services), privileged individuals will often choose exit (Hirschman 1970), choosing private suppliers instead. But less disadvantaged individuals will be harmed. In such cases, institutional decay can contribute to manifold forms of injustice. Insofar as normative theorizing is interested not only in the principles, but also in the realization, of justice, institutional decay and maintenance deserve more attention.

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