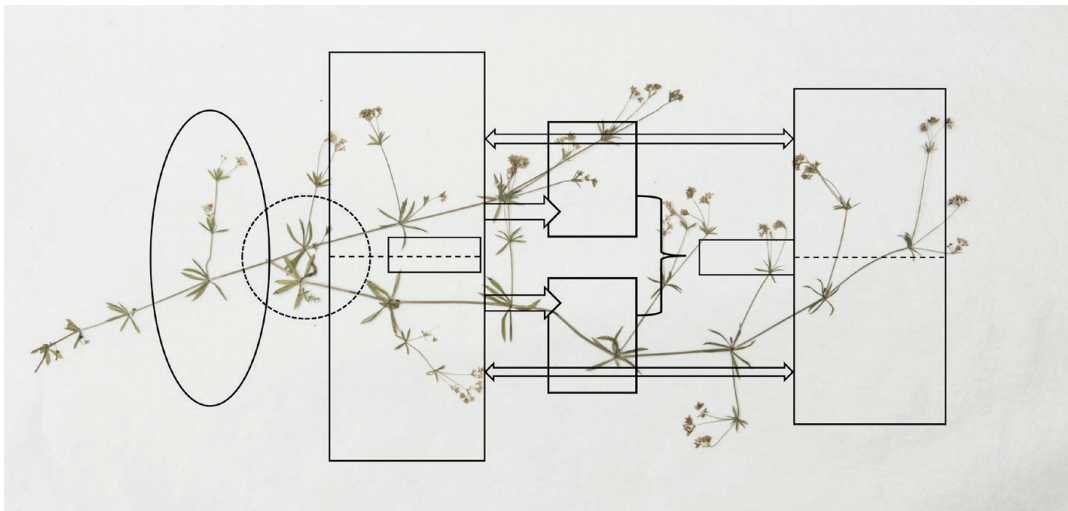


Minna-Maaria Hiekkataipale

Between a Rock and a Hard Place

Middle Managers' Ethical Decision Making and Behaviour in the Organisational Context



JYVÄSKYLÄ STUDIES IN BUSINESS AND ECONOMICS 186

Minna-Maaria Hiekkataipale

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UNIVERSITY OF JYVÄSKYLÄ

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ABSTRACT

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This study increases knowledge and understanding of middle managers' ethical decision-making and behaviour within the context of Finnish higher education. The aim of the research is to develop a new framework for ethical decision-making and behaviour by combining prior theories and empirical knowledge. This dissertation consists of an introductory essay and three articles. The main argument of this research is that through organisations' socialisation processes, middle managers adopt socially defined managerial roles, which affect their ethical decision-making and ethical conduct. We can say that especially the ethical organisational culture is significant for middle managers' understanding of ethical accountability and for their actual ability to behave ethically when facing ethical problems. Another key argument of this research is that middle managers, as effective moral agents, can change and develop the existing organisational culture.

This research draws on the phenomenological research tradition and it was conducted by using the critical incident technique (CIT). The data consists of interviews collected in four knowledge organisations, all of them institutions of higher education in Finland.

The empirical findings of this dissertation suggest that ethical problems that require managerial decision-making are of an everyday nature in the knowledge organisations studied here, and that middle managers handle the problems in various ways, often on the basis of what they think is expected from them in their middle management position. In addition to meeting the role expectations held by upper management, middle managers also try to meet the expectations of their highly skilled staff members when making decisions. Moreover, managers themselves can act as influential decision-makers who set an example of ethical behaviour for others to follow. This result underlines the importance of open and honest dialogue between all managerial levels, and especially between managers and employees in knowledge organisations, concerning what is expected in terms of ethical decision-making and ethical behaviour.

In this introductory essay, a new theoretical framework for ethical decision-making and behaviour is developed. What is called the appropriate agency framework for ethical decision-making combines the theories of logic of appropriateness and moral agency and takes into account the dimensions of the ethical culture of organisations. The framework demonstrates how situational elements, the centrality of moral identity, and organisational rules together influence ethical behaviour, and how reflection and learning affect this process.

Keywords: ethical decision-making, ethical culture of organisations, ethical problems, middle manager, higher education, logic of appropriateness, moral agency, moral identity, qualitative research

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- I Hiekkataipale, M-M. & Lämsä, A-M. 2016. The ethical problems of middle managers and their perceived organisational consequences. *Transformations in Business & Economics* 15(3), 80-96.
- II Hiekkataipale, M-M. & Lämsä, A-M. 2017. What should a manager like me do in a situation like this? Strategies for handling ethical problems from the viewpoint of the logic of appropriateness. *Journal of Business Ethics* 145(3), 457-459.
- III Hiekkataipale, M-M. & Lämsä, A-M. 2017. (A)moral agents in organisations? The significance of ethical organisational culture for middle managers' exercise of moral agency in ethical problems. *Journal of Business Ethics*, DOI: 10.1007/s10551-017-3511-9.

1 INTRODUCTION

1.1 The topic being investigated

This dissertation sheds light on the ethical decision-making and ethical behaviour of middle managers in organisations' ethical problems and proposes a new theoretical framework for ethical decision-making in the organisational context.

Due to the increasing demand for responsible behaviour in organisations, there is an undeniable need for more research on how and why people make (un)ethical choices (e.g. Schwartz, 2016; Lehnert et al., 2015). During the last forty years, many theoretical models have been developed that aim to understand, explain and predict the process of ethical decision-making and ethical behaviour in organisational context (Loe et al., 2000; Elm & Radin, 2012; Craft, 2013; Schwartz, 2016). Scholars in various academic disciplines have built cross-disciplinary theories, combining ideas for instance from moral philosophy, cognitive neuroscience, behavioural science and business ethics (Schwartz, 2016). In spite of their differences, most scholars agree that in addition to the nature of the ethical issue itself, both individual variables, such as identity, personality and stage of cognitive moral development, and certain organisational determinants influence, to varying degrees, individuals' ethical decision-making in organisations (Loe et al., 2000; O'Fallon & Butterfield, 2005; McLeod et al., 2016). In recent studies, emotions and intuition have been added as important determinants in the moral judgement process (e.g. Schwartz, 2016).

In this research, I approach the ethical decision-making of middle managers in higher education organisations from the point of view of the theories of logic of appropriateness and moral agency, which can be argued to be alternative and overarching theories in the field of ethical decision-making. Both of these theories share the assumption that individual morality is a socially constructed and sustained phenomenon. This study is also based on the idea that the organisational environment can have virtues which are significant for managers' perceptions of ethical decision-making and, in the long run, for appropri-

ate ethical behaviour. Therefore, this research also draws on the traditions of virtue ethics.

Prior research on organisational ethics gives evidence that managers have a pivotal role in setting an example of ethical behaviour to other members of the organisation (e.g. Feldt et al., 2012; Huhtala et al., 2013a; Martin et al., 2014; Riivari & Lämsä, 2014). Through the mechanism of social learning (Bandura & Walters, 1967), managers can influence the ethics of the organisations' employees (Treviño et al., 2003; Ciulla & Forsyth, 2011). As employees can observe what kind of behaviour is, on the one hand, required and valued or, on the other hand, punished in the organisation, they may also want to pay attention to the expected types of ethical behaviour. This can create a positive circle in which staff members commit to ethical principles at the workplace and nourish a healthy and successful organisational environment (Treviño et al., 2003; Brown & Treviño, 2006; Geva, 2006; Moberg, 2006; Huhtala et al., 2013a). Even under circumstances of drastic change in working life, such as growing economic pressures, increasing globalisation and technological breakthroughs, managers should be able to create an organisational environment in which ethical behaviour is firmly integrated into the organisation's day-to-day operations (Kaptein, 1998, 2011; Treviño et al., 1998, 2000, 2003, 2006; Geva, 2006; Huhtala et al., 2013a; Riivari & Lämsä, 2014; Zoghbi-Manrique-de-Lara & Suárez-Acosta, 2014; Bonner et al., 2016; Kujala et al., 2016).

In order to create this positive circle, managers need to act as effective and self-reliant moral agents who openly engage in ethical decisions and behaviour and communicate their ethical convictions to others (e.g. MacIntyre, 1999; Kaptein, 2008; Moberg, 2006; Weaver, 2006). Riivari and Lämsä (2014) suggest that managers contribute to the innovativeness of the organisation by behaving ethically. From the point of view of knowledge organisations, this is particularly significant, because these organisations are clearly dependent on the motivation, inspiration and innovations of their highly educated personnel (Riivari & Lämsä, 2017)

On the other hand, drawing on Bandura's (Bandura & Walters, 1967) social learning theory, Brown and Treviño (2006) posit that the ethical organisational context can socialise managers to make ethical decisions and behave in an ethical manner (see also Trevino, 1986; Trevino et al., 1998; Ford & Richardson, 1994; O'Fallon and Butterfield, 2005; Kaptein, 2011; Craft, 2013). From the point of view of this research, it is important to acknowledge that managers' ethical decision-making can influence and be influenced by the ethical organisational environment which surrounds them (Bandura, 2001; Weaver, 2006; Huhtala et al., 2015).

The focus in this study is on middle managers' ethical decision-making, since middle managers play a particularly significant role in organisational practices of an ethical nature (Jackall, 2010). On the one hand, they are responsible for achieving the strategic objectives of the organisation, but on the other, they are expected to take care of the well-being and motivation of their staff members (Alam, 1999; Hellawell & Hancock, 2001; Treviño et al., 2008; Branson

et al., 2016). Moreover, when making decisions, middle managers can influence and they can be influenced by those above and below them in the organisational hierarchy (Treviño et al., 2008; Branson et al., 2016; Floyd, 2016). They can act as ethical role models for their staff and set an example of consistent and visible ethical behaviour in the way they, for instance, solve ethical problems (Dean et al., 2010). As Jackall (2010) notes, middle managers are responsible for making many influential decisions concerning the operations of the organisation, but they are also often left to their own devices to figure out the ethically best solutions. Middle managers are also claimed to be the most pressured organisational group from the point of view of ethicality, since they face expectations from many directions (Alam, 1999; Treviño et al., 2008).

As Treviño et al. (2008) argue, middle managers may perceive ethical aspects of organisational life differently from upper management since they work on a different hierarchical level and are therefore exposed to different kinds of organisational pressures and situations. Middle managers have also been found to suffer from isolation, role conflicts, role ambiguities and professional and personal ethical problems as they try to navigate between the needs of the upper managers, staff, peers, partners, and their own health and conscience (e.g. Holden & Roberts, 2004; Branson et al., 2016). Furthermore, pressures from the top level of the organisation have been found to contribute to compromising middle managers' personal ethical values (Alam, 1999). However, in spite of their ethically significant organisational position, surprisingly little attention has been paid to middle managers' ethical behaviour in the recent research literature on management ethics (Dean et al., 2010).

1.2 The aim and research task of the study

This study explores the ethical decision-making and behaviour of middle managers in the context of the ethical problems that arise in Finnish higher education organisations. The framework of the study is presented in Figure 1.

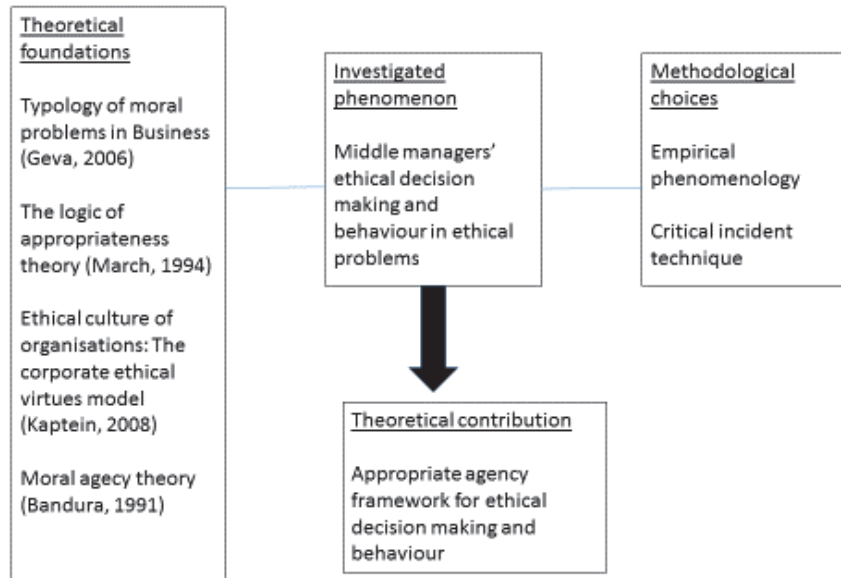


FIGURE 1 Framework of the study

The main research question of this dissertation is what kind of ethical decision-making and behaviour do middle managers demonstrate in the context of ethical problems in their organisation. The research builds on three published articles, all of which increase empirical knowledge and understanding of the topic. The main objective of the research is, however, to develop a new framework for ethical decision-making and behaviour by combining prior theories and the empirical knowledge that was gained during the research process. This dissertation draws on the ideas of empirical phenomenology. In addition, for data collection I used the critical incident technique (CIT).

The primary aim of this dissertation is to develop a new framework called the *appropriate agency framework* for ethical decision-making and behaviour. This framework draws on the theories of logic of appropriateness and moral agency and takes into account the dimensions of the ethical culture of organisations in ethical decision-making. The appropriate agency framework demonstrates how situational elements, the centrality of moral identity and the organisational rules together influence middle managers' ethical behaviour, and how reflection and learning significantly mould this process.

The main argument of this research is that as a result of the socialisation process in organisations, middle managers adopt socially defined managerial roles and identities which they try to enact by behaving not only according to their own personal characteristics but also according to the rules and perceived expectations attached to those roles. We can also say that particularly the virtues embedded in the ethical culture of organisations can affect the centrality of

managers' moral identity and their understanding of their ethical responsibilities in carrying out their managerial duties, and ultimately their ethical decision-making and ethical behaviour when they are faced with ethical problems. Another argument in this dissertation is that managers as moral agents also have an important role in moulding the surrounding organisational culture.

This dissertation consists of an introductory essay and three original articles. The introductory essay contains five chapters. In the first chapter the research task, key concepts, research process, context and contributions of the study are presented. The second chapter contains the theoretical foundations of this dissertation. Chapter 3 discusses the methodological choices made in the study. Chapter 4 reviews the original research articles. Finally, Chapter 5 presents the conclusions.

Each of the research articles has its own research task but they all shed light on middle managers' ethical decision-making and behaviour. The first study maps the different types of ethical problems and their organisational consequences. Drawing on Geva's (2006) typology, the study confirms that managers in higher education face compliance problems, genuine ethical dilemmas and problems of moral laxity. The problems are context dependent and highly interdependent. In the second study, which builds on the theory of logic of appropriateness, middle managers' strategies for handling ethical problems and their consequences for the ethicality of the organisation are identified. The third article is concerned with the significance of the construct of the ethical culture of organisations for middle managers' exercise of moral agency in ethical problems. In the third study, a virtue ethics approach is connected to the theory of moral agency.

The following research questions are answered in the empirical part:

1. What types of ethical problems do middle managers face in their working life and what kind of organisational consequences do the problems have?
2. What kind of strategies do middle managers apply when handling ethical problems and how do the strategies contribute to the overall ethicality of the organisation? What kind of ethics do managers reveal when handling the problems?
3. What is the significance of the ethical culture of organisations for middle managers' exercise of moral agency in the face of ethical problems in the workplace?

1.3 Key concepts of the study

Ethical decision-making is a key concept of this research. It refers to how an individual's decision-making process leads to ethical or unethical behaviour or actions (Schwartz, 2016). Following the definition put forward by Jones (1991), an ethical decision can be defined here as a decision that is both legal and mor-

ally acceptable to the larger community. The concept of ethical behaviour refers in this study to individual behaviour that is in accordance with generally accepted moral norms in larger social prescriptions (Treviño et al., 2006). The terms moral and ethical are often used interchangeably, but drawing on Crane and Matten (2004) the following distinction between the two concepts can be made here. Morality represents a basic sense of right and wrong in relation to particular activities (see also Velasquez, 1998). Crane and Matten (2004) define morality as follows: "Morality is concerned with the norms, values, and beliefs embedded in social processes which define right and wrong for an individual community." Ethics in turn is concerned with the study of morality. Crane and Matten (2004) posit that ethics systematises and rationalises morality into generalised normative rules that are supposed to offer solution to situations with moral uncertainty. In addition to normative rules, descriptive ethics concentrates on describing how ethical decisions are made, and what influences that process (Velasquez, 1998; Crane & Matten, 2004). This study is concerned with both normative and descriptive ethics.

This study is located in the field of higher education. Higher education in Finland includes universities and universities of applied sciences, both of which have their own profiles. The universities focus more on scientific research, while the universities of applied sciences (formerly called polytechnics) are multi-field, regional institutions with close connections to working life and a practice-oriented approach to research and development in their respective regions. There are 23 universities of applied sciences under the aegis of the Ministry of Education and Culture in Finland (University of applied sciences' education in Finland, 2016). All the universities of applied sciences in this study are multi-disciplinary, with between 4000 and 8000 students.

In this study, the term middle manager refers to people in managerial positions in universities of applied sciences with one or more managerial levels above them and at least one level of employees. Middle managers in this context have responsibility for their own budgets and personnel, and extensive responsibilities in, for instance, the pedagogical and operational development of their respective schools or departments.

As one of the key concepts in this study – the ethical culture of organisations – has its origins in the concept of overall organisational culture, it is important first of all to define what is meant here by organisational culture. Organisational culture has been defined in various ways but, drawing on Schein's (2010) definition, scholars mostly agree that the concept involves three basic levels (see also Alvesson, 2002; Chatman & O'Reilly, 2016). According to Schein (2010), organisational culture comprises 1) visible artefacts (such as published codes of conduct, or a list of values) 2) values, beliefs and behavioural norms, and 3) tacit, taken for granted and underlying assumptions. According to Alvesson (2002, p. 3), organisational culture involves interpretations of events, ideas and experiences that are influenced and shaped by the groups within which people live. Thus, organisational culture creates boundaries and possibilities for members of the organisation with regard to their interaction with each

other, it establishes a shared set of beliefs and values defining what is significant, and provides guidelines to norms and practices (both formal and informal), and to people's attitudes and behaviours (Schein, 2010; Chatman & O'Reilly, 2016)

The ethical culture of organisations was originally defined as consisting of four determinants: 1) collective norms which guide behaviour and define what is appropriate organisational behaviour, 2) the influence of referent others, 3) expectations of obedience to authority and 4) the characteristics of the immediate job context (Treviño 1986:612). In this research, I apply a later definition by Treviño et al. (1998, p. 451) which narrows the concept down as follows: "Ethical culture of organisations consists of formal and informal systems of behavioural control, which either promote or hinder ethical behaviour". Kaptein's (2008) multidimensional model presented later in this research also draws on this definition.

As organisations' ethical problems form the central context of this study, a brief definition of the concept should be given. This study draws on the well-known definition of ethical problems by Nash (1990): ethical problems are situations in which, on the one hand, one does not know what is the right or wrong thing to do and, on the other, one knows what is the right thing to do but fails to act accordingly (Nash,1990). A more extensive definition can be found in Geva (2006), who constructed a typology of moral problems in organisations. Geva (2006) claims that moral judgement and the motivation to behave ethically are the underlying and interactive determinants when managers solve ethical problems. Following Rest (1986), Geva (2006) asserts that moral judgement involves two components: 1) definition of the problem, and 2) weighing up the moral reasons for and against alternative responses. Self-interest may reduce motivation to act ethically.

Based on these determinants, Geva (2006) identified four types of ethical problems. The first, that is, genuine ethical problems, are situations in which one is unsure what to do, but is motivated to act ethically and make the right choice. The second type, deliberate unethical decisions, may occur when an individual knows what should be done from an ethical perspective, but for some reason (e.g. narrow self-interest or organisational pressure) does not take the appropriate action. This situation represents a compliance problem, which has been found to be the most common type of ethical problem in organisations (Geva, 2006). The third type of problem, moral laxity, occurs when one acknowledges a general moral duty but finds difficulties in fulfilling the duty since there are plenty of ways of doing it and yet no concrete obligations to do it such as, for example, that one should improve working conditions, or increase staff participation, communication and involvement in decision-making. The last type of problem, called no-problem problem, looks for ethical success and early recognition of possible ethical conflicts. Geva (2006) asserts that no-problem problems involve effort to increase ethical awareness and integrate an ethical standpoint into the overall values of organisational members.

1.4 Positioning the study

This study positions itself in the fields of both normative ethics and descriptive ethics (O'Fallon & Butterfield, 2005). Normative ethical theories draw on moral philosophy and theology and aim to guide behaviour to the desired direction (O'Fallon & Butterfield, 2005). Normative ethical theories, such as Aristotle's virtue ethics, Immanuel Kant's deontology or Jeremy Bentham's utilitarianism, can be seen as providing unequivocal solutions and guidance for solving complex ethical problems (Crane & Matten, 2004; Dion, 2012). Descriptive ethical theories, on the other hand, focus on describing how ethical decisions are made in organisations, and what influences this process and its outcomes (Crane & Matten, 2004).

Normative ethical theories are relevant here since the appropriate agency framework developed in this study draws partially on them – especially on virtue ethics theory. Normative ethical theories have traditionally been divided into consequentialist and non-consequentialist theories, depending on their focus either on the outcomes of actions or on underlying principles and duties (Crane & Matten, 2004; Hartman, 2005; Dion, 2012). Utilitarianism (Jeremy Bentham, John Stuart Mill), has been the most commonly accepted ethical theory by both scientists and practitioners of business (Kujala et al., 2011; Ferrero & Sison, 2014), since the theory seeks the greatest happiness of the greatest number of people (Dion, 2012; Auvinen et al., 2013). Auvinen et al. (2013) remark that most managers' job descriptions reflect the utilitarian approach: managers are called on to evaluate the best possible solution that will be of the greatest utility for the number of people involved in that certain situation. Utilitarian decision-making in organisations usually aims at obtaining benefits or profits, material or ideal, not to the entire society, but to limited groups of constituents (Auvinen et al., 2013).

Deontology or the ethics of duty, which is perhaps the best known non-consequentialist theory of business ethics, is based on the rules or principles that govern decisions and that all human beings should inherently follow (Crane & Matten, 2004; Hartman, 2005; Dion, 2012). Immanuel Kant, the founder of deontology, considered humans to be rational actors who could decide these principles for themselves without any superior authority such as God or the Church (Crane & Matten, 2004). Kant developed a theoretical framework called the categorical imperative, by which moral principles could be derived regardless of the circumstances or consequences of the particular action (Dion, 2012; Velasquez, 2013).

Ethics of care (Gilligan, 1982) represents an approach which sees interpersonal relations as the main concern when solving ethical problems in an organisational context (Crane & Matten, 2004). The theory suggests that maintaining relationships by seeking harmony and nourishing kindness and empathy in the organisation should be embedded in managers' ethical decision-making (Gilligan, 1982; Crane & Matten, 2004). According to Velasquez (1998), there are two

central moral principles in the ethics of care; first, human beings exist in a web of valuable relationships, which should be preserved and protected. Second, one should exercise special care for those with whom one has a definite relationship. One should respond to the needs of those who are in the most vulnerable position and dependent on one's care (Velasquez, 1998). From the point of view of organisations, ethics of care thus signals the importance of responsible social interaction between individuals in organisations and also the value of the community itself (Crane & Matten, 2004).

Virtue ethics theory, which is the main normative ethical theory in this study, is embedded for instance in Ciulla and Forsythe's (2011) framework of ethical facets, which has been applied in the second article. The moral identity construct, which is of importance to the proposed appropriate agency framework, can also be seen as including certain individual virtues such as honesty, courage, fairness and kindness (Weaver, 2006). The virtue ethics approach is foundational also to Kaptein's (1998) construct of ethical organisational culture. This construct builds on Solomon's (1992) Aristotelian approach to business ethics.

Virtue theory originates from the Greek philosopher Aristotle, and is generally considered one of the three most relevant ethical theories in business ethics, alongside utilitarianism and Kant's ethics of duty (Ferrero & Sison, 2014). In recent years, Aristotle's virtue ethics approach has gained considerable attention in research (e.g. Solomon, 1999; 2004; Weaver, 2006; Bragues, 2006; Kaptein, 2008; Dobson, 2009; Ferrero & Sison, 2014). The strength of the theory arises partly from its integration of advantages of both utilitarianism and deontology, as it considers both outcomes and the universal principles guiding human behaviour (Ferrero & Sison, 2014). Unlike duty ethics, virtue theory addresses the characteristics of agents (their motives, intentions, habits), and unlike utilitarianism, it pays attention to the actions as well as to the context and situation when evaluating the ethicality of decision-making and behaviour (Ferrero & Sison, 2014).

At the heart of virtue theory lies the idea that virtues are certain acquired moral qualities (such as honesty, reliability, loyalty or mercy) which agents only have if they practise them (Collier, 1998; Weaver, 2006; Ciulla & Forsythe, 2011). In addition to the concept of virtues, a central element in virtue ethics is purpose, or *telos*, which refers to living a good life, making use of one's capacities to promote human well-being, and seeking happiness (Collier, 1998; Ciulla, 2005; Bragues, 2006). However, seeking happiness does not mean a hedonistic or pleasure oriented search for the individual's good or benefit (Crane & Matten, 2004; Bragues 2006). Rather, virtue ethics takes a holistic view, in which sustaining good relationships in the community, respecting others and treating others with care and respect are held as equally important dimensions in human behaviour (Collier, 1998; Crane & Matten; Weaver, 2006). Thus, happiness can only be achieved within a network of relationships with other people (Bragues, 2006).

Further, virtue theory lays emphasis on the importance of the exercise of reason and on the doctrine of mean (Velasquez, 1998; Kaptein, 2017). According to Aristotle, virtues are habits that enable people to live according to reason and choose the sensible middle ground (mean) between two harmful extremes. (Velasquez, 1998). This means that virtues are means, which always belong to the middle, as opposed to vices, which represent excessive or deficient behaviour (e.g. the choice between recklessness and cowardice) (Velasquez, 1998).

The exercise of virtue is regarded not as a means to an end, but as an end in itself, an essential part of a well-lived life (Weaver, 2006). Virtue theory also includes a development aspect, which is important in this study; the theory focuses on what the agent (human being or organisation) does and who the agent becomes because of the action (Ferrero & Sison, 2014). The theory suggests that one ultimately learns to practise a virtue mostly through experience, social sanctions and role models (Ciulla & Forsythe, 2011).

In addition to normative virtue ethics theory, this doctoral dissertation draws on various descriptive ethical theories (see e.g. Rest, 1984, 1986; Jones, 1991; Treviño, 1986). Descriptive ethical theories, which are also referred to as ethical decision-making theories, seek to explain how cognitive or affective processes operate, leading to ethical decisions and behaviour on the part of the individuals concerned (Shwartz, 2016). Usually, ethical decision-making is described as a process beginning with initial awareness or definition of a situation, and leading to a judgement, an intention to act and finally to behave (un)ethically (see e.g. Rest, 1984, 1986; Schwartz, 2016). The ethical decision-making theories that are foundational to this study are presented in detail in Chapter 2.

1.5 Context of the study

The context of this study is twofold. Ethical problems constitute the situational context of the study and higher education organisations form the larger organisational context of the research. Next, I will address these two contextual themes. First, I will explore empirical research concerning ethical problems in organisations in general, and then I will discuss the higher education context from the perspective of ethical decision-making.

The ethical problems encountered in organisations do not always concern strategically significant or large-scale issues, but more often they are people problems of an everyday, episodic nature (Waters et al., 1986; Dukerich et al., 2000; Power & Lundsten, 2005; Huhtala et al., 2010; Dean et al., 2010; Feldt et al., 2012). For example, personal, intrapersonal or relationship issues inside the working community, such as lacking the necessary courage to do something, managing conflicts poorly, or staff members not taking responsibility for their work, are commonly experienced ethical issues (Power & Lundsten, 2005). Also, ethical problems related to greed, cover-ups, giving misleading information, poor quality of work, favouritism, lying, climbing the corporate ladder by step-

ping on others, sacrificing the innocent and not taking responsibility for injurious practices, have all been encountered in the organisational context (Nash, 1990). In their study, Dukerich et al. (2000) described ethical problems as including the possibility of personal or organisational loss. In a rich body of other studies, ethical problems have been characterised as having personal aspects, containing feelings (see also McNeil & Pedigo, 2001) and concerning other people (Dean et al., 2010). Dukerich et al. (2000) found that managers can easily identify ethical problems from more straightforward organisational problems. One important aspect noted by Solomon (1992) is that ethical problems concern people at all levels of organisations: senior managers as well as floor-level employees face ethically challenging situations (see also e.g. Badaracco & Webb, 1995; Geva, 2006; Power & Lundsten, 2005; Dean et al., 2010).

Prior empirical research has also shown that managers across different business fields face these unexpected, ill-defined and complex problems (McNeil & Pedigo, 2001; Dean et al., 2010; Selart & Johansen, 2011; Thiel et al., 2012; Dane & Sonenshein, 2015). Nevertheless, there may often be no time or opportunity for a detailed analysis of a good and justified solution, and decisions regarding the right course of action may be extemporaneous (Mumford et al., 2000; Sonenshein, 2007). Furthermore, no single code of conduct, law or policy can straightforwardly solve the problems for managers: they must do it themselves (Nash, 1990; Kaptein, 2017). Time pressures and sometimes contradictory expectations from other organisation members and stakeholders may jeopardise ethical behaviour and contribute to managers' moral conflicts, anxiety and ethical strain, that is, stress caused by ethical problems (Dukerich et al., 2000; Huhtala et al., 2011; Feldt et al., 2012; Branson, 2016). Difficulties in sleeping, anxiety and restlessness are examples of the consequences of organisations' ethical dilemmas (Feldt et al., 2012). Sometimes, struggling with ethical problems has even compromised managers' well-being at work, as well as their commitment to organisational objectives (McNeil & Pedigo, 2001; Huhtala et al., 2013b).

According to Dean et al. (2010), solutions to ethical problems are often found by observing others. However, a rich body of empirical literature shows that managers do not easily share their experiences of ethical problems with others (Bird & Waters, 1989; Dean et al., 2000; Sonenshein, 2007). Rather, discussing ethical problems openly can be regarded as a threat to organisational harmony or to the manager's own reputation (Bird & Waters, 1989; Badaracco & Webb, 1995). Also, Sonenshein (2007) suggests that organisations preferably silence controversial issues like ethical problems. Managers generally value unity, agreement and consensus, and it appears that they are mostly left alone to cope with difficult ethical problems (Sonenshein, 2007). On the other hand, middle managers may be reluctant to search for organisational or peer guidance in the first place, since they do not wish to lose face in the organisation, as shown by Dean et al. (2010). Feldt et al. (2012) make the important point that solving ethical problems may challenge managers to reflect on their work, values, decisions and the consequences of these, as well as on organisational prac-

tices, which can result in experiences of learning and development (Feldt et al., 2012). I posit that investigating managers' ethical decision-making in connection to actual, lived and experienced ethical problems offers a fruitful and rich starting point for this research (see Schwartz, 2016 p. 756).

The organisational context of this study is institutions of higher education, knowledge organisations which build their success on highly skilled and educated staff members (e.g. Sveiby, 1997; Uusiautti, 2013). However, leadership in a university setting is different from that in private sector knowledge organisations at least from one point of view (Uusiautti, 2013). As Uusiautti (2013) notes, managers in higher education are responsible not only for the well-being and motivation of their staff members, but also their students, on whom they have both an indirect and a direct influence. Uusiautti (2013) and Mäki (2017) both argue that higher education middle managers' actions may have far-reaching consequences for university students.

As shown in earlier research, the drastic financial, cultural, demographic and managerial changes of recent years have introduced entirely new kinds of pressure on the leadership and management of both colleges and universities (see e.g. Allen, 2003; Ylijoki & Välimaa, 2008; Tierney, 2008; Folch & Ion, 2009; Middlehurst, 2010; Floyd, 2012; 2016; Mäki, 2017). Greater demands have continuously been placed on the behaviour of those in management positions (Middlehurst, 2010; Preston & Price, 2012; Abbasi & Zamani-Miandashti, 2013; Floyd, 2016). Further, Clegg and McAuley (2005) point out that middle managers in higher education are central to organisational change, since they are the ones who must ensure that changes bring benefits to various constituencies. This means that in order to sustain success, managers in higher education need to stimulate, inspire and engage their subordinates and peers though they themselves as managers are in the front line of profound and sometimes unwelcome changes (Middlehurst, 2010). This inherent duality of the role of higher education middle management seems to bring many ethical tensions to individual managers (Branson et al., 2016). Branson et al. (2016) add that the role of the middle manager in higher education does not contain any strong elements of coercive power; rather, middle managers' authority is formed by the nature of their relationships, and it should be sustained and supported by a favourable organisational culture.

On the basis of empirical findings from the Finnish knowledge organisation context, Mäki (2017) proposes that it is essential that middle managers have the courage to intervene in organisational problems such as unfair treatment, conflicts or neglect of duty, since managers play a central role in developing the organisational leadership culture and practices. Mäki (2017) also notes that middle managers' leadership in higher education organisations, as well as in other expert organisations, seems somewhat paradoxical: staff members expect extensive autonomy but occasionally they ask for very precise guidance and clear advice from their superiors. Moreover, employees assess the overall leadership culture of the organisation based on the behaviour they observe of their direct superiors (that is, middle managers), and not on the behaviour of upper

management. This emphasises the importance of the role and leadership of middle management in higher education. Middle managers must, on one hand, convey strategic decisions to lower levels in the organisation, and on the other hand take care of very practical, small-scale HR questions. The higher education middle managers in Mäki's (2017) data often felt that they were excluded or even isolated from strategic decision-making, but they still had to find solutions to complicated problems without organisational support. Middle managers felt that they had relatively little autonomy in their position, compared with their staff and upper management (Mäki 2017). In other types of knowledge organisations, especially in the private sector, this experience of exclusion did not take place. For instance, Mäki (2017) found that middle managers in a start-up company were actively involved in decision-making with the upper management.

Prior empirical research on the topic of higher education managers' ethical decision-making and behaviour in ethical problems is, to my knowledge, rather scarce, but there have been some studies close to the field. For example, Preston and Price (2012) suggest that in the higher education context, entry and mid-level managers experience significant ethical problems especially in relation to their former peers when trying to balance between organisational forces and the criticism, resistance to change and even contempt of individual academics. Moreover, they found that managers had little or no support or understanding for their difficulties from their employees or superiors. Floyd's (2016) study among higher education middle managers in the UK supports this finding.

A study by Hellowell and Hancock (2001) showed that middle managers in higher education had very few tools with which to solve problems that had ethical dimensions (for instance under-performing academics). Uusiautti (2013), in her qualitative study, found that higher education managers faced ethically laden problems, such as opportunism, hidden agendas, shrinking budgets and resources as well as a politically charged context at work. Positive feedback from staff members and superiors increased managers' feelings of self-efficacy, capability and competence, which again improved their ability to give further ethical leadership (Uusiautti, 2013).

1.6 The contributions of the study

This dissertation aims to make the following contributions. Firstly, by developing the appropriate agency framework, it contributes to the discussion on ethical decision-making in organisations. The main contribution of this research is therefore that it offers an alternative theoretical construct to the traditional ethical decision-making models, as called for by Craft (2013) and Lehnert et al. (2015), among others; the appropriate agency framework responds to the call for future theoretical development in the field of ethical decision-making in organisations (O'Fallon & Butterfield, 2005; Craft, 2013; Lehnert et al., 2016; Schwartz, 2016).

Secondly, this study shows how the theory of logic of appropriateness (March, 1994) could add to the most distinguished theories of ethical decision-making (see e.g. Rest, 1984; Treviño, 1986; Jones, 1991) in the organisational context. It also adds another viewpoint to the literature by investigating how the organisational environment, and particularly the ethical organisational culture construct (Kaptein, 1998), can enable or constrain individual moral agency (Bandura, 1991) in ethical problems. This viewpoint is especially important because individuals rely on the structures, processes, and the people around them when faced with ethical dilemmas (McLeod et al., 2016). The study also contributes to the theoretical model of ethical problems developed by Geva (2006). This model proposes that moral judgement and motivation to do the right thing are important determinants in solving ethical problems (Geva, 2006), and that based on these determinants, ethical problems can be divided into four different types. This model has not been investigated empirically before, and this study explores its applicability by making a study among middle managers. In addition, this study adds one dimension to Ciulla and Forsythe's (2011) leaders' ethical facets framework, namely ethics of care. The care ethics theory has not been very commonly applied in organisation ethics research (see e.g. Crane & Matten, 2004), but it offers a fruitful alternative to existing theories, as shown by Lawrence and Maitlis (2012).

Thirdly, the importance of this study derives from the fact that managers' ethical problems are an inseparable part of organisational life, and for the effective, sustainable and successful performance of the organisation as well as for the well-being of the organisation's members, it is essential that these problems are acknowledged and solved (e.g. Collier, 1998; Geva, 2006; Kish-Gephart et al., 2010; Kaptein, 2011). Moreover, even though ethical decision-making in organisations has been studied extensively (see overviews e.g. Ford & Richardson, 1994; Loe et al., 2000; O'Fallon & Butterfield, 2005; Craft, 2013; Lehnert et al., 2015), few studies have addressed the question of how middle managers deal with actual ethical problems, from the initial recognition of the problem to the perceived resolution or end result, in the organisational environment (see e.g. McNeil & Pedigo, 2001; Pedigo & Marshall, 2004; Dukerich et al., 2000; Power & Lundsten, 2005; Dean et al., 2010; Feldt et al., 2012). Holian (2002) argues that although a lot of research has been conducted in the area of ethical decision-making in general, managers mainly learn to solve ethical problems by trial and error. More empirical research among managers and dissemination of the research findings is, therefore, evidently needed (see also Lehnert et al., 2015; 2016). Given, too, the very important role of middle managers in promoting the ethicality of their organisations (Dean et al., 2010; Kujala et al., 2016), there has been a clear lack of attention in recent literature to their ethical decision-making and behaviour, as shown earlier. This gap creates an important opportunity, and this research seeks to use that opportunity and investigate the topic.

Fourth, this study contributes to prior research by using a qualitative method to explore the topic. Most empirical research in the field has been conducted using quantitative methods, and there appears to be a need for more

diverse approaches (e.g. O'Fallon & Butterfield, 2005, Treviño et al., 2006; Brand, 2009; McLeod et al., 2016; Lehnert et al., 2016). In Lehnert et al.'s (2015) recent review of the empirical ethical decision-making literature between 2003 and 2013, only two of the 182 studies engaged in qualitative analysis. Lehnert et al. (2016) argue that qualitative studies provide rich histories, diverse perspectives and a range of contexts that it is difficult to capture using purely quantitative methods. A qualitative approach can enable better understanding of the topic since, as suggested by Campbell and Cowton (2015), questions of ethics are essentially qualitative by their nature. Quantitative variables might not describe the ethical problems that are encountered and the relevant ethical decision-making in adequate depth (Campbell & Cowton, 2015; Lehnert et al., 2016).

Another contribution of this research is that the data has been collected by interviewing middle managers, not by using student samples. Schwartz (2016), Lehnert et al. (2015), Craft (2013), as well as Campbell and Cowton (2015) have strongly criticised student samples in empirical organisational ethics research on the grounds that students cannot be regarded as proxies for practising managers. Moreover, this research is valuable from the perspective of context; Brand (2009) and Lehnert et al. (2016) argue that increased attention needs to be paid to situated and contextual knowledge. This research responds to this by investigating decision-making and behaviour at the level of middle management in a certain type of knowledge organisation and in the context of ethical problems that have actually been experienced.

1.7 The research process and summary of the research articles

This research has its origins in my personal observation of the complex ethical dilemmas that arise in the context of higher education and the way middle managers aim to navigate them. Shared discussions with other middle managers in the field and the evident lack of empirical studies convinced me of the importance of the topic. I wanted to explore more extensively and understand the overall question of how (un)ethical decisions are made in ethical problems. This interest paved the way for the initiation of my studies. I chose to explore the phenomenon from various angles by writing research articles, which provided a comprehensive view of the topic. The research articles and their main findings are presented in Table 1.

TABLE 1 Summary of the articles

Article	Focus of the study	Research material and analysis	Main findings
Hiekkataipale, M-M. & Lämsä, A-M. 2016. The ethical problems of middle managers and their	Middle managers' ethical problems and their organisational consequences	52 critical incidents identified from 20 middle manager interviews, empirical phenomenology	Ethical problems are context dependent and interdependent. Problems are compliance

continues

<p>perceived organisational consequences. <i>Transformations in Business & Economics</i> 15(3), 80-96.</p>			<p>problems, genuine ethical problems and problems of moral laxity, as suggested in Geva's (2006) theory. One type of problem may turn into another. The organisational environment is important in solving ethical problems.</p>
<p>Hiekkataipale, M-M. & Lämsä, A-M. 2017. What should a manager like me do in a situation like this? Strategies for handling ethical problems from the viewpoint of the logic of appropriateness. <i>Journal of Business Ethics</i> 145(3), 457-459.</p>	<p>Different strategies that middle managers use when handling ethical problems. What kind of ethics do managers reveal when handling ethical problems? Which strategies contribute to the ethicality of the organisation?</p>	<p>52 critical incidents identified from 20 middle manager interviews, empirical phenomenology</p>	<p>Based on the logic of appropriateness, five strategies were constructed from the data: mediating, principled, isolation, teaching, bystanding. Managers reveal ethics of care, virtue ethics, ethics of consequences and ethics of duty when handling the problems. Pro-active and open strategies improve the ethicality of organisations. Learning is essential in decision-making.</p>
<p>Hiekkataipale, M-M. & Lämsä, A-M. 2017. (A)moral agents in organisations? The significance of ethical organisational culture for middle managers' exercise of moral agency in ethical problems. <i>Journal of Business Ethics</i>, DOI: 10.1007/s10551-017-3511-9</p>	<p>The significance of different dimensions of ethical organisational culture for the exercise of middle managers' moral agency in ethical problems.</p>	<p>52 critical incidents identified from 20 middle manager interviews, empirical phenomenology</p>	<p>A healthy ethical organisational culture improves managers' possibilities for effective moral agency in ethical problems. An insufficient ethical culture may contribute to morally disengaged reasoning. Threefold relationship between corporate ethical virtues and moral agency exist.</p>

As shown in Table 1, the first article explores middle managers' experiences of ethical problems in the course of their leadership. The article maps the organisational consequences that managers observed in connection to the ethical problems they experienced. In addition to finding out the types of problems, which are mostly of a day-to-day nature arising from organisations' internal sources (such as employees or upper management), the first article revealed that middle managers seemed to have different ways of dealing with problems. This observation led me to explore how the strategies used to handle ethical problems take form in organisations. The interview data triggered the idea that decision-making and behaviour in ethical problems is not entirely based on rational and utilitarian reasoning. Rather, the strategies applied in ethical problems are (at least partially) constructed on a complex scanning of the expectations of the social environment. Consequently, I chose to apply the theory of logic of appropriateness in the second article, and found five strategies with different organisational outcomes. Middle managers' personal ethical approaches (virtue, utilitarian, deontology, care ethics) were also investigated to further understand the determinants of their ethical decision-making. Based on the key findings in the second paper, I wanted to focus in greater depth on the impact of the organisational environment on middle managers' ethical decision-making and ethical behaviour. In the third paper, I showed the significance of the corporate ethical virtues construct for the moral agency of middle managers.

To summarise, one study led to another in the course of the research process. In that sense, the process can be described as a learning process in which my understanding and knowledge of the topic increased. I noticed that as I am a manager myself, working in a similar position to most of my respondents in the field of higher education, I was able to establish trusting relationships with the respondents. I acknowledge that I obtained rich and surprisingly open descriptions of managers' experiences due to my own background. Furthermore, I observed that the interviewees treated me as a peer instead of a researcher, who is normally expected to be distant from the experiences of the respondent (see e.g. Riessman, 2015). My professional background obviously contributed to a sense of mutual understanding, although on the other hand it can also be seen as a weakness and threat to the objectivity of this research (Lämsä & Hiillos, 2008). However, as Riessman (2015) proposes, observer, observation, and interpretation are inseparable, and the trustworthiness of the research is dependent on the investigator's ability to interrogate her role in producing knowledge about others. I have responded to this need by reviewing my role as an investigator in this research, and by carefully describing the research assumptions, process and analysis (see Riesmann, 2015).

2 THEORETICAL FOUNDATIONS

2.1 Ethical decision-making models

Ethical decision-making models provide a rich theoretical base for empirical studies of ethical decision-making in organisations (Loe et al., 2000). According to the most recent reviews (Craft, 2013; Lehnert et al., 2015, 2016), ethical decision-making is a growing area of inquiry with already over 500 articles published on the subject, which indicates that it is important to organisational and behavioural science. However, theoretical development in the field has stagnated and research mainly relies on the most established models (Loe et al., 2000; O'Fallon & Butterfield, 2005; Craft, 2013), which paves the way for alternative approaches in theorising ethical decision-making and ethical behaviour in organisations, as I will show next.

2.1.1 Rationalist models

Theoretical models of ethical decision-making have traditionally been divided into two groups, depending on their approach to the process of moral reasoning (Schwartz, 2016). Rationalist models assume that deliberate and conscious moral reasoning leads to a moral judgement (e.g. Treviño, 1986), whereas non-rationalist models emphasise intuitive judgement and affections as determinants of ethical decision-making in organisations (e.g. Sonenshein, 2007; Thiel et al., 2012; Leavitt et al., 2016).

The most distinguished theories of ethical decision-making draw on Rest's (1984) four-component model for individual ethical decision-making (Crane & Matten, 2004; O'Fallon & Butterfield, 2005; Craft, 2013). According to Rest (1984), individuals move through a certain process and distinct stages when making ethical decisions. The first component in the model, moral awareness, includes interpretation of the situation and evaluation of the effects of one's possible action on the welfare of others (Rest, 1984; Elm & Radin, 2012). The second stage, making a moral evaluation, refers to the decision the individual

makes as to which course of action is morally right (O'Fallon & Butterfield, 2005). Moral intention, which is the third component, involves the establishment of a moral intent (Loe et al., 2000). The last component is engagement in moral behaviour (Rest, 1984).

According to Rest (1984; 1986), each of these components represents processes involved in the production of a moral act, and they should not be seen as general human traits (Rest, 1986; 5). Moreover, even though one might reach one stage in the model, this does not necessarily mean that one will move on to the next stage (Crane & Matten, 2004). Hence, the model distinguishes between knowing what one should do and actually doing something about it (Crane & Matten, 2004). Also, one might want to do the right thing, but not know what the right course of action is (Crane & Matten, 2004).

Jones' (1991) Issue Contingent Model, which makes a synthesis of previous ethical decision-making models and also draws on Rest (1984), proposes that ethical decision-making is issue contingent. This means that the nature or characteristics of the ethical problem are seen as affecting the course of ethical decision-making and finally the ethical or unethical behaviour (Jones, 1991; Elm & Radin, 2012). This aspect is also called moral intensity. People's reactions to ethical issues are dependent on six elements: 1) the magnitude of the consequences of the issue (the sum of the harm/benefits of the act to those involved), 2) the concentration of the effect (the strength of consequences for those involved), 3) the probability of the effect (the probability the act will actually take place), 4) temporal immediacy (the length of time between the present and the act), 5) proximity (the feeling of immediacy to those involved) and 6) social consensus (the degree of social consensus that an act is good or bad) (Craft, 2013; Jones, 1991). O'Fallon and Butterfield (2005), Craft (2013) and Lehnert et al. (2015) show in their reviews that Jones' (1991) moral intensity construct is still influential in ethical decision-making, and that especially the dimensions of magnitude of consequences and social consensus have explanatory power when investigating ethical decision-making in organisations.

In her person-situation interactionist model, Treviño (1986) identified both individual and situational variables which influence the relationship between making a moral judgement and engaging in moral behaviour, together with the stage of the individual's cognitive moral development. Moral judgements are here seen as prescriptive assessments of what is right and wrong (Treviño, 1986). Treviño's (1986) model draws on Kohlberg's (1984) theory of six stages of cognitive moral development, which suggests that individuals' capacity for complex ethical decision-making and moral judgement evolve through sequential development. Kohlberg's (1984) model assumes that individuals at a higher level of cognitive moral development are more able to resist external influences in an organisational environment than individuals at lower stages (Treviño, 1986). Kohlberg (1984) also addresses the reasoning aspect in decision-making; here, the focus is on the cognitive decision-making process, the reasons an individual uses to justify a moral choice.

Treviño's (1986) influential (Calabretta et al., 2011) person-situation interactionist model suggests that in addition to the individual's stage of cognitive moral development, other individual factors, such as ego strength, field dependence and locus of control, have an impact on the outcomes of the ethical decision-making process. Ego strength refers to one's skills of self-regulation: individuals with high ego strength are more likely to follow their own values and perceptions of what is right and wrong, while those with low ego strength tend to bend under pressure from the various stakeholder groups (Treviño, 1986). Field dependence refers to a person's autonomy from referent others (superiors, colleagues). In this case, that means that field-independent people are able to make up their own mind, act, and evaluate external information objectively without compromising their own belief (Treviño, 1986). Finally, the concept of locus of control refers to a person's perception of how much control he/she has over life events; if a person believes that what she/he does is of no importance at the workplace and everything that happens is based on pure luck, fate or someone else's judgement, that person is unlikely to take responsibility for their own actions (Forte, 2004; O'Fallon & Butterfield, 2005).

Treviño (1986:610) proposes also that: "The individual comes to an organisation with a particular level of cognitive moral development and other individual characteristics. But, moral action takes place in social context and can be influenced heavily by situational factors". The organisational culture, the immediate job context and the characteristics of work itself are thus essential determinants of ethical decision-making, a finding which has been supported in many studies (see Loe et al., 2000; O'Fallon & Butterfield, 2005; Craft, 2013). In Treviño's model (1986), an individual's cognitive moral stage is a significant, underlying element also when evaluating the situational variables in ethical decision-making. For instance, the opportunities for role taking in the job may offer possibilities that contribute to the individual's further cognitive moral development. Therefore, according to Treviño (1986), the nature of the job itself may increase the individual's ability to deal with ethical dilemmas.

Most empirical studies in the field have investigated ethical decision-making drawing on various dimensions of Jones's (1991) moral intensity construct, or Rest's (1986) four component model, mostly by using quantitative methods (O'Fallon & Butterfield, 2005; Lehnert et al., 2015).

The significance of Jones's (1991) moral intensity construct to ethical decision-making has been reaffirmed several times during the past decade (Lehnert et al., 2015). The individual's level of cognitive moral development has, likewise, been found to be important when resolving ethical dilemmas (Lehnert et al., 2015). In addition, there is also empirical evidence regarding the impact of gender and nationality on ethical decision-making (Lehnert et al., 2015). In contrast, there is still no clear understanding of the influence of certain variables on ethical decisions and ethical behaviour. Lehnert et al. (2015) assert that factors such as age, locus of control, religion, personal spirituality and ethical climate still need further investigation.

Individual factors (such as cognitive moral development, gender, or personal values) have, for decades now, dominated in empirical studies, whereas organisational variables (culture, rewards and sanctions, codes of ethics) have received less attention when investigating the conditions, factors, and influences involved in the ethical decision-making process (Craft, 2013). However, a more recent review by Lehnert et al. (2015) shows that there is a growing interest in organisational factors, and especially in the role of rewards and sanctions in ethical decision-making.

In this doctoral research, I claim that the most established models of ethical decision-making presented here (Rest, 1984, Treviño, 1986; Jones, 1991) fail to emphasise the comprehensively social and contextual nature of morality and its effects on ethical decision-making (Bandura, 1991; March, 1994, Treviño et al., 2006; Weaver, 2006). I argue, further, that too little attention has been given to social learning as part of the development of individual ethical decision-making and ethical behaviour in organisations (see e.g. Bandura, 1991; Treviño et al., 2006; Weaver, 2006).

2.1.2 Non-rationalist models

In addition to models that largely draw on Rest's framework of four components of ethical decision-making, there are other theories that recognise other types of determinants in the process (O'Fallon & Butterfield, 2005). These non-rationalist approaches usually criticise conscious moral reasoning as a basis for ethical decision-making (e.g. Sonenshein, 2007; Thiel et al., 2012; Leavitt et al., 2016). They posit that modern ethical problems are so complex and the organisational environment is so dynamic that traditional theories can no longer take into account all the necessary determinants, such as managers' ability to make sense of their environment through intuitive judgement and emotions (Thiel et al., 2012). Also, rationalist theories are seen as undermining the constructive nature of ethical issues (Sonenshein, 2007). Non-rationalist researchers argue that intuitive and emotive processes, such as "gut sense" and a "gut-feeling", generate ethical decision-making in ethical problems (Schwartz, 2016).

Sense-making models (e.g. Sonenshein, 2007) are multi-faceted and comprise multiple processes. I will now present the main steps that are commonly shared in non-rationalist approaches (Schwartz, 2016). First, individuals recognise problems by comparing current and earlier situational elements (Thiel et al., 2012). Issue construction builds on confusion, which is a triggering factor during the sense-making process. In non-rationalist models, the individual first tries to understand the diverse aspects in the uncertain environment and to determine the right thing to do in the particular circumstances (Thiel et al., 2012; Schwartz, 2016). According to Sonenshein (2007), help is rarely sought within the organisation in ethically challenging situations, but peer influence can still be a significant factor when a person builds mental models or constructs of the ethical problems; people try to figure out how others understand the situation (Sonenshein, 2007).

Second, an intuitive judgement is made. Sonenshein (2007) underscores that intuition about the moral course of actions arises instantaneously, and in the limited time frame no detailed and rational judgement can usually be made (see also Leavitt et al., 2016). As part of the sense-making process, people subsequently rationalise their behaviour and try to understand their own reactions. This type of moral reasoning, however, takes place after the decisions have been made and action taken (Sonenshein, 2007; Schwartz, 2016).

In the non-rationalist sense-making models of ethical decision-making, affects are important (Schwartz, 2016). As Sonenshein (2007) asserts: "In real-life dilemmas, individuals often know the objects of their moral judgments and have relationships and feelings about them. Consequently, real-life dilemmas often induce a strong affective component". In the models, emotions, which have been argued to have a significant influence on ethical decision-making, are divided into three categories: 1) pro-social emotions (empathy, sympathy, compassion, concern), 2) self-blame emotions (guilt, shame) and 3) other-blame emotions (contempt, anger, disgust) (Schwartz, 2016). To summarise, the non-rationalist models build on the chain or interdependency of situations, emotions and intuition. The emphasis is on unconscious, fast, automatic and associative processes (Schwartz, 2016). In this research, I argue that also the non-rationalist models pay scant attention to the social nature of morality and the social context of ethical decision-making. Moreover, non-rationalist models seem to undervalue individuals' reasoned and thought-out interpretations of what they should do and what is expected from them by others in the particular circumstances (March, 1994; Thiel et al., 2012).

2.1.3 Logic of appropriateness and moral agency as alternative theories for ethical decision making

In order to meet the challenges of the rationalist and non-rationalist frameworks, in this dissertation I develop an alternative framework called the *appropriate agency framework* for ethical decision-making, primarily by integrating two theoretical models, namely the *theory of moral agency* (Bandura, 1991) and the *theory of logic of appropriateness* (March, 1994). The advantage of these theories is that they combine elements from major ethical decision-making models (see Treviño, 1986; Rest, 1986; Jones, 1991, Loe et al., 2000; O'Fallon & Butterfield, 2005), as they match cognitive reasoning, situational variables, personal moral identities and environmental influences. On the other hand, and like the non-rationalist theories (e.g Thiel et al., 2012; Leavitt et al., 2016), both of these theories mostly reject a purely rationalist (and utility based) viewpoint on ethical decision making (Bandura, 1991; March, 1994) by claiming that the changeable social environment with its various and ambiguous situations, rules and role expectations, experiential and social learning, individual motivation, as well as the individual's intuitive reactions, all play a role in ethical decision-making (Bandura, 1991; March, 1994; Weaver, 2006). In addition, fulfilling one's personal moral identity is a central element in theories of moral agency and logic of appropriateness (March, 1994; Weaver, 2006). Both theories are also interested

in actual moral conduct, that is, ethical actions in organisations (Bandura, 1991, March, 1994). Finally, the two theories build on the idea that morality is a socially constructed and sustained phenomenon (Bandura, 1991; Weber et al., 2004).

The theory of logic of appropriateness has been argued to have greater explanatory power in social dilemmas, such as ethically problematic situations, than utility-based decision-making models (Messick, 1999; Weber et al., 2004; March & Olsen, 2009). This theory draws on the idea that people maintain roles and identities which provide rules of appropriate behaviour in every situation (March & Olsen, 2009). For instance, middle managers may perceive themselves as having a certain kind of management role which requires a certain kind of behaviour when solving ethical problems in their organisations. The process of rule-following involves complicated moral reasoning, but the focus is not on the outcomes of the process but rather on what is the mutually accepted understanding of the right, reasonable and good way of behaving (March & Olsen, 2009). The appropriateness theory also posits that ethical decision-making is often rooted in following habitual rituals and social norms, and that it involves shallow and intuitive processing (Messick, 1999).

The first stage in decision-making, according to the theory of logic of appropriateness, is recognition of the situation (Weber et al., 2004). People try to identify what type of situation they are dealing with and they look for useful cues from the environment on how they should understand the situation (March, 1994). Experience of prior situations helps individuals to categorise the situation, as well as to make a decision about the right kind of behaviour (Messick, 1999; Dane & Sonenshein, 2015).

In the second stage, in order to judge the appropriate action in a given situation and context, the actor seeks to identify him/herself in the situation. Therefore, as well as in the theory of moral agency, identity is one of the main concepts and elements in the logic of appropriateness framework (Messick, 1999; Weber et al., 2004). Individual identities differ from each other, which means that responses to similar situations can vary significantly between individuals (Weber et al., 2004). Differences in identity depend not only on factors like personality, gender, education, nationality, personal history etc. (Messick, 1999), but also on other factors, such as locus of control, self-monitoring capabilities and social value orientation (Weber et al., 2004). In this study, identity is therefore defined simply as a concept which includes all the idiosyncratic factors that individuals bring with them into social situations (Weber et al., 2004). Identities are both constructed by individuals and imposed on them by the social environment (March, 1994, p.62; Weaver, 2006).

In the third stage of the framework, the actor assesses the rules that apply in that situation (March, 1994). Rules here include both explicit guidelines, like codes of ethics or laws, which formally guide behaviour in organisations, and also less visible and less explicit influences on decision-making (values, beliefs) as well as habitual rituals (Weber et al., 2004). Actors seek to follow the rules encapsulated in their role and identity, and in the practices, ethos and expecta-

tions of the institution (Messick, 1999). To illustrate this viewpoint in the theory, March (1994) states that "Organisational rules define what it means to be an appropriate decision maker". One important point here, however, is that regarding some rule as appropriate by an actor or organisation does not mean that it is ethically acceptable or will contribute to positive outcomes in the organisation (March & Olsen, 2009). Neither does the logic of appropriateness imply that behaviour in social dilemmas such as the solving of ethical problems is predictable. On the contrary, as March and Olsen (2009, p. 9) state: "Individuals have multiple roles and identities and the number and variety of alternative rules assures that only a fraction of the relevant rules are evoked in a particular place at a particular time."

To sum up, according to the theory of logic of appropriateness, judgement of what will be the appropriate action is primarily based on the individual answering for themselves three questions. There is the question of recognition: What kind of situation is this? The question of identity: What kind of person am I or what kind of organisation is this? And finally, the question of rules: What does a person such as I, or an organisation such as this, do in a situation such as this? (March, 1994; Messick, 1999; Sending, 2002; Weber et al., 2004).

Although the theory of logic of appropriateness has been widely used as an alternative framework to the logic of consequences for understanding behaviour (Newark & Becker, 2016), it has not, to my knowledge, been studied extensively from the point of view of ethical decision-making. Its different sub-dimensions - situation, identity and rules - have, as shown earlier, received a lot of attention and numerous empirical studies have validated these variables in relation to ethical decision-making (see Craft, 2013; Lehnert et al., 2015). Wilhelm and Bort's (2013) research on popular management concepts can be mentioned as an example of one of the few empirical studies (Newark & Becker, 2016) applying the logic of appropriateness. Wilhelm and Bort (2013) showed that managers use popular management concepts in communication based on the appropriateness of the concepts, not the logic of consequences. Behaving according to one's managerial identity and following socially defined rules for managerial roles account for the chosen communication pattern (Wilhelm & Bort, 2013). Moreover, situational elements as well as learning from more experienced managers were found to significantly influence managerial communication. In addition, Entwistle (2011) found that senior and middle managers in English local government sought to adopt reform ideas based on the logic of appropriateness during organisational change, but they were constrained in their organisations due to lack of solid consequential reasons for doing so. These few empirical studies suggest that the logic of appropriateness theory may be applied in many types of decision-making situations in different types of organisations.

Moral agency theory, on the other hand, draws on the social cognitive theory (Bandura, 1991, 2001; Bandura et al., 1996), which suggests that the relationship between moral thought and conduct is mediated through the exercise of self-regulation and, more specifically, the mechanism of moral agency. This

construct has been argued to form a solid framework for understanding how people behave in the context of ethical problems (Bandura, 1991, 2001, 2002, 2016; Weaver, 2006). Moral agency theory takes into account three interacting determinants in decision-making; these are, monitoring one's behaviour, cognition (judging if something is right or wrong according to one's personal standards), and other personal and environmental influences (Bandura et al., 1996; Bandura, 2002).

Moral agency theory corresponds to some extent to rationalist theories as it involves individuals' deliberative ability to make choices between right and wrong (Rest, 1986; Bandura, 2001). However, self-regulation of moral conduct, which is a key concept in the theory, involves more than abstract moral reasoning. Bandura (1991) asserts that in dealing with ethical problems, people must extract, weigh and integrate morally relevant information in the situation confronting them. This type of moral reasoning is, according to Bandura (1991), guided by multidimensional rules for judging conduct, and forms an ongoing exercise of self-reactive influence. Affective self-reactions are mechanisms which provide anticipatory information about external social sanctions and internalised self-sanctions (Bandura, 2001). Self-sanctions form a key element in the theory, as people feel guilt or shame if they violate their own moral standards (Bandura, 1991; Detert et al., 2008). Individuals commonly want to gain self-respect and self-satisfaction by following their own moral convictions (Bandura, 1991, 2001, 2016). On the other hand, people usually refrain from behaving unethically because of fear of adverse consequences (such as reprimands, isolation) in the social environment (Bandura, 2016).

Social reality has a multidimensional influence on the development of moral agency for various reasons. First of all, personal moral standards, which motivate or hinder actions, are formed in the course of the socialisation process (Bandura et al., 1996). Secondly, the social environment, such as the organisational culture, can support adherence to personal moral standards (Bandura, 1991). Thirdly, the social environment may activate disengagement of moral self-regulation and contribute to amoral behaviour (Bandura et al., 1996).

Effective moral agency requires both the capacity of self-regulation and a strong sense of self-efficacy (Bandura, 1991, 2001). Self-efficacy means that the more people believe that they have an influence on their motivation, thoughts and behaviour, the better they can resist social pressures to behave against their own moral standards (Bandura, 1991).

MacIntyre (1999), drawing on virtue theory, defines three preconditions for effective exercise of moral agency. First, one should understand oneself as a moral agent; this means that people need to acknowledge that their moral identity is separate and distinct from their social roles (such as a managerial role). Second, one should have the ability and the opportunity to participate in dialogue and reflection with others regarding ethical issues. Third, one should understand that one is accountable to others in respect of human virtues, and not just in respect of one's role performance (MacIntyre, 1999).

In organisational life, people sometimes experience situations in which social pressures contradict their personal moral standards. This can, under certain circumstances, lead to either the selective activation or disengagement from self-sanctions in order to comply with external expectations, or possibly to gain valuable benefits later (Bandura, 1991; Bandura et al., 1996; Detert et al., 2008). Usually, when people's moral standards are different from their behaviour, they experience psychological discomfort (Bonner et al., 2016). This experience of discomfort and cognitive dissonance may result in the use of strategies of moral disengagement (Bandura, 2016; Bonner et al., 2016). Moral disengagement strategies operate automatically, and they prevent an individual from understanding moral cues in the environment (Martin et al., 2014). Bandura (2016, p. 30) states that: "Adept moral disengagement removes both restraints on harmful conduct and condemnatory self-reactions to it." Negative emotions related to violations of one's personal moral standards can therefore be (consciously or unconsciously) bypassed in certain situations (Martin et al., 2014).

Moral disengagement – a central feature in the theory of moral agency – may manifest in 1) moral justification, 2) reframing the detrimental conduct as socially acceptable, using euphemistic language to hide the actual purpose of the action, 3) advantageous comparison, 4) displacement of responsibility, 5) diffusion of responsibility, 6) minimising or ignoring the consequences of conduct, 7) dehumanising the victim and 8) the attribution of blame (Bandura et al., 1996; Weaver, 2006; Treviño et al., 2006).

The first of these, moral justification refers to a situation in which a person, through cognitive reconstrual, convinces him/herself that an unethical decision or behaviour actually serves a good purpose (Bandura, 1991 p. 72). Righteous ends are here used to justify harmful means (Bandura, 2016 p. 49). In the second case, euphemistic language is used to detach and depersonalise the decision-maker from unethical or unfair activities (Bonner et al., 2016). In an organisation, this could take place for instance during downsizing (see e.g. Lämsä, 2001), when the organisational discourse is narrowed down to talking about efficiency and economy instead of raising the possibility of alternative choices or moral problems involved in the decisions.

Advantageous comparison takes place when an individual compares a seemingly minor wrongdoing with a major unethical action (Bonner et al., 2016). In organisational life, exploiting the contrast principle (Bandura, 1991) may surface for example when a salesperson steals a small amount of money from the cash register by explaining to him/herself that a theft of this scale does not hurt the company. Displacement of responsibility, the fourth manifestation of moral disengagement, is a common disengagement method in the organisational environment: people place responsibility for unethical behaviour on the shoulders of an authority figure (Martin et al., 2014) and thereby neutralise their own personal accountability for their actions.

Diffusion of responsibility, the fifth one, can occur for example in teamwork, when people realise that blame can be attributed to several people, and nobody is personally guilty for the wrongdoing (Bonner et al., 2016). Bandura

(2016) posits that people act more cruelly under group responsibility than when they hold themselves personally accountable for their actions. Ignoring the consequences is another disengagement mechanism; it disconnects unethical actions and individual self-sanctions. It draws on the idea that the outcomes of the unethical actions are minimal, or not significant (Bandura, 1991). In the higher education environment, distorting the consequences can take place for instance, when group sizes are being increased and the voices of the students and teachers are ignored; it is claimed that learning is not compromised, and this change is not a big deal in the overall study environment.

Dehumanising the victim means that the decision-maker ignores the humanity of the victim, and thereby easily justifies violations against him/her (Bandura, 1991). And lastly, people may evade self-sanctions by blaming the victim for bringing the harm on him/herself (Martin et al., 2014; Bonner et al., 2016; Bandura, 2016).

Finally, the theory of moral agency posits that people are producers as well as products of their social systems. In other words, people can operate proactively to shape the nature of their social systems, such as organisations, to better align with their own personal moral standards (Bandura, 2001, Weaver, 2006).

Organisations have been found to play a key role in nourishing individual moral agency and preventing amoral practices and moral disengagement (Bandura, 2001; Weaver, 2006; Detert et al., 2008). Some empirical research has been carried out on moral agency in an organisational setting. For example, Wilcox's (2012) ethnographic study of human resource managers' moral agency shows that institutional structures threaten and constrain managers' exercise of moral agency. HR managers balance between very diverse and complex sets of values, norms and logics in ethical decision-making and the actions they take. Wilcox (2012) asserts that managers should be able to create relational spaces in which they can critically reflect on and discuss ethical issues. She underscores the importance of managers' ability to question the logic and norms that are taken for granted in the organisational setting. Managers should also reflect on the impact of organisational practices on those involved, personnel, communities, or other groups (Wilcox, 2012).

Moral disengagement mechanisms have been theorised extensively, but there are also some empirical studies on the topic (Treviño et al., 2006; Martin et al., 2014). For example, Bonner et al. (2016) propose that morally disengaged superiors are closely observed by their employees, which may lead to employees' poorer job performance, feelings of guilt and lower organisational citizenship behaviour. Kish-Gephart et al. (2014) suggest that moral disengagement can be triggered by situations that offer opportunities for self-interested behaviour. They noticed that for instance organisational reward systems can create such opportunities (Kish-Gephart et al., 2014).

Basing their study on quantitative survey data from a student population, Detert et al. (2008) identified the antecedents of moral disengagement. They show that empathy as a personal trait can prevent moral disengagement,

whereas cynicism increases the propensity to morally disengaged reasoning. Detert et al. (2008) call for more attention to identifying individuals who are prone to moral disengagement; job applicants should be selected carefully with respect to character. Individuals demonstrating low cynicism and a high sense of empathy should be placed in ethically sensitive positions, such as in managerial jobs (Detert et al., 2008). Also Bandura et al. (1996) found evidence that a sense of empathy, prosocialness and personal responsibility strengthened moral agency, and weakened moral disengagement. Empathetic people expose themselves to strong self-sanctions when faced with ethical dilemmas, which make them incapable of committing hurtful actions towards others (Bandura et al., 1996). In their study, Rittenburg et al. (2016) found that using euphemistic language can lead to morally disengaged reasoning and, eventually, to unethical behaviour. In the organisational context, euphemistic language is used to mask reprehensible actions so that they appear more favourable. Rittenburg et al. (2016) underscore that more transparent communication might lead to better understanding of the actual outcomes of actions.

2.2 The role of organisational context in ethical decision-making

As shown earlier, research has for some time now acknowledged the link between various aspects of the organisational context and individuals' ethical decision-making and ethical behaviour due to organisations' socialisation processes (e.g. Loe et al., 2000; Bandura, 2001; O'Fallon & Butterfield, 2005; Treviño et al., 1998, 2006, Kaptein 2011; Craft, 2013). When investigating the role of organisational context in managers' ethical decision-making, this research draws especially on Aristotelian virtue theory and other theories that have drawn mainly on virtue theory. From the point of view of this research, the strength of Aristotelian virtue ethics is that it takes into account not only an individual's ethical dispositions but also the collectivity which supports and nourishes these dispositions (Weaver, 2006). Organisations offer individuals natural possibilities for the exercise of virtues (Moore & Beadle, 2006). Dobson (2009) emphasises that one should be able to cultivate one's virtues in cooperative practices that is, in everyday organisational activities. Drawing on virtue theory, Bragues (2006) asserts that a organisation is most ethical when it provides individuals with opportunities to participate in the management of the organisation's activities and to define the purpose of the organisation's actions (see also Weaver, 2006). On the other hand, a body of literature shows that organisations can also constrain individual virtues and moral agency (e.g. MacIntyre, 1999; Beadle & Moore, 2006; Nielsen, 2006; Ferrero & Sison, 2014; Dawson, 2015; Kaptein, 2008).

To address this aspect, Solomon (1992; 2004) constructed a theoretical framework called the Aristotelian approach to business ethics, which pays attention not only to individual virtues but also to organisational conditions for virtuous behaviour. Solomon (2004) asserts that neither individuals working for an organisation nor organisations themselves are autonomous moral entities,

but interdependent; people are defined by their organisations, and organisations' practices, values and beliefs are, in turn, defined by people (Solomon, 2004). In his framework, Solomon (1992), makes the point that the individual is always primarily responsible for his/her actions whether ethical or unethical, but in the organisation, he/she plays the role appointed by the organisation.

Solomon's seminal (Ferrero & Sison, 2014) framework includes the idea that individual virtues matter most also in organisational life, but good corporate policies strengthen these individual virtues. Solomon (2004) argues that, as well as individuals, also organisations can act as virtuous moral agents, with positive or desirable operational traits and dispositions, such as trustworthiness, care, compassion and respect for others (Ferrero & Sison, 2014). Solomon (1999) also contends that organisational cultures contain virtues and those virtues are manifested in the virtues of the members of the organisations (see also Dawson, 2015). Organisations, however, do not operate in a vacuum; rather, they are members of larger communities, such as the societies in which they operate, and are thus responsible for a variety of actors (Solomon, 1992, 1999, 2004; Ferrero & Sison, 2014). By focusing on organisations, Solomon's approach underscores the social and relational side of virtue ethics rather than the individualistic viewpoint adopted in many prior studies (Ferrero & Sison, 2014). Solomon (1999) claims too that in organisations, people not only work together for a common and mutually accepted and beneficial purpose, but also, and at the same time, fulfil their identities and find meanings for being.

2.3 Ethical culture of organisations

In research on the ethical context of organisations, the focus has mainly been on two distinct theoretical constructs: ethical climate (Victor & Cullen; 1998) and ethical culture (Collier, 1998; Kaptein, 1998, 2008; Treviño et al., 1998). According to Victor and Cullen (1988), ethical climate can be defined as an organisation's general and pervasive characteristics, which affect a broad range of issues, or as perceptions of typical organisational procedures and practices that have ethical content (see also, Treviño et al., 1998). Victor and Cullen's (1988) model of five dimensions (law and code, caring, instrumentalism, independence, rules) of ethical climate is well-known and widely acknowledged, but it can be regarded as being embedded within a larger concept of organisational culture (Collier, 1998, p.633). For Collier (1998), ethical climate refers to the immediate context of organisational practice as experienced by those involved, whereas organisational culture refers to an evolved context which is rooted in history, is collectively held, and has a complexity which can resist individuals' (un)ethical actions.

Drawing on virtue ethics theory, Collier (1998) posits that for organisations, ethicality is located in the interaction between being, doing and becoming, and that an organisation's ethicality is not just compliance with externally imposed regulations. Rather, an ethical organisation encourages open communica-

tion, co-operation, personal responsibility and wide participation in organisational decision-making (Collier, 1998).

According to Treviño (1986:612), ethical organisational culture consists of collective norms that guide behaviour and define what is appropriate organisational behaviour taking into consideration the influence of referent others, expectations of obedience to authority and the characteristics of immediate job context. In further development of the ethical culture construct, Treviño et al (1998, p. 451) narrowed down the definition and argued that the ethical culture of organisations consists of formal and informal systems of behavioural control, which either promote or hinder ethical behaviour. Formal systems include such factors as policies, leadership, authority structures, reward systems and training. Informal systems refer to peer behaviour and ethical norms (Treviño et al., 1998). A body of empirical research has later shown that ethical organisation culture has a powerful influence on the ethical behaviour of members of the organisation (e.g. Ford & Richardson 1994; Treviño et al., 1998; Loe et al., 2000; Koh & Boo, 2001; O'Fallon & Butterfield, 2005; Treviño et al., 2006; Kaptein, 2011; Craft, 2013; Huhtala et al., 2015).

Treviño's (1998) one-dimensional construct has been developed into a more explicit definition of the different sub-dimensions of an organisation's ethical culture (Kaptein, 1998). The only multidimensional model, developed by Kaptein (1998, 2008), builds on Solomon's (2004) virtue-based theory of business ethics, presented earlier. For his eight-dimensional model of corporate ethical virtues, Kaptein drew on prior theories of business ethics, as well as conducting an extensive number of qualitative interviews and observing companies (Kaptein, 1998).

Kaptein's (1998) corporate ethical virtues model (CEV) asserts that organisations are moral agents which possess ethical virtues embedded in the strategies, structures and organisational culture (Kaptein, 2017). Kaptein (1998) also suggests that the virtuousness of the organisation is dependent on how the organisational culture either stimulates ethical behaviour or hinders it; in other words, corporate virtues can be considered to be organisational conditions for ethical behaviour (Kaptein 1998, 2008). The CEV model is normative by its nature, which means that by strengthening the eight virtues, organisations can establish and maintain ethical culture (Huhtala et al., 2015). The eight virtues are 1) clarity, 2) congruency of supervisors, 3) congruency of senior management, 4) feasibility, 5) supportability, 6) transparency, 7) discussability, and 8) sanctionability.

Since organisations are considered moral entities, their virtuousness can be assessed (Kaptein, 2008, 2017). The CEV model has been tested and validated in several quantitative studies. These studies have approached the corporate ethical virtues construct from the viewpoints of managers' career goals (Huhtala et al., 2013b), ethical leadership (Huhtala et al., 2013a), association to burnout and work-engagement (Huhtala et al., 2015), sickness absence in organisations (Kangas et al., 2015), willingness to report unethical behaviour (Kaptein, 2011), and organisational innovativeness (Riivari & Lämsä, 2014).

The first virtue in the CEV model is clarity of ethical standards, which refers to concrete and comprehensive expectations concerning ethical behaviour (Kaptein, 2011; Huhtala et al., 2015). If clarity prevails in the organisation, its expectations regarding responsible choices in ethical problems should be clear and understandable to both managers and employees (Kaptein, 1999). Empirical evidence of the importance of clarity exists. Kaptein (2011), for example, found evidence that high clarity leads employees to intervene and correct wrongdoings at the workplace. In contrast, in his recent article, Kaptein (2017) asks whether too many and too detailed norms may leave no room for personal morality; being patronizing (too much clarity) may decrease employees' moral sensitivity, leading ultimately to unethical behaviour.

Congruency or the ethical role modelling of supervisors and senior management form the second and third dimensions in the CEV framework. Congruent managers should set an example of clear ethical decision-making and behaviour (Kaptein, 1999; Huhtala et al., 2011). Since managers act as role models and authority figures whose example of (un)ethical behaviour is often noticed and most likely followed by other organisational members, it is important that they openly communicate their ethical convictions (Treviño et al., 2000) and commit to the organisation's ethical rules and principles (Solomon, 1999:54; Treviño et al., 2006). Managers' central role in creating and sustaining the ethicality of their organisations has been confirmed in several empirical studies e.g. Badaracco & Webb (1995), Kaptein (2011), Zoghbi-Manrique-de-Lara & Suárez-Acosta (2014). In their recent study, Riivari and Lämsä (2014) found a connection between congruency of management and organisational innovativeness (see also Pūcetaite et al., 2016). Huhtala et al. (2013b), for their part, showed that congruency of supervisors and senior management contribute to a favourable working environment, which in turn promotes managers' commitment to the organisation's goals. Furthermore, Kangas et al. (2015), showed that especially the high congruency of management as a dimension of ethical organisation culture reduces sickness absence.

The organisational virtue of feasibility consists of time, financial resources, equipment and information provided in the organisation to enable ethical behaviour (Kaptein, 2008; Huhtala et al., 2015). The virtue of feasibility is thus related to one's ability and personal authority to act ethically (Huhtala & Kaptein, 2016). The objectives that an organisation imposes on its employees should be attainable and the organisation should not push people beyond their limits and encourage them to behave unethically (Kaptein 1999). From the middle manager point of view, lack of feasibility may endanger managers' ethical behaviour. This idea has been put forward by, for example, Jackall (2010, p, 213), who in his extensive study noted that middle managers are often left on their own to solve ethical problems during periods of organisational reform. Reynolds et al. (2012) found that excessive time pressures reduce managers' attention to employees' worries and problems. As a final point, Huhtala et al. (2011, 2015) showed that lack of feasibility can create stress and exhaustion in working life.

Supportability refers to creating a shared commitment to ethical behaviour (Huhtala et al., 2016). Kaptein (2008) suggests that an open, supportive and healthy organisation motivates staff to comply with normative ethical guidelines. Mutual trust and fair treatment are seen as contributing to the organisational atmosphere, which increases commitment (Kaptein, 1999; Pihlajasaari et al., 2013; Huhtala & Kaptein, 2016). Empirical research shows that high feasibility contributes to a healthy working environment (Huhtala et al., 2013b).

Transparency or visibility means that the consequences of unethical behaviour are observable and understandable to all organisation members (Huhtala et al., 2016). Information sharing and transparent processes are key elements in increasing organisational transparency (Kaptein, 2008). Huhtala et al. (2011) showed empirically that the actions of ethically behaving managers are of vital importance in increasing organisational transparency. Ethical managers intervene actively if they observe any unethical practices, and they increase awareness of the sanctions following unethical actions (Huhtala et al., 2013a).

Organisational discussability refers to what kind of opportunities employees and managers have to discuss and handle ethical issues openly and constructively (Huhtala et al., 2013a). As shown in prior studies, managers do not often share their experiences of ethical problems with their peers (e.g. Bird and Waters, 1989). Managers routinely encounter a whole range of ethical challenges, and ethicality is a live topic in managerial work, but they mostly keep their experiences to themselves and keep their experiences hidden, indicating a low level of discussability. Managers have been found to avoid talking about ethical issues because open discussion was considered a threat to organisational harmony, efficiency and also the manager's reputation (Bird and Waters, 1989). In contrast, in a recent study of the connection between leadership and culture among Finnish managers, ethical leaders were found to encourage discussions about ethical problems in their organisations, thus contributing to the virtue of discussability (Huhtala et al., 2013a). In addition, an open and discussion-friendly environment strengthens ethical conduct and increases the significance of ethical questions in general (Huhtala et al., 2013a). The opposite kind of culture has been found to reduce and even silence ethical talk and increase the possibility of unethical conduct (Feldt et al., 2012; Huhtala et al., 2013a).

The last organisational virtue in the CEV model is the virtue of sanctionability or reinforcement of ethical behaviour (Kaptein, 2011). Sanctionability has to do with the likelihood of employees and managers being rewarded for ethical behaviour and punished for behaving unethically (Huhtala & Kaptein, 2016). The importance of sanctionability has been addressed in several empirical studies. For instance, Selart and Johansen (2012) address the centrality of feedback regarding one's ethical actions. Huhtala et al. (2013a) identified a connection between ethical leadership and sanctionability; managers who regarded themselves as ethical leaders also claimed that unethical actions were punished in their organisations.

3 METHODOLOGY

This dissertation draws on the phenomenological research tradition. Phenomenology emphasises that social reality should not be understood as an objective external reality but rather as a product of human activity (Burrell & Morgan, 1979; Schütz, 1980). People create a meaningful social world around them, and communicate their meaning structures to others via verbal/physical communication (Aspers, 2009). This approach indicates that reality is socially constructed, socially sustained and socially changed (Burrell & Morgan, 1979; Aspers, 2009).

Quantitative studies and a positivist paradigm have for long dominated the field of business ethics research (Brand, 2009). However, in their discussion of methodological issues in business ethics research, Campbell & Cowton (2015) argue that questions of ethics in organisations are mostly of a qualitative nature; a quantitative approach may not capture the essence of ethical decision-making and behaviour in adequate depth (Brand, 2009; Campbell & Cowton, 2015). Lehnert et al. (2016) define a qualitative approach as follows: "Qualitative research seeks to explore and understand the underlying meaning that individuals or groups attribute to a social or human problem." This gives solid grounds for choosing a qualitative approach also in this research (see also, Alasuutari, 1995; Aspers, 2009; Silverman, 2013).

The advantages of using a qualitative approach when exploring ethical decision-making are numerous. Qualitative research allows problems and questions to emerge during the research process, which is contrary to a priori claims and hypotheses set by the researcher in quantitative studies (e.g. Silverman, 2013, p.124; McLeod et al., 2016, p. 437). When exploring a person's changing assumptions, intentions and values closely related to individual experiences of ethical issues, naturally flexible interviews (see e.g. King, 1994, p. 14) offer better opportunities for gaining deeper understanding than fixed choice questions do. Drawing on Lehnert et al.'s studies (2015, 2016), we can say that a qualitative approach opens up rich histories, diverse perspectives and a breadth of contexts that it would be impossible to bring out with quantitative methods. Especially contextual understanding is important when exploring the ethical perceptions of research participants (Brand, 2009).

Lehnert et al. (2016) argue that qualitative studies have contributed to theoretical development in the field of ethical decision-making by exploring the topic in unique and innovative ways. Quantitative studies have concentrated more on testing the most established theories, such as Rest's (1986) stage model and Jones's (1991) issue contingent model. This may have prevented new questions from arising for scientific discussion (McLeod et al., 2016). However, this is not to say that it is useless to investigate ethical decision-making with quantitative methodology. Quantitative studies have, for several decades, provided extensive knowledge on the different determinants influencing ethical decision-making in an organisational context (e.g. Brand, 2009; Craft, 2013; Lehnert et al., 2015). McLeod et al. (2016) suggest that using triangulation, which means combining quantitative and qualitative approaches, could in the future increase the validity of research, and verify and clarify meanings. In this study, since the aim is to contribute to theoretical development, a qualitative exploration was considered appropriate.

3.1 Empirical phenomenology

Empirical phenomenology constitutes a framework for the methodological choices in this study. According to Aspers (2009, p. 5), the foundations of empirical phenomenology lie in the assumption that a scientific explanation must be grounded in the meaning structure of real people. This means that research should focus on studying people's actual experiences (such as, in this dissertation, the middle managers' experiences of ethical problems), and the way people understand and relate to the phenomenon in question (Aspers, 2009). It is possible to build so-called first order constructs by exploring middle managers' experiences, and understanding the actor's meaning. In this research, middle managers' experiences of ethical problems represent the type of meaning addressed by Aspers (2009). Meanings also need to be related to relevant theories in order to produce scientific explanations (Aspers, 2009). To build so-called second order constructs, in this study, the researcher uses theories as schemes of reference, which give focus to the study (Aspers, 2009). Understanding, according to empirical phenomenology, is only gained when first order constructs are related to second order constructs, that is, to theories (Aspers, 2009). In this dissertation, managers' experiences are primarily connected to the typology of moral problems in business (Geva, 2006), theories of logic of appropriateness (March, 1994), moral agency (Bandura, 1991) and corporate ethical virtues (Kaptein, 2008) to build the second order constructs of the research topic.

3.2 Data collection and analysis

The method for data collection was chosen following the approach of empirical phenomenology (Aspers, 2009). In this study, the data was collected using the critical incident technique (CIT). This method can be considered especially suitable for this study since, as Lehnert et al. (2016) explain, critical incident technique is particularly useful when the researcher needs to uncover real life ethical dilemmas and incidents in detail.

A central concept in the framework is that of the critical incident, which can be defined as real, well-defined and meaningful incidents of human behaviour that positively or negatively affect those involved (Silén et al., 2012). The critical incident contributes to positive or negative results from the viewpoint of a person, action or phenomenon (Gremler, 2004; Vornanen et al., 2012). Typically, critical incidents are in the form of short stories told by people such as, in this study, middle managers. At best, respondents can give very detailed and concrete information about their experiences in specific situations (Gremler, 2004). Butterfield et al. (2005) emphasise that only those critical incidents which meet a three-step criterion for this technique should be included in the research data. The criterion requires that 1) the story of the incident must contain adequate information about what led up to the incident, 2) the story must include a detailed description of the experience itself, and 3) the interviewee must be able to describe the outcome of the incident (Butterfield et al., 2005).

The CIT comprises five main steps (Flanagan, 1954; Butterfield et al., 2005; Vornanen et al., 2012), and these are followed in this study. First, the general aims of the action or activity need to be recognised (Butterfield et al., 2005). Flanagan (1954) notes that in most situations there is no single general aim. In this research, the general aim could be loosely defined as “managers solving ethical problems in the organisational context”. The second step in the CIT process is to identify critical incidents (Vornanen et al., 2012). In this study, the critical incidents are ethical problems defined and described by middle managers. The third phase of the CIT consists of data collection (Butterfield et al., 2005), which in this study was carried out in the form of interviews. The fourth stage in the CIT process involves analysing the data (Flanagan, 1954; Butterfield et al., 2005) and finally, the fifth step, comes interpreting and reporting the data (Butterfield et al., 2005). In the data analysis and interpretation phases, the recommendations of empirical phenomenology were followed (Aspers, 2009).

The CIT was developed by a psychologist, John Flanagan, in the 1950s, for the purposes of selecting and classifying people in the field of industrial and organisational psychology (Flanagan, 1954; Butterfield et al., 2005, Vornanen et al., 2012). The main elements of the technique have remained relatively unaltered, in its original form, as presented in Flanagan’s (1954) seminal article, *The critical incident* (Gremler, 2004). Major developments have, however taken place in the application of the method (Butterfield et al., 2005, Breunig & Christoffersen, 2016). Even though the CIT has always been considered a qualitative

research method, it was developed when the popularity of the positivist paradigm was at its height; the CIT was introduced as a tool to measure, predict and control realities in the field of job and task analysis. This notion reflects the positivist approach to human experience (Flanagan, 1954; Breunig & Christoffersen, 2016). Gradually, the application of the method extended to investigating respondents' emotions, perceptions and experiences (Butterfield et al., 2005). Another major change in the evolution of the CIT was the move away from direct observation of research participants to the use of interview data (Vornanen et al., 2012; Breunig & Christoffersen, 2016). Since the mid-1990s, the CIT has become increasingly appreciated also in phenomenological research (Breunig & Christoffersen, 2016). The method has been used in a wide range of disciplines, including nursing, medicine, social work, organisation studies and service research (Gremler, 2004; Butterfield et al., 2005; Vornanen et al., 2012).

The CIT method offers several benefits for studying middle managers' ethical decision-making in the context of ethical problems. First, the method helps in the identification of which factors influence particular actions (Vornanen et al., 2012). Second, it enables respondents to evaluate what type of experiences are important with respect to the research topic (Vornanen et al., 2012). Third, the CIT is a systematic, retrospective and flexible method (Gremler 2004; Butterfield et al., 2005; Silén et al., 2012), which emphasises the respondent's perspective as expressed in his or her own words (Gremler, 2004). From the perspective of this study, this is particularly important, as I build first order constructs from the respondents' experiences of the decisions they have made in ethical dilemmas (Aspers, 2009). Fourth, the CIT is an explorative and inductive method, which enables the researcher to generate concepts and theories, such as, in this study, the appropriate agency framework (Gremler, 2004; Breunig & Christoffersen, 2016).

In addition, the CIT offers contextual data, which is relevant for practice (Butterfield et al., 2005; Breunig & Christoffersen, 2016). This is important to studies of ethical decision-making in organisational settings, as (un)ethical decisions and behaviour always take place in a certain context and reflect particular social settings (e.g. Craft, 2013; O'Fallon & Butterfield, 2005).

In spite of the benefits of using the CIT, there are certain questions attached to its application. The method has been criticised by scholars for its use of a relatively small number of respondents, for instance, and for recall bias, as it builds on individuals' recollections of lived experiences (e.g. Gremler, 2004). Details of the incident can be reinterpreted if there is a substantial time gap between the data collection and the original incident (Gremler, 2004). Issues of trustworthiness have also been addressed in recent criticism of the method. The researcher can, for instance, misinterpret the respondents' stories (Vornanen et al., 2012). However, the trustworthiness of the method can be improved by using, for instance, peer reviews, cross checking of the stories, triangulation, and participant observation (Vornanen et al., 2012). Moreover, the researcher applying the CIT needs to be open with regard to the research process and basic assumptions of the study (Gremler, 2004; Butterfield et al., 2005; Breunig & Chris-

toffersen, 2016). In this dissertation, I have described the underlying assumptions of the research, which means here the approach of empirical phenomenology. In addition, I have explained the research process and my role and learning explicitly during that process, as suggested by Riessman (2015).

3.2.1 Participants

The data was collected from four Finnish institutions of higher education during the spring and summer of 2013. The selection of respondents was based on snowball sampling. Snowball sampling refers to a method in which one respondent leads the researcher to another (Silverman, 2014). In this research, I used my own professional networks at the beginning of the data collection to find respondents with middle management positions. Managers who were first contacted recommended in turn other managers in their networks, and I then approached them. The benefit of this type of sampling was that it led me to the people who were most likely to have experiences of the phenomenon being investigated (see e.g. Silverman, 2013, p. 148; Campbell & Cowton, 2015). Moreover, managers said that they felt comfortable talking to a researcher whom they perceived as having prior understanding of the complexities of the field of higher education. I would claim that this atmosphere of trust considerably increased the richness and preciseness of the stories. Also, at the beginning of the interviews, it became clear that trust in my vow of silence and confidentiality were extremely important when we were discussing ethical problems. This indicates that the topic was regarded as sensitive, as Campbell and Cowton (2015) also make quite clear in their recent paper on method issues in business ethics research.

Despite the benefits offered by the snowball sampling used in my research, some criticism can be levied against selecting the respondents primarily on the basis of their convenience, as opposed to the random selection often recommended in textbooks on method (Campbell & Cowton, 2015). In order to enable randomized sampling in my study, however, I would have had to have access to information regarding the entire population, that is all higher education middle managers in Finland. This was not the case in this research, nor is it in many other qualitative studies. In addition, Campbell and Cowton (2015) do not consider convenient samples as problematic in ethics research as long as researchers explain in detail the sampling procedure and give evidence of suitable reflection on it, which I aim to do in this chapter.

Table 2 contains the background characteristics of the interviewees in this data.

TABLE 2 Background characteristics of interviewees

Manager	Organisation	Gender	Age	Years of experience in managerial position	Number of critical incidents
No. 1	A	Male	50	8	3
No. 2	A	Female	57	6	3
No. 3.	A	Female	47	2	4
No.4	A	Female	50	10	3
No. 5	A	Male	45	7	1
No. 6	A	Male	57	20	1
No. 7	B	Male	51	20	3
No. 8	B	Female	56	7	3
No. 9	B	Female	56	6	2
No. 10	C	Female	47	1	2
No.11	C	Female	49	15	3
No. 12	C	Male	45	12	2
No. 13	C	Female	52	5	1
No. 14	B	Female	51	3	5
No. 15	B	Female	54	16	3
No. 16	A	Female	54	17	3
No. 17	D	Female	50	9	4
No.18	D	Female	35	3	3
No.19	D	Female	43	6	1
No. 20	D	Female	56	6	2

As can be seen in Table 2, the purposive, discretionary sample of altogether 20 middle managers consisted of 4 men and 16 women, with ages ranging between 35 and 58 years, the average age being 50. All the respondents had masters or doctoral degrees. Their work experience in the management position varied from one year to 20 years.

The data collection process consisted of two separate phases.

- 1) The collection of written descriptions of ethical problems
- 2) The conducting of interviews

The middle managers were first contacted by e-mail. In the e-mails, the purpose of the research was presented and the respondents were asked to participate in it. After giving their initial consent, the respondents were encouraged to describe freely (in writing) an ethical problem or problems they had encountered in their managerial work (in universities of applied sciences).

The purpose of the written assignment was to help the manager recollect and reflect on incidents before the actual interview. This procedure was to improve the accuracy of the critical incidents recollected in the forthcoming interviews (see e.g. Butterfield et al., 2005). Also, the aim was to help the researcher to get a deeper understanding of the phenomenon, as recommended by Aspers

(2009). The written stories varied from long, detailed descriptions of events to very narrow lists of dilemmas, or just headings. Due to this variation, these stories were not used later in the analysis, as suggested by Butterfield et al. (2005) concerning the use of CIT. However, they provided important information about the scope of the phenomenon, and gave ideas about the initial categorisation of the incidents (Aspers, 2009). In addition, the stories evidently prepared the respondents to talk about the sensitive ethical problems and incidents leading to them in the actual interviews, as shown also by Lämsä and Hiillos (2008). Indeed, those middle managers who had invested more time and effort in writing a story said that the experience of constructing a written story about the incidents made them observe and analyse the situation through different eyes, and structured their thoughts before the interview (see also Lämsä & Hiillos, 2008). I too could see that the written assignment worked as a tool to open the discussion in a natural way and considerably increased the quality of the interview in some cases.

In the second phase, interviews were conducted face-to-face about the specific event(s) that the managers had described. In the interviews, the same interview form was carefully followed to get precise information concerning each critical incident. The interview consisted of three main parts: 1) background data, 2) a description of the problem, how the ethical problem emerged and evolved, what events took place, and who was involved, and 3) a description of how the problem was handled in the organisation and what were the final outcomes of the process. The aim was to collect rich and precise information which would meet the three-step criterion of the CIT for incidents to be included in the data (Butterfield et al., 2005).

The interviews lasted from half an hour to one and half hours and they were recorded and transcribed carefully, word for word, in order to ensure the trustworthiness of the research (see e.g. Peräkylä, 1997). The interviews amounted altogether to 12 hours of recorded material. The average length of the interview was 40 minutes.

The benefit of using interviews was that they mostly produced rich and precise descriptions of experiences. It became apparent that managers felt relaxed enough to talk about the topic confidentially and in a trusting atmosphere, which from my perspective considerably improved the quality and richness of the data. Participants reported various feelings of relief at having the opportunity to talk. They used expressions such as “getting this off my chest” or they described the experience of getting help just from talking about painful situations with someone. As Schluter et al. (2008) point out, developing a supportive relationship with research participants is imperative in CIT interviews that seek to talk about uncomfortable or difficult experiences. Interviews undeniably offer a greater opportunity for discussion and reflection on the critical incidents than other methods. Schluter et al (2008) claim that respondents’ recollection of events during interviews is a form of reflective practice, which also increases the overall validity of the data.

Social desirability response bias can be regarded as an inherent challenge in all organisational ethics research (McLeod et al, 2016). This means that interviewees may answer the questions as they think is expected of them or is socially appropriate (Campbell & Cowton, 2015). Overall, this bias can be regarded as a limitation also in interviews. However, as mentioned by Campbell and Cowton (2015), social desirability response bias can be reduced in various ways. I would maintain that in this research, social desirability response bias was not a significant limitation, since I emphasised the confidentiality and anonymity of the interviews (see Campbell & Cowton, 2015, p. 6). Moreover, I argue that as the research sample was based on snowball sampling and in general on higher education middle managers' professional networks, respondents felt confident that they could give an honest description of the incidents during the interviews.

3.2.2 Data analysis

The data analyses are described in detail in each of the original articles, but in this section I will present an overview of the whole process. All the respondents were able to describe 1-5 incidents, which they regarded as ethically problematic from their point of view. To guarantee the anonymity of the respondents, each manager was assigned a number from 1 to 20.

The Atlas.ti-programme was used for coding and categorising the data as advised by, for example, Silverman (2013, p. 269). Overall, computer -assisted analyses of my data proceeded as follows. First, I selected parts of the interview texts from the primary documents (transcribed interviews) entered into the Atlas.ti system. I chose those quotations, which I regarded as important concerning the aim of the research. Second, I marked the quotations with appropriate codes based on the content of the quotations. Third, the codes were combined into code families or categories. I also used memos in Atlas.ti-programme to clarify the meaning of quotations and codes.

In the analysis, this study draws on the recommended steps of empirical phenomenology (Aspers, 2009). Therefore, first, an inductive-oriented analysis took place to build the first order constructs from the data (Hsieh & Shannon, 2005; Klenke, 2008, p. 91, Aspers, 2009). Altogether 52 critical incidents that met the criteria for incidents to be included in a study conducted with CIT (Butterfield et al., 2005) were identified in the data. The analysis continued by categorising the problems according to their content into six separate groups (Klenke, 2008), as shown in Table 3.

TABLE 3 Ethical problems experienced by middle managers

Problems	Examples of issues
Self-interested behaviour (n=15 critical incidents)	Maximising one's own benefits; bending organisational rules to self-interest; pulling strings; arbitrary and unfair behaviour; manipulating other people against the organisation; lying and cheating for personal benefit; fawning on subordinates or upper management
Avoiding/neglecting responsibilities (n= 12 critical incidents)	Not intervening in the poor quality of employees' work; not solving conflicts at the workplace; sweeping problems under the carpet; not having open and constructive discussions about ethical problems; endangering equal treatment of employees
Hidden agendas (n=10 critical incidents)	Deliberately lying to superiors; hiding information or motives from employees
A gap between targets and resources (n= 7 critical incidents)	Insufficient financial resources for the given tasks; lack of vital information from upper management
Relationship problems among employees (n=7 critical incidents)	Deliberate formation of competing "tribes" within the working community; employees' backstabbing and smearing other organisation members
Questionable behaviour of trade union representatives (n=1 critical incidents)	Leaking confidential information during the dismissal process

Next, first order constructs, which means here the descriptions of ethical problems and their handling, need to be related to second order constructs, that is, theories (Aspers, 2009). A theory driven analysis, which emphasises the chosen theoretical models as guidance, then took place (Hsieh & Shannon 2005, Aspers, 2009). In each of the three studies, a different theoretical model guided the analysis, based on the chosen research questions (Aspers, 2009). In the first study, a typology of moral problems developed by Geva (2006) was used as the frame of reference (see Aspers, 2009). In the second study, the theory of logic of appropriateness (March, 1994) gave focus to choosing those parts of data which were relevant to that particular theory (Aspers, 2009). The third study involved both the theory of corporate ethical virtues (Kaptein, 1998) and the theory of moral agency (Bandura, 1991). Aspers (2009) proposed that first order constructs (such as descriptions of ethical problems and their solving) when matched with second order constructs may lead to a reformulation of existing theories or add new dimensions to them. This study produced a new second order construct, that is, the appropriate agency framework, by matching the empirical evidence and the theories mentioned earlier.

4 REVIEWING THE CONTRIBUTIONS OF THE ARTICLES

Next, I will review each of the research articles and their contributions. In addition, I will explain how the articles contribute to the development of the appropriate agency framework for ethical decision-making and behaviour.

While the first study explores middle managers' ethical problems and their consequences in the organisational context, the second and third articles discuss the various determinants of middle managers' ethical decision-making in ethical problems and also the outcomes of (un)ethical behaviour in organisations. All three studies are based on data collected from 20 middle managers working in the higher education sector in Finland. The numbering of the studies is based on the aims of the dissertation.

The writing process of the articles was interactive and co-operative. Both co-writers contributed to the development of the research articles, especially to the construction of the theoretical frameworks. As the author of this dissertation, I have been responsible for the research process and data collection. I did the data analyses in all three studies and I had a leading role in writing and publishing the studies.

4.1 Study 1

Hiekkataipale, M-M. & Lämsä, A-M. 2016. The ethical problems of middle managers and their perceived organisational consequences. *Transformations in Business & Economics* 15(3), 80-96.

The aim of this qualitative study was to explore what kind of ethical problems middle managers experience in the course of their careers in leadership, and what kind of consequences middle managers have observed arising from these ethical problems. The data was collected using the critical incident technique (CIT), with 20 semi-structured interviews carried out in four multidisciplinary

universities of applied sciences in Finland. The analysis was conducted following the principles of empirical phenomenology, which underscores the importance of combining first order constructs (empirical data) and second order constructs (theories) in order to build scientific explanations rooted in the meaning structures of real people (Aspers, 2009).

In addition to contributing to the formulation of the appropriate agency framework for ethical decision-making, the first article contributes to research on ethical problems in leadership in two ways. On the one hand, it sheds light on middle managers' ethical problems, which has been a neglected area of investigation. On the other hand, it investigates the theoretical model of ethical problems developed by Geva (2006). This framework has not been studied empirically before. This study confirms the applicability of the model.

The idea of this empirical research was to get an "inner look" at the context of the research – the ethical problems of middle managers in higher education. Considering the overall aim of this dissertation, the first study forms a solid foundation for the second and third studies by identifying ethical problems, by showing how incidents evolve depending on the reactions of the middle managers, and by finding out that the organisational context can influence this process.

The results of the study show that ethical problems are common and need to be set against a long history of unresolved background issues in the institutions. As a result of the analysis, altogether six types of ethical problems were identified from the data: self-interested behaviour, avoiding/neglecting responsibilities, hidden agendas, gaps between targets and resources, relationship conflicts among subordinates, and questionable behaviour from a trade union representative. Middle managers experienced these day-to-day problems as existing at all levels of the organisation: subordinates, middle managers and upper management all contributed to the problems. The study also confirmed that ethical problems experienced by middle managers can be categorised according to Geva's (2006) framework. The problems found in this data had similar characteristics as genuine ethical problems, and problems with compliance and moral laxity defined in Geva's (2006) framework. It is worth noting, though, that there was no evidence of no-problem problems which, according to Geva (2006, p.139), are typical proactive decisions which involve efforts to enhance ethical awareness and promote the ethical culture of an organisation. However, the paramount need for early recognition of ethical problems and consequent determined action was highlighted in the data. The findings of the study imply that middle managers may have too limited resources or insufficient power to significantly change the current attitude to ethics in their organisation. This study also showed that ethical problems are interrelated and that one kind of problem can develop into another.

It appeared that the main preoccupation of middle managers was how to handle processes of human interaction that involve ethical responsibility to various constituencies. This empirical study revealed that if no attempt is made to intervene and solve problems in good time, problems tend to change from one

type to another, get worse and accumulate. Moreover, the study proposes that unresolved ethical problems can have a negative effect on the entire organisation. Managers quite often had the experience that problems were ignored, avoided and even suppressed by the management. This was interpreted as causing a vicious circle of increasing ethical problems, and ultimately leading to poorer organisational performance, for instance, poorer teaching in the higher education context. Moreover, at the organisational level, unresolved ethical problems were perceived as posing a threat to innovativeness, work well-being, the organisation's reputation and, finally, the achieving of organisational objectives. Another important finding was that middle managers in the higher education context need active support from both their superiors and from their highly educated staff members in order to solve ethical problems effectively. In knowledge organisations, personnel appear to possess significant power, which is reflected in the ethical practices in those organisations.

This first study yielded various key findings from the perspective of the overall aim of my dissertation, and in particular from the point of view of the appropriate agency framework developed in this dissertation. The study showed that especially self-interested behaviour on the part of subordinates was very challenging and often led to ethical problems at the organisational level; one example was managers' inability to maintain equality in the workplace. However, a lack of clear sanctions and an overall inability or reluctance to talk about the problems contributed to the silencing, dismissing and, eventually, spreading of the problems. The study thus indicates that the organisational environment set the standard for non-intervention in a highly educated professionals' self-interested behaviour, and for the middle managers' neglecting their responsibility to solve the problems. This finding implies that tacit organisational rules mould middle managers' ethical decision-making and behaviour by affecting their perception of what is expected of them as ethical middle managers in their work context.

Managers reported that they recognised their role in setting an example of ethical decision-making but faced difficulties in actually intervening due to a perceived lack of support from their superiors, or due to a superior's incongruent behaviour. This was experienced as paralysing effective ethical behaviour in the context of ethical problems - a finding that refers to the adoption of moral disengagement practices. On the other hand, the results of this first study suggest that the actions of upper management can significantly increase the centrality of moral traits in the perceived middle management role. Open and supportive communication between the middle manager and his/her superior was found to help and encourage the middle manager to tackle a problem in an ethical manner.

From the point of view of practice, this article makes two contributions to the field. First, it underscores the importance of open and systematic dialogue and reflection on ethical problems at all levels of the organisation. Secondly, it emphasises fair and just management practices, which significantly contribute to solving and preventing ethical problems.

4.2 Study 2

Hiekkataipale, M-M. & Lämsä, A-M. 2017. What should a manager like me do in a situation like this? Strategies for handling ethical problems from the viewpoint of the logic of appropriateness. *Journal of Business Ethics* 145(3), 457-459.

The second study looks at how middle managers handle complex ethical problems and posits that handling strategies are formed according to the logic of appropriateness framework (March, 1994). This study responds to the call in recent ethical decision-making literature to depart from traditional and mainly rationalistic views of decision-making in ethical problems. The article brings out new theoretical viewpoints and adds the logic of appropriateness framework for discussion of the topic. It also contributes to the development of the appropriate agency framework for ethical decision-making, a construct which I develop in this dissertation.

The main aims of Study 2 were 1) to identify what strategies managers use to handle ethical problems, 2) to study what kind of ethics managers reveal when they handle ethical problems using a certain strategy, and 3) to discuss which strategies seem to contribute to the overall ethicality of the organisation. This second study follows the same methodological approach (empirical phenomenology, CIT) as the first study, but in this study the frameworks of logic of appropriateness (March, 1994), the three facets of a leader's ethics (Ciulla and Forsyth, 2011), and ethical organisation (Collier, 1998) have been utilised when analysing the data. In the second study, the data consisted of 20 interviews with middle manager, which produced altogether 52 critical incidents.

Logic of appropriateness, the main theory in the second study, proposes that decisions in social dilemmas are based on the process of matching the situation at hand with personal identity and the normative context of the situation. Answering the key question of the theory of logic of appropriateness, what a person like me should do in a situation like this, five different strategies for handling ethical problems were constructed. Strategies were labelled as mediating, principled, isolation, teaching and bystanding, based on their content. All five strategies displayed different logics of appropriateness. In the mediating strategy, for instance, which was the most commonly used strategy, managers sought for consensus and balance between different viewpoints. Managers perceived their role as that of relatively powerless intermediaries in a difficult spot between upper management and powerful and autonomous staff members. Moreover, when this strategy was applied, managers seldom had the actual courage or determination to solve the problem, nor was this expected of them. It became apparent that a lack of clear organisational rules and support from employees and upper management contributed to managers' inability to act in ethical problems.

From the point of view of the theory of logic of appropriateness, the second study confirmed that recognition and classification of the situation is at the

heart of ethical decision-making. The respondents in this study were easily able to recognise the ethical aspects of their work, and they identified situations which they considered to be ethical dilemmas. Earlier experience of similar circumstances helped managers to perceive and handle the new situation. However, managers did not all deal with the ethical problems they encountered in the same way. Rather, problems evoked different sets of perceptions of what was appropriate behaviour in the situation. This finding supports the theory of logic of appropriateness in that not only personal identity, individual traits and personal histories but also the explicit or implicit expectations attached to the managerial role together with situational determinants affect managers' decision-making. The managers in this study sought to act as "proper middle managers", but they followed five distinctive, different logics of appropriateness. One other important finding of this study is that as managers fulfil their role as 'proper' managers, they gain experience and learn, and this, in turn, can lead to changes in their identities.

Based on the evidence in this study, I propose that the logic of appropriateness can offer an alternative theory to prior ethical decision-making theorisations. It combines elements from the most established theories and provides an overarching perspective on ethical decision-making in the context of ethical problems.

When examining the data in connection to the theory of ethical facets of leaders (Ciulla & Forsythe, 2011), there was evidence that the managers applied various ethical approaches. However, a utilitarian aspect was detected in all of the five strategies. This finding is consistent with a substantial body of other research concerning managers' ethical underpinnings (see e.g. Kujala et al, 2011). The second article also made a significant contribution to Ciulla and Forsythe's (2011) original construct by adding care ethics to it. Especially those managers who adopted the teaching strategy showed concern for healthy relationships and harmony in the organisation and thus displayed care ethics in their actions.

From the point of view of the ethical organisation construct (Collier, 1998), the second study showed that implementation of the strategies seemed to have various outcomes for organisations. For example, the application of the principled strategy seemed to contribute most to the ethicality of the organisation. This strategy was perceived to increase openness, trust and the sense of equality in the work community. Principled managers aimed to make unbiased decisions and tried to encourage discussion of ethical problems. In contrast, the by-standing strategy produced negative consequences: an accumulation of the problems, and compromised work well-being and quality of work. These findings confirm that managers' actions and behaviour are important in creating a virtuous circle and ultimately a more ethical organisation, in which ethical decision-making is supported and integrated into organisational practices.

In the second article, a key finding concerning the development of the appropriate agency framework is the identification of the central role of experience and learning in decision-making. When an individual pursues and fulfils

an identity or perceived middle manager role, he/she gains experience, which produces learning. Learning, in turn, leads to a change in the rules of identity. This means that managers may change the way they perceive themselves as ethical decision-makers and middle managers. This took place, for instance, in the isolation strategy. Middle managers described how they had learned from their prior experiences of distrust and betrayal, and this had led them to navigate ethical problems alone, in fear of social sanctions. In addition, this study supports prior research findings that identities are both constructed by individuals themselves and imposed on them by the social environment: organisations' social and cultural settings can influence managers' identities. This leads us to propose that individuals' moral traits can be encouraged and highlighted in organisations.

The second article offers some practical applications. At the early stages of managerial careers, managers lack schemas and prototypes for handling ethical problems. It would therefore be useful to give these managers opportunities to share and reflect on their experiences with more experienced managers. Such communication practices would bring benefits across all hierarchical levels, as top management would gain from the perspectives of entry- and mid-level managers. Joint construction of actual problem prototypes could also offer managers new insights. The results of this study also call for clearer and more transparent rewards and sanctions for (un)ethical behaviour.

4.3 Study 3

Hiekkataipale, M-M. & Lämsä, A-M. 2017. (A)moral agents in organisations? The significance of ethical organisational culture for middle managers' exercise of moral agency in ethical problems. *Journal of Business Ethics* DOI: 10.1007/s10551-017-3511-9.

The third article sheds light especially on the organisational prerequisites for actual behaviour in ethical problems. As noted earlier, a substantial body of literature (e.g. Craft, 2013, Lehnert et al., 2015; 2016) has proposed that organisational ethical decision-making should be investigated from new theoretical perspectives, and this article aims to take up this challenge especially by applying the moral agency theory (Bandura, 1991) in connection to ethical organisation culture theory (Kaptein, 2008).

Like the other most seminal ethical decision-making theories (Rest, 1984; Treviño, 1986; Jones, 1991), moral agency theory, which draws on a social cognitive theory of morality, takes into account individuals' moral reasoning and environmental influences, such as situational determinants, but adds an anticipatory self-regulatory mechanism into the decision-making frame. The article also applies Kaptein's (2008) multidimensional model of ethical organisation culture (Corporate ethical virtues, CEV), which consists of eight organisational virtues that influence the ethical behaviour of organisation members. The vir-

tues are clarity, congruency of supervisors, congruency of managers, feasibility, supportability, transparency, discussability and sanctionability. Importantly, both theories underscore the contextual and social nature of morality, and they suggest that if organisations develop virtuous practices, individual moral agency can be enhanced and strengthened in such a way that it improves the ethicality of the entire organisation, thus forming a virtuous circle.

The aim of Study 3 was to investigate qualitatively the significance of different dimensions of ethical organisation culture (which means, here, corporate ethical virtues) for the exercise of managers' moral agency in the context of workplace ethical problems. The qualitative data for this study was produced with middle managers in higher education. As in the first two studies, critical incident technique was applied to obtain rich and vivid descriptions of managers' experiences. In the analysis, following the principles of empirical phenomenology, conventional content analysis was first applied. The research process then went on to a theory driven analysis, drawing on the models of corporate ethical virtues (Kaptein, 1998) and moral agency (Bandura, 1991).

The results of this study indicate that a low level of corporate ethical virtues may affect middle managers' capacity to exercise moral agency; the position of middle management is complex and may have role expectations that, with a low level of organisational virtues, can contribute to ethical strain, cynicism, moral disengagement, and unethical behaviour. The findings with regard to the virtues of discussability, transparency and sanctionability suggest that both middle and upper management prefer not to talk about ethics, or visible rewards and sanctions, possibly to sustain their face as "proper managers". They also wish to maintain organisational harmony and avoid conflicts. This may, however, discourage effective moral agency, as middle managers perceive that silence is expected and preferred in their role, and unethical actions have to be brushed aside.

Sufficient virtues, in turn, were connected to the experience of successfully handling ethical problems, learning, a sense of self-satisfaction and self-efficacy. These results confirm that a virtuous ethical culture can create the potential for effective moral agency when responding to ethical problems. Moreover, sufficient organisational virtues make the exercise of moral agency more central, salient and important to middle managers. This study confirms, further, that middle managers also shape their ethical organisational culture when they act as moral agents. The article contributes to the moral agency theory by concluding that the social environment, ethical organisation culture in this study, influences the moral agency of middle managers in three dimensions: through the internalisation of social standards, through the reinforcement of managers' personal moral standards, and through selective activation of moral self-regulation.

From the point of view of the appropriate agency framework, the third study had several implications. First, the results of the study indicated that middle managers adopt socially defined managerial roles, which may sometimes obscure their moral agency. This can happen, for instance, when actors who positionally represent the organisation (top-level managers) are assumed

to exercise visible moral leadership and moral agency, whereas middle managers are given no role. This can lead to various moral disengagement practices. On the other hand, sufficient organisational virtues can be argued to increase effective moral agency. I suggest that a virtuous environment contributes to highlighting the overall moral character (moral identity in the appropriate agency framework) of individual managers, which in turn enhances their ability to make ethical decisions and act accordingly. In addition, there was again evidence that the learning process plays a key role, when managers internalise organisational standards for behaviour.

The third study has three practical implications. First, upper level managers, important role models for ethical behaviour, should more openly communicate their ethical convictions to middle managers, and avoid euphemistic language when dealing with ethical problems. Public moral leadership is important because it facilitates overall moral agency in organisations. Second, feedback on one's moral character is important in order to improve one's effective moral agency. In addition, from the point of view of recruitment, organisations should gather information about people's moral character, not just about their performance. Third, the role of employees is again highlighted in this study. I posit that in knowledge organisations, members of staff have a significant role in developing and sustaining ethical organisation culture. So far, the active and significant role of employees has, to my knowledge, been neglected in empirical research. Most scholars emphasise that managers set the ethical tone of organisations, while dismissing the idea of staff members as professionals who can act as determined and powerful moral agents in the organisation.

4.4 Appropriate agency framework for ethical decision-making

Next, I propose a framework (Figure 2) for ethical decision-making and behaviour which draws on the empirical findings of this research, and combines elements from the theories of logic of appropriateness (March, 1994), moral agency (Bandura, 1991) and ethical culture of organisations (Kaptein, 2008). The appropriate agency framework meets the criteria of empirical phenomenology by Aspers (2009); it is grounded in the subjective experiences of middle managers, and prior theories constitute schemes of reference for it. This framework is mainly descriptive, which means here that it seeks to represent the different stages in decision-making people go through in responding to an ethical problem and the different influences on that process.

The underpinnings of this model assume that individual morality is socially constructed and changed (Bandura, 1991; Weaver, 2006), and therefore ethical decision-making and behaviour are always connected to different kinds of social identities, relationships and situations, and should be investigated in their context (March, 1994; Ferrero & Sison, 2014). This viewpoint is supported in the theory of logic of appropriateness, as expressed by March (1994, p. 69): "Different behaviour, different attitudes about the self and others, and different

motivations may be invoked in different environments or different relationships.”

Another key point in the proposed framework is the assumption of virtue theory (Ferrero and Sison, 2014) that there is a strong connection between what the decision-maker did and who he/she became as a result of that particular action. This connection refers to learning from one’s experiences and internalising both social (social exclusion, isolation, acceptance, encouragement) and individual feedback (self-sanctions, shame, guilt, self-satisfaction) as guidelines and standards for future behaviour (see also March, 1994; Weaver, 2006; Dane & Sonenshein, 2015). The appropriate agency framework therefore proposes an on-going and incremental process of individual development in ethical decision-making (see also Dane & Sonenshein, 2015).

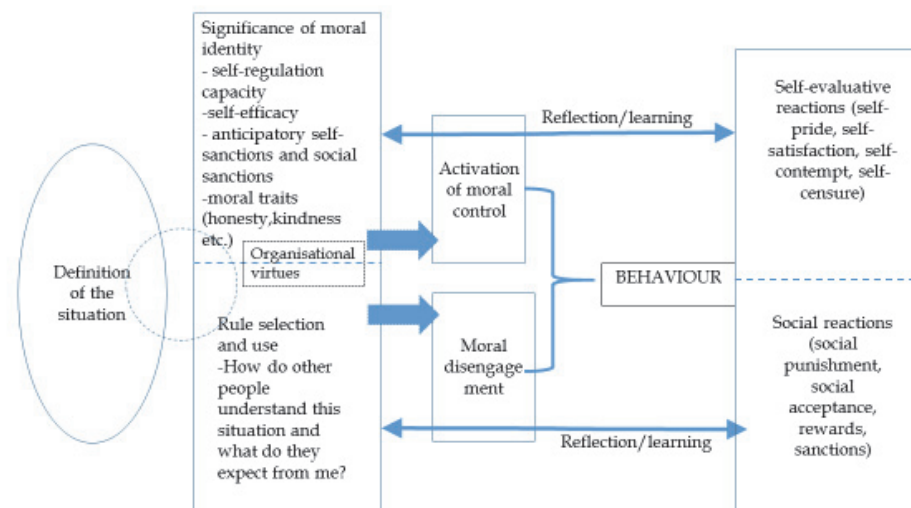


FIGURE 2 Appropriate agency framework

The first steps in the model are the recognition and definition of the situation (Rest, 1986; Jones, 1991; Weber et al., 2004; Sonenshein, 2007). This step emphasises the characteristics of the ethical issue itself, as in Jones’s (1991) seminal issue-contingent model. People search for appropriate cues in their environment to recognise the nature of the event. Prior experiences of similar situations or situational prototypes, cognitive scripts and schemata, which people have learned, help them to understand the situation at hand (March, 1994; Messick, 1999; Sonenshein, 2007; Thiel et al., 2012; Dane & Sonenshein, 2015). At this stage, decision-makers extract, weigh and integrate morally important information about the situation confronting them (Bandura, 1991). The logic of appropriateness framework suggests that situational elements play a role in evoking certain identity factors which then interact with situational cues (Weber et

al., 2004) Thus, if the situation is interpreted as having moral dimensions, it may invoke a specific moral identity.

Next in the proposed model, moral identity, as an essential element of effective moral agency, comes into play (Weaver, 2006). In this framework, the salience of the individual's moral identity together with the nature of the situation in question and external rules (see Weaver, 2006; Treviño et al., 2006) form relevant determinants that guide ethical decision-making and behaviour. Moral identity is understood here according to Weaver (2006, p. 345) and Aquino & Reed (2002, p. 1424), as a self-conception organised around a set of moral traits such as honesty, courage, fairness and kindness. In this framework, moral identity consists of the individual's capacity for moral self-regulation, and his/her anticipatory self-sanction-system and self-efficacy beliefs (Bandura, 2001). The anticipatory self-respect and self-censure for actions that correspond with, or violate, personal moral standards serve here as regulatory influences (see Bandura, 1991; Weaver, 2006). In the proposed framework, moral identity develops, and changes as an outcome of experiences and learning (Weaver, 2006; Dane & Sonenshein, 2015). Weaver (2006) posits that the development of moral identity is influenced by both interaction with other people and the behaviour of the person in question, as depicted also in the proposed framework.

In the model, the decision-maker monitors his/her cognitive responses and engages in anticipatory consideration of possible self-sanctions and social sanctions, as suggested by Bandura (1991). The anticipatory self-sanctions and anticipatory social sanctions (e.g. shame, guilt, fear) attached to moral identity and the role that an individual has adopted in the particular situation (March, 1994) inhibit him/her from making ethically questionable decisions (Bandura, 1991). Usually, people try to avoid self-condemnation by keeping their actions in line with their internal standards (Bandura, 2001; Aquino & Reed, 2002). However, the capacity to such self-regulation is connected to one's self-efficacy beliefs, that is, people's belief in their efficacy to control their motivation, thoughts, behaviour and life events (Bandura, 1991). A low sense of self-efficacy will expose people to social pressures to behave unethically (Bandura, 1991).

Moral identity and how central it is to a person are heavily influenced by the social environment (March, 1994; Aquino & Reed, 2002; Weaver, 2006; Treviño et al., 2006). In the proposed model, organisational rules help the decision-maker to define what is expected of him/her in the chosen role (see March, 1991), and what are the possible consequences of violations of those rules. Organisational rules, explicit or implicit, are (in this model) connected to the construct of organisations' ethical culture (e.g. Treviño et al., 1998; Kaptein, 2008) and specifically to corporate ethical virtues (Kaptein, 2008). For instance, a low level of organisational discussability indicated to a decision-maker in this study that ethical issues were not appropriate topics for him/her to discuss, and that there would be social disapproval from other organisation members if the decision-maker wanted to bring such questions out into the open. The next step in the framework is thus either an ethical decision and ethical behaviour, or moral disengagement and an unethical decision and unethical behaviour. If the organ-

isational rules contribute to activation of the moral disengagement mechanism, as proposed in my empirical studies, the salience of moral identity in the situation may diminish, self-sanctions may be nullified and the decision-maker may behave unethically (see Weaver, 2006).

According to the suggested model, reflection and learning are important in the development of moral identity, as well as in the recognition/definition of ethical problems (see March, 1994; Dane & Sonenshein, 2015). As pointed out by Weaver (2006), the reciprocal relationship between a person's behaviour and their cognition is central in the decision-making process. This means that post-behaviour social reactions and self-evaluative reactions may further change how people interpret and understand themselves and their respective role in future situations. As an example, managers changed their handling strategies of ethical problems when they were not treated supportively and congruently by their superiors, or when they had gained more experience in dealing unsuccessfully with self-interested staff members. There were also positive examples in which managers had, through experience and learning, adopted a more active approach towards ethical problems (see also Kujala et al., 2011). In those cases, managers' interpretation was that they had received support from their superiors and staff, which indicated that the ethical environment of the organisation contained certain virtues, which appeared to contribute to the centrality of moral identity in those managers.

Another important aspect in this model is that it proposes, unlike Bandura (1991), that moral disengagement can take place both before and after the relevant behaviour; decision-makers can justify their actions with morally disengaged reasoning after they have seen the consequences of their actions (see also Treviño et al., 2006). This was clearly seen in the empirical results of the study when managers gave excuses for not intervening in ethical problems even though they knew what was going to happen, and the outcomes of negligence worsened the atmosphere of the organisation. They often asserted that it was not their responsibility to change the organisational rules or instructions, and that they could not do anything different if the situation occurred again.

In addition, according to the framework, decision-making is neither random nor arbitrary: instead, it is based on matching situations, identities and rules quite systematically (see March, 1994 p. 58, 101), and on reflecting on past situations consciously and learning from them (Dane & Sonenshein, 2015). However, I propose that ethical decision-making is based not only on thought and judgement but also on the individual's emotions, intuition and concern for sustaining relationships in the social environment (see March, 1994 p. 61; Bandura, 1991 p. 69; Sonenshein, 2007). Emotions (such as guilt, pride, fear) are attached to the system of anticipatory self-sanctions and social sanctions (Bandura, 1991). This framework further assumes that an individual's decisions and actions cannot be predicted, since situations differ, and the rules and significance of moral identity are in constant change (see also March, 1994).

To sum up the model, drawing on Weaver (2006), I propose that organisational rules embedded in the organisational culture can make an individual's

moral identity more central in a range of ethical problems, and can increase understanding of one's accountability to others (MacIntyre, 1999). At the heart of the model, therefore, is the proposal that individuals more readily adopt and follow the logic of ethical behaviour if they are supported in so doing in their organisation, via organisational virtues: open discussion, congruent leadership and role-modelling, sufficient resources, transparent decisions, mutual commitment to organisational objectives and clear rewards and sanctions (see Kaptein, 1998). Finally, a virtuous circle may emerge, as moral agents with salient moral identity influence other people in the organisational context (see e.g. Feldt et al., 2012; Huhtala et al, 2013a).

5 CONCLUDING REMARKS

This dissertation contributes to our understanding of middle managers' ethical decision-making and ethical behaviour in the context of ethical problems in organisations. The main aim of this doctoral research was to develop a new framework for ethical decision-making and behaviour by combining prior theories and new empirical knowledge. The three published research articles all produced rich insights into middle managers' experiences and decision-making in the context of higher education. I will now discuss the main results in relation to prior literature.

5.1 Summary of the main findings

To begin with, this dissertation underscores the significance of socialisation processes in middle managers' ethical decision-making and ethical behaviour (Bandura, 1991). In line with Dane & Sonenshein (2015), this study proposes that the social context is important to middle managers' ability to recognise and solve ethical problems. The study suggests that middle managers learn what is expected of them as managers through experience, self-reflection and social feedback (see also Bandura, 1991; Dane & Sonenshein, 2015). Therefore, this study lends strong support to Bandura's social cognitive theory of morality (Bandura, 1991), as well as to March's (1994) logic of appropriateness framework. Middle managers were found to adopt socially defined roles and identities, which they tried to live up to by behaving according to the expectations attached to those roles (March, 1994; Weaver, 2006; Greenbaum et al., 2015).

Furthermore, this dissertation supported the construct of the three-dimensional influence of the social environment on individual managers' ethical behaviour (Bandura, 1991): 1) through the socialisation process, managers internalise an organisation's moral standards as their own, 2) managers' moral standards can be supported and enhanced by the organisational environment, and 3) the organisational environment can contribute to morally disengaged

reasoning (see e.g. Treviño et al., 2006; Martin et al., 2014). This research proposes, further, that organisational virtues (Kaptein, 2008) in particular can influence middle managers' ethical decision-making and ethical behaviour in all three dimensions. The study has shown that an unethical organisational environment (with a lack of organisational virtues) contributes to changes in middle managers' perceptions of what it means to be an ethical middle manager, and to morally disengaged reasoning (see also March, 1994; March & Olsen, 2009; Dane & Sonenshein, 2015). The importance of upper management's ethical role modelling (Kish-Gephart et al., 2010) and congruent behaviour (Kaptein, 1998) in creating an organisational environment that requires ethical behaviour and supports the moral self-regulation capacities of lower level managers should be highlighted in this respect (see Bandura, 2001).

This dissertation does not argue that individual determinants such as age, gender, value orientation or cultural background (Lehnert et al., 2015) do not account for middle managers' ethical behaviour. However, the organisational environment can make moral traits more (or less) central, dominating and salient to middle managers in the context of ethical problems, and strengthen managers' belief in their efficacy to behave in an ethical manner (Treviño et al., 1998; Weaver, 2006; Dean et al., 2010; Dane & Sonenshein, 2015). On the subject of role modelling in organisations, Weaver (2006, p. 348) claims that "Interaction with virtuous persons also provides modelling- and learning-based pressures to act as those persons do, and those actions can further reinforce a budding moral identity". I posit that various organisational virtues play a key role in this development, as I have shown earlier.

In line with Bandura (2001), I argue that middle managers can be products as well as producers of their social systems. This means that middle managers themselves can change and develop the existing culture of their organisations (Huhtala et al., 2013a). As an example, this research has shown how different strategies to handle ethical problems contributed to the organisations' ethicality, and also how active involvement and ethical behaviour influenced the overall atmosphere in the workplace. Therefore, this study suggests that ethical decisions and behaviour which follow, for instance, the logics of the principled strategy, can improve organisational culture. A virtuous circle emerges if organisations can socialise managers into becoming more ethical leaders, and virtuous managers develop the organisational culture in more ethical directions (Huhtala et al., 2013a).

In addition, this study signals the special position and responsibilities of middle managers in higher education organisations' ethical decision-making (e.g. Badaracco & Webb, 1995; Dean et al., 2010; Jackall, 2010; Floyd, 2016; Branson et al., 2016; Mäki, 2017). In line with Marshall (2012) and Branson et al. (2016), this study confirms that the main preoccupation of academic middle managers relates to processes of human interaction that involve ethical responsibilities to various constituencies. Middle managers are exposed to contradictory ethical pressures from upper management and from their highly skilled and knowledgeable staff members (see also, Moberg, 2006; Weaver, 2006; Mäki,

2017). This means, in this study, that in addition to observing closely the behaviour of upper management (Treviño et al., 2008; Wilcox, 2012), middle managers' perceptions of what it means to be a good middle manager in the higher education context appear to be dependent also on the expectations of their subordinates.

The results are in line with Uusiautti (2013), in that rewards and positive feedback from members of staff, peers and upper management on middle managers' leadership behaviour is important to their commitment to the organisational objectives, as well as to their well-being. The experience of successfully handling ethical problems may increase managers' self-efficacy beliefs and feelings of capability and competence (see Uusiautti, 2013). As suggested by Branson et al. (2016), higher education middle managers' decision-making authority in ethical problems seems to take form within the nature of their relationships. Managers highlight the importance of these dual relationships and they seek to nourish trust, transparency and consistency in them (Branson et al., 2016). This dissertation therefore claims that nourishing balanced relationships with employees and upper management is important to the ethical decision-making of middle managers in higher education context. I suggest that, apart from the studies of Uusiautti (2013) and Branson et al. (2016), this has neither been adequately investigated in the literature nor acknowledged in practice.

One relevant example of the two-dimensional and possibly controversial expectations attached to the role of middle management in higher education concerns organisational openness with regard to ethical problems. According to prior research (e.g. Bird & Waters, 1989; Dean et al., 2010; Greenbaum et al., 2015), ethical problems were not usually openly discussed, and it appeared that open discussion was not particularly expected, or considered appropriate, on the part of middle managers. Middle managers' active intervention and handling of such problems was therefore often undermined by upper management, or employees. The unwillingness to address ethical problems may of course, as shown in earlier studies (e.g. Bird & Waters, 1989; Moberg, 2006; Martin et al., 2014), originate from managers' concerns to sustain organisational harmony and preserve the image of an efficient and independent manager. However, it is important to note that respondents in this study called for more open discussion and sharing of ethical problems, but faced resistance from many directions. In addition, there were several examples of good organisational and individual outcomes when middle managers were able to talk about the problems and their organisational consequences with their subordinates and upper management (see Uusiautti, 2013).

Finally, this study is in line with prior studies in finding that managers' ethical problems can be complex, intertwined and interdependent, with no clear solution path and yet possibly significant organisational consequences (e.g. Nash, 1990; Dukerich et al., 2000; McNeil & Pedigo, 2001, Dean et al., 2010). This study also agrees with the rich body of other research that found that ethical problems concern people at all levels of an organisation: both senior managers and floor level employees face ethically challenging situations (see also e.g. Sol-

omon, 1992; Badaracco & Webb, 1995; Geva, 2006; Power & Lundsten, 2005; Dean et al., 2010). However, it must be remembered that ethical problems are largely context dependent, and different fields of business will have their own issues typical of those particular contexts (see for instance, McNeil & Pedigo, 2001; Pedigo & Marshall, 2004; Wolf & Zuzelo, 2006).

5.2 Theoretical implications

As noted in this dissertation, the recent ethical making literature has acknowledged that there is a need for further theoretical development in the field. Most recent reviews of ethical decision-making recommend researchers to depart from the most established theories (e.g. Lehnert et al., 2015; 2016) such as Rest's (1984) four stage model, Jon's (1991) issue contingent model and Treviño's (1986) person-situation-interactionist model. Therefore, in this dissertation, I add a new framework on the subject of ethical decision-making and ethical behaviour. I chose to combine decision-making theories that can be considered to be alternatives to the most commonly used approaches and empirical data to build a construct which I named the appropriate agency framework. This framework is the main theoretical contribution of this dissertation.

However, the proposed appropriate agency framework has a number of important limitations. It focuses on individual decision-making in an organisational context, and therefore it cannot be transferred to other contexts. Moreover, it reflects the middle management viewpoint, as the data in this research was collected from middle managers. This limitation can be regarded as significant, since as explained in this research, the role of middle management in higher education differs from the roles of, for instance, upper management or employees (see Uusiautti, 2014; Branson et al., 2016; Mäki, 2017). Middle managers' ethical decision-making is likely to be more dependent than that of other organisational groups on relationships, and on the need to sustain and nourish those relationships. In addition, the framework can be criticised for not taking into account in adequate depth the intuitive and emotional side of ethical decision-making, as presented in the non-rationalist models (e.g. Sonenshein, 2007), or for not including stages of moral development in investigation of the construct (Kohlberg, 1984). Detailed investigation of individual determinants such as age, religion, education or gender is likewise excluded. Furthermore, the appropriate agency framework does not explicitly show how each organisational virtue (Kaptein, 2008) influences managers' perception of themselves as "proper middle managers", or which virtue is the most or least important in making managers' moral identity more central in ethical decision-making. Obviously, the proposed framework remains open to criticism, and the construct needs to be developed and tested further.

On the other hand, the appropriate agency framework is an attempt to create a new theoretical perspective grounded in the meaning structures of "real-life" middle managers, and combining elements from alternative theoretical

approaches to ethical decision-making. It merges the logic of appropriateness framework, moral agency theory and the corporate ethical virtues theory. Unlike other models, it emphasises the importance of making moral identity central to managers' self-concept with the help of organisational virtues. The appropriate agency framework also shows how learning and reflection can continuously change the idea of "what it means to be a proper manager in this context"

To sum up, this dissertation contributes to prior discussion of ethical decision-making by applying the logic of appropriateness (March, 1994) and theory of moral agency (Bandura, 1991) in an empirical study. Both of these theories were presented as overarching, and taking into account the essential elements of the traditional and most established models of ethical decision-making (e.g. Rest, 1986; Treviño, 1986; Jones, 1991; Sonenshein, 2007; Thiel et al., 2012). This research has also contributed to Geva's (2006) typology of moral problems in business by investigating it empirically for the first time. Furthermore, adding the dimension of ethics of care to Ciulla and Forsythe's (2011) leaders' ethical facets made a significant contribution to the respective model. Investigating Kaptein's (2008) corporate ethical virtues model in connection to moral agency theory (Bandura, 1991) offered another viewpoint on how organisational determinants influence ethical decision-making and ethical behaviour. Moreover, apart from Riivari (2016) and Riivari and Lämsä (2017), Kaptein's (2008) model has not to my knowledge been investigated qualitatively before.

5.3 Practical implications for organisations

This research holds implications for organisational practices. Lack of discussion was found to seriously undermine organisations' ethicality and contribute to middle managers' inability to take action in ethical problems (e.g. Bird & Waters, 1989; Kujala et al., 2016). Upper management should actively encourage middle managers to systematically reflect on and share together as colleagues the ethical challenges of their work (see Bird & Waters, 1989; McConville, 2006; Wilcox, 2012; Floyd, 2016). On the other hand, middle managers can also take the initiative themselves to create such regular possibilities for critical reflection and discussion (Wilcox, 2012).

Organisations' upper management should clearly indicate their own ethical standpoint, not only to encourage lower level managers to reflect on their own ethics in challenging situations but also to attach ethicality firmly and distinctively to all managerial roles (e.g. Treviño et al, 2000; Moberg, 2006; Kish-Gephart et al, 2010; Huhtala et al., 2013a). In addition, this study lends support to Moberg (2006), who states that "While communicating one's moral standards may not be necessary for the manager's own moral agency, it enables the manager's subordinates to realize that there are community moral standards that the manager endorses, and to understand what those moral standards are."

Ethical decisions and actions in organisations should thus be openly approved and rewarded across organisational levels (Moberg, 2006).

Reflection on and co-construction of an organisation's ethical challenges would be likely to promote learning and, ultimately, more ethical behaviour (e.g. Branson et al., 2016). This could be done, for instance, by explicitly (and implicitly) attaching certain communicative practices to managers' job descriptions (especially at the upper level of management), as well as to general policies that concern dialogue between different organisational groups. Moreover, ethical questions should not be addressed euphemistically, but in their actual terms (Bird & Waters, 1989; Rittenburg et al., 2016).

This study further suggests that especially those managers who are in the early stages of their career should be encouraged to reflect on their past work situations, problems, and their handling of them, with more experienced managers, so that they will be better able to handle the problems that await them (see also Dane & Sonenshein, 2015). This viewpoint could be taken into consideration for example during the job orientation of new managers. In addition, I suggest that newly appointed managers could gain vital understanding of their ethical responsibilities and forthcoming challenges if they could have a reliable mentor to whom they could turn when faced with ethical problems without jeopardising or compromising their reputation as effective and competent managers (see e.g. Bird & Waters, 1989).

According to the results of this study, the commitment to and example of ethical behaviour on the part of members lower in the hierarchy of a knowledge organisation are almost as important as the commitment and behaviour of managers in setting the ethical tone of the organisation. By giving positive feedback, employees can also significantly encourage and support their managers to behave in an ethical manner (e.g. Uusiautti, 2013). Therefore, in knowledge organisations, where employees are highly skilled and valuable members of the organisation, they should be engaged in discussion of the organisation's overall ethicality. In particular, they should be involved in defining what is (un)ethical behaviour and what should be sanctioned and rewarded in the workplace. Shared understanding of ethical issues between professionals and different managerial levels would very likely bring benefits to organisations in the form of reducing ethical problems, improving commitment to the organisation's objectives, and creating a better organisational atmosphere.

Another important point is that at the stage of recruitment, organisations should have the courage to define what kind of ethical characteristics the employee and the manager should have. Focusing merely on performance or competences may give only a one-sided view of what is valued in the organisation (Moberg, 2006). Even though organisations can socialise their members into ethical or unethical behaviour (Bandura, 1991, 2001), personal moral character counts and is of significance for the overall ethicality of the organisation (Weaver, 2006).

Finally, there is an evident need to construct leadership development programmes in which managers at different levels are given theoretical and practi-

cal tools to recognise and improve the existing ethical culture of their organisation. Kaptein's (2008) CEV model, for instance, offers several elements for constructing such programmes, as it takes into consideration the multidimensional nature of organisational ethics (Huhtala et al., 2015). For managers, understanding this multidimensionality would undoubtedly open new avenues for analysing their work and its implications for other people from an ethical perspective. Based on the findings of this research and consequent discussion sessions organised with groups of managers in the Finnish higher education sector, I argue that at the moment, most managers lack this comprehensive view.

5.4 Directions for future research

As my dissertation draws on the phenomenological research tradition and a qualitative methodology, the appropriate agency framework could benefit from a quantitative approach. A measurement could be developed, for instance, to explore the connection between each corporate ethical virtue and the centrality of moral identity. Moreover, statistical examination between situation, identity, rules and the ethical culture construct would provide an alternative way of investigating and validating these relationships. Another interesting avenue for research is how the organisational environment, and specifically the ethical culture of the organisation, produces changes in managers' perceptions of what it means to be a good middle manager. This could be investigated for instance using narrative analysis (Klenke, 2008).

Further, this study builds on data collected from middle managers, and therefore it provides perspectives only from that organisational level. The appropriate agency framework would gain from research with, for instance, upper level managers and their experiences of ethical decision-making in the context of ethical problems.

Importantly, as explained earlier, ethical problems can be context dependent, and different fields of business will have issues that are typical in those particular contexts (McNeil & Pedigo, 2001; Pedigo & Marchall, 2004; Wolf & Zuzelo, 2006). Further studies should therefore be conducted in other fields of business, and in other types of knowledge organisations, to explore whether problems differ and, more importantly, whether middle managers make ethical decisions differently, depending, for instance, on the type of problem (see Jones, 1991).

This study showed that middle managers displayed also care ethics (Gilligan, 1982) and concern for healthy relationships when reaching their decisions in ethical problems (see also Kujala & Pietiläinen, 2004; Kujala et al., 2011; Uusiautti, 2013). Branson et al. (2016) state that "for middle leaders, the relations that they need to navigate and negotiate are multi-faceted and multidirectional, involving relations up, down and across organisational networks. Middle leaders are shown to be acutely aware that their decisions and the decisions of other staff variously impact upon the context and relations that they are

working amidst.” Therefore, I suggest that further research focusing on aspects of care ethics in middle management ethical decision-making and ethical behaviour could make a valuable contribution to the literature. That type of research could at best contribute also to practice by making normative suggestions for practising managers at other organisational levels.

5.5 Evaluation of the study

McLeod et al. (2016) argue that organisational ethics research should pay more attention to providing detailed information regarding the data and methodology of their studies. The concepts of validity and reliability are usually attached to the positivist research tradition whereas the quality of qualitative research has been evaluated in terms of the trustworthiness or authenticity of the research (Klenke, 2008; Lehnert et al., 2016). Therefore, as suggested by Lehnert et al. (2016) in their recent review, I shall discuss the trustworthiness of this study. I mostly draw on Lincoln and Guba’s (1985) seminal framework (Klenke, 2008; Lehnert et al., 2016) to evaluate the quality of this research. A number of other strategies for increasing the trustworthiness of qualitative research also exist (see e.g. Klenke, 2008, p. 43; Silverman, 2013, p. 306), but Lincoln and Guba’s framework can be regarded as comprehensive and foundational (Klenke, 2008; Lehnert et al., 2016),

As suggested by Lincoln and Guba (1985), in order to improve the trustworthiness of qualitative research, the researcher should address four criteria; credibility, transferability, dependability and confirmability (Lincoln and Guba, 1985; Klenke, 2008). Together, these criteria comprise the concept of trustworthiness or authenticity of qualitative research (Klenke, 2008).

Credibility of the research means that the subject of the inquiry should be described accurately and the findings should be approved by the participants of the research (Lincoln & Guba, 1985; Klenke, 2008; Cho & Trent, 2014). In this research, the research sample and the respondents’ background have been described as precisely as possible. However, as the managers were worried about their anonymity, not all the details regarding managers’ position or job title could be disclosed here; ethical problems are often considered sensitive issues, and respondents are careful not to speak about them publicly (see also Campbell & Cowton, 2015).

Following Lincoln and Guba’s (1985) criteria as well as the principles of empirical phenomenology (Aspers, 2009), the results were shared with two groups of thirty lower and upper level middle managers in two of the higher education institutions from which the data was drawn. The research process, the ethical problems and the handling strategies that were identified were first introduced to the audiences in detail. Then the managers had an opportunity to reflect on and discuss the results with the researcher. During the discussions, managers validated the findings as consistent with their experience and underscored the importance of this type of research in an organisational setting. In

addition, one session with five managers was arranged to discuss particularly the interpretations of the significance of ethical organisational culture for moral agency.

Transferability, in turn, refers to the degree to which the results can be transferred to other contexts (Lincoln & Guba, 1985; Trochim & Donnelly, 2008; Klenke, 2008). In this study, the data collection process has been described accurately and analysis has followed the guidance of the theories chosen for this study (Typology of moral problems, Logic of appropriateness, Theory of moral agency, and Corporate ethical virtues). In this research, the principles of empirical phenomenology (Aspers, 2009) and critical incident technique (Flanagan, 1954) were introduced in detail and followed, which also improves the transferability of the research. Moreover, limitations of the study have been presented in every article and in this introductory essay.

The third criterion is dependability (Lincoln and Guba, 1985). In qualitative research, the researcher should describe accurately the changing research context (Lincoln & Guba, 1985, Trochim & Donnelly, 2008). Dependability also requires that peer researchers should be able to follow the decision trail used by the researcher (Cho & Trent, 2014). The dependability of this research has been addressed by including in the data only those critical incidents with adequate antecedent information, and a detailed description of the experience itself and the outcome of the incident (see also Butterfield et al., 2005). In addition, its dependability is increased by the fact that the research articles were produced in collaboration with another researcher.

The fourth criterion, confirmability, means the degree to which others can confirm the results of the research (Lincoln & Guba, 1985; Klenke, 2008). The confirmability of the research has been achieved by recording all the interviews and by transcribing them word for word. All the material collected (including managers' written stories regarding ethical problems, the recorded and transcribed interviews, personal notes, the Atlas.ti coding and analysis) is in retrievable form and available for further investigation (Marshall & Rossman, 1999; Klenke, 2008). And finally, every article in this research includes several quotations from the interviews, which makes it possible for readers to judge the accuracy of the analysis. Quotations have been translated from the Finnish language into English by a professional translator.

Even though this research meets the main requirements of trustworthy qualitative research (see e.g. Klenke, 2008; Silverman, 2013), it has some limitations. The sample of 20 higher education middle managers enables only limited interpretations of the ethical decision-making and ethical behaviour of middle managers. In order to gain a more comprehensive understanding of ethical problems and managers' subsequent behaviour, the perspectives of other managerial levels and of employees could also be included in the sample. Moreover, analysing differences between men and women might also offer interesting avenues for further research.

There is another limitation concerning the applicability of the results of this study. Finnish higher education institutions may have their own, unique

cultural characteristics, which may differ from, for instance, industrial organisations or service organisations. Similar research should be conducted in other environments to gain comparative knowledge of ethical problems and the way they are handled in different fields (see e.g. McNeil & Pedigo, 2001; Pedigo & Marshall, 2004; Wolf & Zuzelo, 2006). There is also room here for cross-cultural comparison; the same empirical study could be carried out in the higher education sector in other countries.

On the other hand, the approach of virtue ethics and socio-cognitive understanding of morality, which has been adopted in the third article of this study, emphasises the significance of contextual influences when evaluating ethical decisions and behaviour (Weaver, 2006; Dawson, 2015). In this study, the focus was specifically on middle managers' experiences and interpretations of ethical problems in the context of Finnish higher education institutions. As Lehnert et al. (2016) contend, qualitative studies from a variety of contexts can provide rich stories, diverse perspectives and in-depth understanding of the interrelated set of processes that are involved in ethical decision-making. This means that even if the study was conducted in a rather narrow and specific context, it may produce interesting and valuable knowledge for theory building and further empirical studies (McLeod et al., 2016; Lehnert et al., 2016).

As Campbell & Cowton (2015) point out, ethics research in organisations deals with sensitive issues, and gaining high quality information can be challenging (see also McLeod et al., 2016). For example, the research respondents may not convey an accurate picture of the incidents under investigation due to their interpretation of what is an appropriate answer in the situation. Social desirability response bias refers to people's tendency to give socially acceptable responses instead of socially undesirable (but perhaps truthful) ones (Campbell & Cowton, 2015). In this research, the respondents made it clear that there is a need to talk about ethical problems and they also mentioned that they felt relieved to be able to talk to someone about these problems. In addition, the managers often described their own inability or failure to solve the problems they faced, which indicates that there was no significant social desirability bias. Another important point may well be that the respondents were aware of the background of the researcher (that is, also working in a managerial position in the field), and considered her therefore to be trustworthy. Finally, the respondents called for confidentiality and anonymity, which was assured to them by the researcher. This can also reduce the effect of social desirability in the research (e.g. Campbell & Cowton, 2015).

5.6 Conclusion

This doctoral research posits that through the socialisation process in organisations, middle managers adopt socially defined managerial roles, which affect their ethical decision-making and ethical conduct. Especially ethical organisational culture is important for middle managers' understanding of

ethical accountability and also for managers' actual ability to behave ethically when faced with ethical problems. On the other hand, middle managers can act as effective change-makers and developers in the ethical context. This study proposes that a virtuous circle may emerge if middle managers behave ethically, act as ethical role models, and encourage other people to follow their example. Moreover, reflection and learning from experience play an important part in influencing and developing middle managers' ethical decision-making in ethical problems.

This qualitative study proposes a new framework for ethical decision-making: the appropriate agency framework. This framework posits that ethical decision-making and ethical behaviour in organisations involves a process which includes matching up the definition of the ethical problem, organisational rules, and the concept of moral identity. Self-sanctions and social sanctions are important determinants in this process. The framework builds on constant reflection and learning, which take place throughout the decision-making process. Organisational virtues can have a significant role in making individuals' moral identity more central in ethical decision-making.

Finally, this study proposes that if knowledge organisations want to tackle ethical problems and improve their overall ethicality, they must acknowledge the importance of open dialogue and positive feedback on ethical behaviour between all managerial levels, as well as between managers and the highly skilled staff members with whom they work.

YHTEENVETO (SUMMARY)

Puun ja kuoren välissä: Keskijohdon eettinen päätöksenteko ja eettinen toiminta organisaation kontekstissa

Tämän väitöskirjatyön tavoitteena on lisätä tietoa ja ymmärrystä keskijohdon esimiesten eettisestä päätöksenteosta suomalaisessa korkeakoulukontekstissa. Tutkimukseni tavoitteena on kehittää uusi eettisen päätöksenteon viitekehys, jossa yhdistän aiempia teorioita sekä empiiristä tietoa. Väitöskirjani nojaa fenomenologiseen tutkimustraditioon. Tutkimuksen empiirinen aineisto muodostuu kahdestakymmenestä haastattelusta, jotka on kerätty kriittisten tapahtumien menetelmällä neljästä suomalaisesta ammattikorkeakoulusta.

Väitökseni pääargumentti on, että organisaation sosialisatioprosessin myötä keskijohdon esimiehet omaksuvat sosiaalisesti määriteltyjä johtamisrooleja, jotka puolestaan vaikuttavat heidän eettiseen päätöksentekoonsa ja toimintaansa organisaation kontekstissa. Väitöstutkimukseni osoittaa myös, että organisaation eettinen kulttuuri ja erityisesti organisaation eettiset hyveet ovat merkityksellisiä keskijohdon kohtaamien eettisten ongelmien ratkaisemisessa. Tämän tutkimuksen toinen argumentti on, että esimiehet voivat aktiivisina toimijoina muuttaa ja kehittää olemassa olevaa organisaatiokulttuuria eettisempään suuntaan.

Väitöskirja koostuu kolmesta itsenäisestä tutkimusartikkelista sekä kokoavasta johdantoluvusta. Ensimmäinen artikkeli kartoittaa keskijohdon kohtaamia eettisiä ongelmia sekä niiden seurauksia korkeakouluorganisaatioissa. Toisessa artikkelissa tarkastellaan eettisten ongelmien käsittelystrategiota sopivaisuuden logiikan teorian valossa (March, 1994). Kolmas artikkeli käsittelee moraalisen toimijuuden ja organisaation eettisten hyveiden välistä yhteyttä. Kokoavassa johdantoluvussa esittelen kehittämäni soveliaan toimijuuden viitekehysten keskijohdon eettiselle päätöksenteolle.

Ensimmäinen tutkimusartikkeli osoittaa, että eettiset ongelmat ovat yleisiä ja niillä on organisaatioissa usein pitkä ja moniulotteinen historia. Tässä tutkimuksessa ongelmat jakaantuivat kuuteen tyyppiin: 1) oman edun tavoittelu, 2) työtehtävien välttely tai laiminlyönti, 3) piilotetut tarkoitukset, 4) tavoitteiden ja resurssien välinen kuilu, 5) henkilöstön väliset ihmissuhdekonfliktit, 6) luottamusmiehen kyseenalainen toiminta. Eettisiä ongelmia esiintyi organisaation kaikilla tasoilla; sekä ylin johto, esimiehet että työntekijät myötävaikuttavat ongelmien syntymiseen. Tutkimuksen tulosten mukaan eettiset ongelmat voidaan jaotella myös Gevan (2006) esittämän ongelmatypologian mukaisesti. Aineistossa esiintyi sekä aitoja eettisiä ongelmia, sääntöjen rikkomista sekä moraalista väljyyttä. Artikkeli osoittaa, että eettisten ongelmien välinpitämätön hoitaminen voi aiheuttaa merkittäviä haittoja organisaatiolle ja sen jäsenille. Tutkimuksen mukaan ongelmien tukahduttaminen uhkaa pahimmillaan koko organisaation mainetta, työhyvinvointia sekä henkilöstön innovatiivisuutta. Keskijohdon kokemuksissa korostui lisäksi, että heiltä ei välttämättä odoteta aktiivista puuttumista epäeettiseen toimintaan ja haastavat ongelmat pyritään melko usein la-

kaisemaan maton alle. Keskijohdon esimiehet kokivat myös, että he eivät saaneet riittävästi tukea ylemmältä johdolta voidakseen aktiivisesti puuttua ongelmiin, tai ylemmän johdon toiminta eettisissä ongelmissa näyttäytyi heille epäjohdonmukaisena. Toisaalta ylemmän johdon tuki ja avoin keskustelu ongelmista korosti ja vahvisti keskijohdon käsitystä itsestään aktiivisena ja vastuullisena eettisenä toimijana. Tämän väitöskirjan päätavoitteen näkökulmasta ensimmäinen artikkeli osoittaa, että organisaation epäsuorat tai näkymättömät säännöt vaikuttavat keskijohdon ymmärrykseen siitä, miten heidän kuuluu toimia kohdatessaan eettisiä ongelmia.

Toisen artikkelin päätavoitteena oli osoittaa millaisia strategioita esimiehet käyttävät käsitellessään organisaation monimutkaisia eettisiä ongelmia. Tutkimuksessa hyödynnetään sopivaisuuden logiikan teoriaa (March, 1994), jonka mukaan päätöksenteko eettisissä ongelmatilanteissa perustuu tilanteen luonteen tunnistamisen, yksilön identiteetin ja normatiivisen kontekstin kohtaamiseen. Lisäksi artikkelissa pohditaan millaista etiikkaa kukin esimies ilmentää käsitellessään ongelmia, sekä miten eri käsittelystrategiat vaikuttavat koko organisaation eettiseen ympäristöön. Sopivaisuuden logiikan teorian (March, 1994) avainkysymykseen *”Mitä minun kaltaiseni henkilön tulisi tässä tilanteessa tehdä”* nojaten tutkimuksessa tunnistettiin viisi erilaista ongelmien käsittelystrategiaa: 1) välimiesstrategia, 2) periaatteellinen strategia, 3) eristäytymisstrategia, 4) opettajastrategia, 5) sivustakatsojan strategia. Toiminnassaan keskijohdon esimiehet ilmensivät välittämisen etiikkaa, hyve-etiikkaa, seuraamusetiikkaa sekä velvollisuusetiikkaa. Kunkin strategian koettiin lisäksi vaikuttavan eri tavoin organisaatioon. Tutkimuksen tulokset implikoivat, että keskijohdon rohkea ja eettinen päätöksenteko ja toiminta ongelmatilanteissa ovat erittäin tärkeitä organisaation eettisen kulttuurin kehittymiselle. Tutkimus vahvistaa edelleen käsitystä siitä, että keskijohdon esimiehet pyrkivät toimimaan kuten olettavat edellytettävän hyvältä esimieheltä kussakin tilanteessa ja tietyssä organisatorisessa kontekstissa. Edellä mainittu johtaa päätelmään, että sopivaisuuden logiikka tarjoaa vaihtoehtoisen teorian eettisen päätöksenteon tutkimukselle. Tutkimus osoittaa edelleen, että kokemus ja oppiminen voivat muuttaa päätöksentekijöiden käsityksiä siitä, mikä on heidän identiteettinsä soveliaasti toimivina esimiehinä. Kehittämäni soveliaan toimijuuden viitekehyksen kannalta toinen tutkimusartikkeli tukee keskeisiä päätelmiä eettisen ongelmatilanteen luonteen, henkilön identiteetin, organisaation normatiivisen kontekstin sekä kokemuksen ja oppimisen merkityksestä eettisessä päätöksenteossa.

Kolmannen artikkelin tavoitteena on tarkastella organisaation eettisten hyveiden ja moraalisen toimijuuden yhteyttä organisaation eettisten ongelmien kontekstissa. Tutkimus nojaa Kapteinin (2008) organisaation eettisten hyveiden malliin, sekä teoriaan moraalista toimijuudesta (Bandura, 1991). Tutkimuksesta on mahdollista päätellä, että organisaation eettinen kulttuuri vaikuttaa keskijohdon esimiesten moraaliseen toimijuuteen kolmiulotteisesti; sosialisatioprosessin myötä esimiehet omaksuvat organisaation sosiaalisia standardeja, organisaation eettinen kulttuuri tukee heidän omia moraalisia standardejaan, tai organisaatio myötävaikuttaa moraaliseen irrottautumiseen eettisessä ongel-

matilanteessa. Artikkelin osoittaa myös, että organisaation eettiset hyveet voivat tukea keskijohdon esimiesten eettistä toimintaa ja onnistunutta ongelmanratkaisua. Moraalinen toimijuus korostuu, jos organisaatio arvostaa avointa keskustelua eettisistä ongelmista, toimii läpinäkyvästi ja johdonmukaisesti, antaa selkeät ohjeet eettisten ongelmien ratkaisuun, sekä rankaisee epäeettisestä toiminnasta. Organisaation eettiset hyveet vahvistavat edelleen esimiesten luottamusta omaan kykyynsä tehdä eettisiä päätöksiä. Organisaation hyveiden riittämättömyys puolestaan voi myötävaikuttaa siihen, että paineita ja ristiriitoja luontaisesti sisältävässä keskijohdon esimiesroolissa toimivat henkilöt kokevat eettistä kuormittuneisuutta sekä muuttuvat kyynisiksi organisaation toimintaa kohtaan. Tutkimuksen tulokset indikoivat hyveiden puutteen olevan yhteydessä myös moraaliseen irrottautumiseen ja moraalisten itsesyytösten vaientamiseen ongelmatilanteissa. Keskijohdon esimiehet eivät kuitenkaan ole roolissaan vain passiivisia vastaanottajia ja omaksujia, vaan muokkaavat aktiivisina toimijoina organisaation eettisiä hyveitä. Soveliaan toimijuuden viitekehyksen näkökulmasta kolmannen artikkelin tulokset tukevat ajatusta, että keskijohdon omaksuu sosiaalisesti määritellyjä keskijohdon rooleja, jotka saattavat vääristää heidän käsitystään aktiivisesta moraalista toimijuudesta. Toisaalta toimivat hyveet voivat korostaa henkilön moraalista identiteettiä ja edesauttaa näin rohkeaa eettistä toimintaa. Kolmas tutkimusartikkeli korosti edelleen oppimisen ja kokemuksen merkitystä eettisen päätöksenteon yhteydessä.

Tämä väitöstutkimus osoittaa, että keskijohdon päätöksenteko eettisissä ongelmissa on moniulotteinen ja dynaaminen prosessi, jossa kokemus ja oppiminen ovat keskeisellä sijalla. Avoin vuoropuhelu ja positiivinen palaute eettisestä toiminnasta sekä ylemmän johdon että henkilöstön taholta tukee keskijohdon kykyä tehdä eettisiä päätöksiä ja osaltaan vaikuttaa eettisemmän organisaatiokulttuurin kehittämiseen.

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ORIGINAL PAPERS

I

THE ETHICAL PROBLEMS OF MIDDLE MANAGERS AND THEIR PERCEIVED ORGANISATIONAL CONSEQUENCES

by

Minna-Maaria Hiekkataipale & Anna-Maija Lämsä, 2016

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THE ETHICAL PROBLEMS OF MIDDLE MANAGERS AND THEIR PERCEIVED ORGANISATIONAL CONSEQUENCES

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ABSTRACT. *This study contributes to the literature on ethics in leadership by showing the different types of ethical problems experienced by middle managers in organisational contexts. It also investigates the perceived consequences of the problems for organisations. The data was collected using the critical incident technique (CIT), with 20 semi-structured interviews carried out in four multidisciplinary universities of applied sciences in Finland. We show that there are problems related to self-interested behaviour, avoiding/neglecting responsibilities, hidden agendas, gaps between targets and resources, and relationship problems among staff members, as well as questionable behaviour on the part of trade union representatives. The paper suggests that ethical problems are common and need to be set against a long history of unresolved*

background issues in the institutions. At the organisational level, unresolved ethical problems were perceived to pose a threat to innovativeness, work well-being, organisational reputation and finally the achieving of organisational objectives.

KEYWORDS: middle manager, ethical problem, business ethics, critical incident, qualitative research.

JEL classification: I23, M12, M14.

Introduction

Business ethics scholars widely agree that managers encounter ill-defined, rapidly unfolding, novel and complex ethical problems which may have negative consequences ranging from damage to the organisation's reputation or loss of public trust to the resignation of highly valued staff members. (Nash, 1990; Kaptein, 1999; Norberg, Johansson, 2007; Jackall, 2010; Feldt *et al.*, 2012; Hassan *et al.*, 2014).

The starting point of this article is that ethical issues such as ethical problems experienced by managers are an inseparable part of organisational life, and it is essential for effective and successful leadership that the problems would be acknowledged and solved (Hassan *et al.*, 2014; Marsh, 2013). In this article, the authors carry out an empirical investigation of the managers' experiences of ethical problems and how they perceive the outcomes of the problems in their organisation. The focus is drawn particularly on middle managers.

The research questions are as follows:

1. What kind of ethical problems do middle managers experience in the course of their leadership?
2. What kind of organisational consequences have managers observed arising as a consequence of the ethical problems?

The present research contributes to earlier research on ethical problems in leadership in the organisational context in the following ways. Firstly, the investigation of middle managers is important from an ethical perspective since they are caught between, on the one hand, competing imperatives of institutional dynamics and institutional structures and, on the other, responsibility for the well-being of their staff (Jackall, 2010; Marshall, 2012). Secondly, despite their undeniable significance in daily ethical decision-making at the organisational grass roots level, middle managers are virtually absent from the research literature since the focus is mostly on executive level ethical issues (Dean *et al.*, 2010). Thirdly, the study contributes to the model of ethical problems developed by Geva (2006). Since this model is theoretical in nature and as far as it is known has not been investigated empirically, the authors investigate its applicability by making an empirical study among middle managers in higher education.

Finally, it is worth mentioning that the majority of empirical studies in the field of leadership and ethics have been conducted using quantitative methods (Auvinen *et al.*, 2013; Brand, 2009; Campbell, Cowton, 2015). There is a need for greater diversity of approach, and specifically for qualitative studies in the field (Ford, Richardsson, 1994; O'Fallon, Butterfield, 2005; Treviño, 2006; Craft, 2013). In particular, managers' own experiences of ethical issues have been the object of relatively little research (Power, Lundsten, 2005; Feldt *et al.*, 2012; Huhtala *et al.*, 2013b; Marsh, 2013). Besides, in an extensive review of the literature, Craft

(2013) discovered that research samples in the field have been drawn increasingly from student populations rather than the hypothesised population. This research responds to this challenge by interviewing practising middle managers.

This article is organised as follows. First, theoretical background will be introduced and the key concepts will be defined. Then the authors will move on to the empirical part, introducing the empirical data and methodology and the analysis of the data. Then the results will be presented before drawing final conclusions and suggesting ideas for future research.

1. Theoretical Background

This paper relies on the phenomenological research tradition, which emphasises that social reality should not be understood as an objective external reality but rather as a product of human activity (Schütz, 1980). People constitute a meaningful social world around them. The idea in empirical research is to get “an inner look” at the research phenomenon, and in this case this means using the approach to find out crucial aspects of managers’ experiences of ethical problems (Lämsä, Takala, 2000). According to Aspers (2009, p.1) the foundation of empirical phenomenology lies in the assumption that a scientific explanation must be grounded in the meaning structure of real people. Thus the authors have interviewed practising managers whose experiences and perspectives (first order constructs) of ethical problems and their perceived consequences to organisations are central in the analysis, as suggested by advocates of empirical phenomenology (Aspers, 2009). However, the meanings that are constructed need to be related to relevant theories in order to produce scientific explanations. To build the so-called second order constructs the authors adopted the theory of ethical problems put forward by Geva (2006), to give focus and a scheme of reference to the study (Aspers, 2009).

As the starting point the authors adopt a definition put forward by Nash (1990, p.126), who defines ethical problems as situations in which one does not know what is the right or wrong thing to do, and situations in which one knows what is the right thing to do but fails to act accordingly. However, although Nash’s definition is fundamental, this study applied the framework of ethical problems developed by Geva (2006), since this framework can be regarded as more versatile and extensive than that of Nash (1990), although it includes elements suggested by Nash.

Geva (2006) argues that moral judgment and motivation to do the right thing are underlying and interactive determinants in solving ethical problems and ultimately in ethical behaviour in working life. Geva (2006) claims that moral judgment involves two main components: the definition of the problem at hand and the weighing up of the moral reasons for and against a certain chosen solution. In Geva’s typology, there is indeterminate and determinate moral judgment. When determinate moral judgment prevails, the preferred course of action is clear to the individual. Indeterminate moral judgment, on the other hand, refers to a lack of clear moral principles for behaviour and practices. However, Geva (2006) argues that moral judgment alone does not explain the ethical decision-making in organisations. One can have an awareness of right and wrong but no motivation to act accordingly. Geva (2006) claims that no additional incentives such as money or status are needed to ensure ethical behaviour when the individual has a high motivation to act ethically, but narrow self-interest overrides moral concerns when an individual has low motivation to act ethically. On the basis of these distinctions, Geva (2006) identifies four types of ethical problems (*Table 1*).

First, in organisational life, conflicting demands often cause ethical problems with indeterminate solution paths. Managers may still have high motivation for ethical deliberation

and the desire to make the right choice. A genuine ethical problem thus exists when an individual wants to act ethically but does not know what to do. Secondly, an individual may show self-interest and short term thinking in organisational decision-making despite being aware of his or her ethical obligations. Even undisclosed and tacit organisational rules may put pressure on the individual and increase deliberate unethical behaviour. This may lead to compliance problems. A compliance problem is present when an individual's motivation to act ethically is low even though she/he is well aware of the particular ethical obligations. Based on prior literature on the topic, Geva (2006) suggests that compliance problems are the most common type of ethical problems in organisations.

Table 1. Types of ethical problems

	Moral judgment	
	Indeterminate	Determinate
High motivation	Genuine dilemma	No-problem problem
Low motivation	Moral laxity	Compliance problem

Source: Geva 2006, p.135.

Thirdly, ethical problems do not always include conflicting demands or an urgent need to find the single right course of action. The term moral laxity is used to refer to moral lethargy or slackness and late recognition of problems. This type of problem occurs when an individual is aware of a general moral obligation but is not sure what to do and eventually fails to act at any level. Geva (2006) emphasises that the concept of moral laxity includes the idea of a lack of concrete obligations that results in not taking the required steps towards the responsible fulfilment of the duty. Finally, the fourth type of problem is called a no-problem problem, when both the motivation to act morally and acknowledgement of a moral obligation are in line. This last type of problem refers to an individual's and organisation's opportunity to recognise ethical issues in advance, proactively, and to look for ethical success rather than failure. This kind of approach aims to institutionalise ethics and make it part of overall organisational behaviour. In addition to distinguishing these four types of problems, Geva (2006) asserts that each type of ethical problem can evolve into any other type, for example due to paying the initial problem inadequate attention or failing to try hard enough to solve it.

Prior research into ethical problems in management shows that typical ethical problems are not always strategically significant issues, but rather will be day-to-day problems linked to staff and their well-being (Waters *et al.*, 1986; Dukerich *et al.*, 2000; Feldt *et al.*, 2012). Power, Lundsten (2005) found in their research that the ethical problems faced by managers are often related to personal, intrapersonal or relationship issues inside the working community (a lack of courage, the poor management of conflicts, subordinates not taking responsibility for their work, etc.). Earlier research has also focused on the stress and anxiety that managers suffer as a result of ethical problems (Dukerich *et al.*, 2000; Feldt *et al.*, 2012). In their study, Dean *et al.* (2010) found that the three major categories of ethical problems faced by middle managers were the perception that they were being pressured, bending the rules, and situations in which it was unclear what was the right thing to do. In addition, Alam (1999) found that pressures from the top level of the organisation contribute to the compromising of middle managers' individual ethical values.

2. Method

Since the authors sought to make visible middle managers' experiences of the topic, a qualitative approach was considered appropriate for this research (Aspers, 2009). The

managers' experiences would have been difficult to capture in essence with quantitative methods (see e.g. Silverman, 2005; Järvinen, 2012; Marsh, 2013). In this study, the data was collected using the critical incident technique (CIT), which allows respondents' rich self-recollections of incidents to emerge (Gremler, 2004). Gremler (2004) claims that stories related to critical incidents can provide a rich and vivid insight into the phenomenon under investigation. The CIT is a systematic, retrospective and flexible qualitative research method (Flanagan, 1954; Gremler, 2004; Butterfield *et al.*, 2005; Silén *et al.*, 2012).

In the study, the data was collected from higher education institutions which can be regarded as representing knowledge organisations relying mostly on intangible assets, namely their highly skilled professionals (Sveiby, 1997). This organisational environment is particularly interesting since drastic financial, cultural, demographic and managerial changes have introduced entirely new kinds of pressures on the leadership of colleges and universities. Organisations in the higher education have, to some extent, started to absorb and favour more competitive practices and corporate values and norms which might be a source of various ethical problems to managers (see e.g. Allen, 2003; Ylijoki, Välimaa, 2008; Folch, Ion, 2009; Middlehurst, 2010; Floyd, 2012; Preston, Price, 2012).

In this research, individual semi-structured interviews were conducted in four higher education organisations, namely universities of applied sciences in Finland. University of applied sciences is the name now used in Finland for what used to be called polytechnics. All of the institutions in this study are multi-disciplinary, with between 4000 and 8000 students. The purposive, discretionary sample of altogether 20 middle managers consisted of 4 men and 16 women, with ages ranging between 35 and 58 years, the average age being 50. In general, the managers who were selected can be considered typical representatives of middle management in the universities of applied sciences in Finland.

In this research, the term "middle managers" is used to refer to people who have one or more managerial levels above them and at least one level of subordinates. All the respondents had work experience in the management position from one year to 20 years. The selection of respondents was based on snowball sampling. Snowball sampling refers to a method in which one respondent leads the researcher to another (Silverman, 2005; 2014). In this research, the researchers' own professional networks were used at the beginning of the data collection to find respondents with middle management positions.

The interview consisted of three main parts: 1) background data, 2) a description of the ethical problem(s) that interviewees had encountered, how the problem(s) evolved, what events took place, and who was involved, and 3) a description of how the problem(s) was/were handled in the organisation. The interviews lasted from half an hour to one and a half hours, and they were recorded and transcribed word for word. All the respondents were able to describe 1–5 incidents which they regarded as ethically problematic. Altogether 52 ethically critical incidents were identified in the data. The incidents varied from very rich and detailed descriptions to more general stories, and included analyses of what had happened and why the events were considered to be problematic from the ethical point of view. Each manager was assigned a number from 1 to 20, which is used later on in this article to refer to each particular manager in order to guarantee the managers' anonymity.

Following the approach of empirical phenomenology (Aspers, 2009), first an inductive oriented analysis of the ethical problems experienced by the middle managers was carried out. At the beginning of the analysis the problems were categorised according to their content. Then a theory-driven analysis was made, and it emphasises the chosen theoretical model as guidance (Hsieh, Shannon, 2005). In this phase, the categories of ethical problems were

grouped on the basis of Geva's (2006) typology. In this study, the Atlas.ti-programme was used for coding and categorising the data. Let us now look at the results.

3. Results

Overview of ethical problems. In general, the middle managers in this study emphasised the importance of leadership in their work. From this point of view they said that their most important duty should be to serve other people, specifically their subordinates and students, while at the same time being responsive to the upper management. All the respondents were responsible for budgeting and human resources, and felt that they were part of a clear chain of management. The main responsibilities of the managers varied from participating in the development of the organisation's strategy to grass roots operational management and the allocation of resources. Developing the quality of teaching, the curriculum and pedagogy were regarded as important individual-level objectives. Realising the organisation's quantitative objectives, for instance ensuring effective study processes and high graduation rates, was considered to be an external pressure which, because of the reforms, constitutes a more and more significant part of middle managers' work.

The ethical problems brought up by the managers whom we interviewed were predominantly issues related to subordinates' and upper management's behaviour and the demands they made. In addition, the respondents recognised that their own behaviour and decisions can sometimes be questionable from the ethical point of view. The role of students in ethical problems was not stressed very much, even though their role was recognised occasionally. One reason for this may be that the middle managers in the sample did not usually deal directly with students in their everyday work.

Table 2. Ethical problems experienced by middle managers in higher education

Problems	Examples of issues	Type of the problem
Self-interested behaviour (n=15 critical incidents)	Maximising one's own benefits; bending organisational rules to fit self-interest; pulling strings; arbitrary and unfair behaviour; manipulating other people against the organisation; fawning on subordinates or upper management	Genuine ethical problem/compliance problem
Avoiding/neglecting responsibilities (n= 12 critical incidents)	Deliberate negligence of tasks, not intervening when subordinates' work is poor; not solving conflicts in the workplace; sweeping problems under the carpet;	Genuine ethical problem/compliance problem/moral laxity
Hidden agendas (n=10 critical incidents)	Deliberately lying to superiors; hiding information or motives from subordinates,	Moral laxity
A gap between targets and resources (n= 7 critical incidents)	Insufficient financial resources for the given tasks; lack of essential information from upper management	Genuine ethical problem
Relationship conflicts among subordinates (n=7 critical incidents)	Deliberate formation of competing "tribes" within the working community; staff backstabbing and smearing other members of the organisation	Genuine ethical problem/compliance problem
Questionable behaviour of trade union representatives (n=1 critical incidents)	Leaking confidential information during the dismissal process	Compliance problem

Source: interview data and Geva (2006).

In the first phase of the analysis the ethical problems experienced by the managers were divided by content into six groups, which are presented in *Table 2* according to their frequency. Examples of typical issues in the groups are introduced to characterise briefly the

nature of the problem. Additionally, the number of critical incidents is mentioned in each group. Finally, problems are placed in Geva's (2006) typology. In Geva's (2006) typology the fourth type of ethical problem is called the "no-problem problem". Such incidents did not appear in the research data and for this reason this type is not discussed here.

Self-interested behaviour. The middle managers reported that they encountered self-interested behaviour among top management, middle management and subordinates. Seen from the viewpoint of Geva's (2006) typology in particular, the self-interested behaviour of both upper management and subordinates led to compliance problems. Middle managers also faced genuine ethical problems when trying to put an end to this type of behaviour.

In particular, self-interested behaviour on the part of subordinates was experienced as a highly challenging ethical problem by the middle managers, and one that often led to other, broader organisational level ethical problems, such as managers' inability to maintain equality in the workplace. From the middle manager's point of view, some subordinates were untouchable because they were able to manipulate managers, municipal politicians, doctors in occupational health, trade union representatives, students and even their peers in order to gain benefits and find loopholes in the rules for their own purposes. Some managers even called this kind of behaviour narcissistic. However, the managers said that the problem was not typically discussed and some people's self-interested behaviour was taken for granted in the organisation, which made it difficult, even impossible to change. Also, there was a lack of clear sanctions for compliance problems with self-interested behaviour, as highlighted by interviewee No. 3:

"I will soon have been working in educational institutions for twenty years and I have always encountered these more or less difficult cases, and in these kinds of organisations they can do so much harm, unbelievably difficult cases and there are no means or tools, if I can say so, to get rid of these people. What can be done to stop them terrorising the workplace and acting totally according to their own rules? We should have clearer means of intervening." Interviewee No. 3

The managers admitted that maintaining equality is especially challenging in universities since staff there are experts and can have different perceptions and strong views about appropriate ways of acting in working life. Middle managers had also experienced incidents in which someone had deliberately by-passed the chain of command in order to spread rumours about them to more senior managers, or to gain some kind of personal benefit or influence decisions in the organisation. This kind of behaviour is a compliance problem. These situations were regarded as troublesome by the middle managers, as interviewee No. 1 describes:

"There are a lot of people who'll go behind your back in this organisation, there are such people in every organisation, they try to improve their own position by letting slip certain things, it is like side-stepping the communication chain on purpose, not being loyal, this is very common, this happens a lot." Interviewee No. 1

Self-interested behaviour was also evident in the form of compliance problems when students were brought into intra-organisational disagreements between teachers and management. Interviewees had experienced incidents in which teachers had spread negative information to students in order to smear their colleagues, managers or the whole organisation. Usually these incidents took place when there were reforms or changes taking place in the organisation. Managers were mostly concerned about students' motivation to study if the organisation was criticised from within. Such criticism can be bad for the organisation, leading for example to a bad reputation, which might contribute to a drop in the number of applicants

and students dropping out. Intra-organisational disagreements and the spreading of negative information may also threaten other stakeholder relations, for instance with business partners.

Managers also said that they recognised their role in setting an example in ethical decision-making, but often encountered difficulties in recognising and implementing the right decisions – a reference to the genuine type of ethical problem. This was recognised as not only damaging to the respondents' credibility as managers but also as a cause of increasing unrest in the organisation.

Middle managers also reported incidents in which upper management displayed their self-interest, deliberately treating middle managers arbitrarily and unfairly for the sake of benefits to themselves. In particular, a harsh and discouraging communication style on the part of a manager was experienced as disturbing and wrong. Interviewee No. 16 described the poor communication atmosphere in the organisation as follows:

“My superior shoots down other people's opinions and this has led to the situation that we can't have open dialogue (in the management team) nor develop or innovate. So there's always the fear that who's going to be hammered next, and what for. This puts an end to open discussion and honest feedback. I feel that this situation gets me down, and it gets down my colleagues and my subordinates.” Interviewee No. 16

One reason for problematic communication was felt to be a superior's self-interested or, more specifically, egoistic behaviour. The interviewees reported that some superiors do not want to think about other people's good or feel any empathy with them when things are difficult. In this compliance problem, superiors were experienced as breaching their obligation to promote the organisation's good, preferring to concentrate on themselves. In particular, this kind of self-interested behaviour was experienced as paralysing organisational innovativeness and dialogue.

Avoiding/neglecting responsibilities. Avoiding or neglecting responsibilities was commonly experienced by the managers we interviewed as occurring at all levels of the organisation, from the grass roots to top management. Such problems were predominantly compliance problems, but there were also genuine dilemmas. Interviewee No. 13 described the outcome of a situation in which a member of her staff constantly failed to do his job, which led to complaints from the students.

“I got a kind of sense of helplessness and weakness, today's lecturers are so protected, which is a good thing when you think about it from the lecturer's point of view but it is such a long process putting together the proof, collecting the evidence, it always melts away, it slips out of your hands, everything is too open to interpretation...the possibility of firing someone is so remote in educational organisations.” Interviewee No. 13

In this sort of situation, the middle managers often felt that they had been left to handle an ethical problem on their own, with no support from their superiors, and that problems they wished to bring up with superiors were ignored or suppressed. On the other hand, respondents highlighted some positive outcomes, such as improvements in the quality of a subordinate's work when there was open and supportive communication about a problem between the middle manager and her/his superior.

In two incidents, middle managers and their subordinates had made direct appeals to the very top of the organisation and pleaded for them to intervene in some highly egoistic behaviour on the part of a certain director, but to no avail. This can be regarded as a compliance problem and an indication of upper management deliberately avoiding or neglecting their responsibilities. It seems that ethical issues are silenced, disregarded or often actively suppressed even by those at the top of the organisation, as described by interviewee No. 17.

“We have this culture of avoidance. No ability, no skills, no words. We don’t have a culture of bringing up this sort of topic. Partly it’s because we don’t dare, we’re afraid, what will happen to me if I intervene. And clearly the skills and abilities of our top manager have changed, he has become timid and scared, he is afraid that he might be shown up in some way or caught out if he intervenes in what his subordinates are doing.” Interviewee No. 17

Some middle managers felt helpless in the face of this neglect of duty at the top of the organisation and decided to give up certain organisational objectives they had had before and concentrate merely on their “own business.” Managers also said that due to the lack of openness and feedback in the organisation, members of staff became increasingly negligent, with the result that there were more and more direct and indirect complaints from students. This was expressed by interviewee No. 13, who said that students’ complaints and questions had often been quietly ignored, which indicates problems of moral laxity.

“I finally decided to take the bull by the horns. This problem had existed before I was appointed, but it had always been a problem to be swept under the carpet, it was a big deal for this person when I took it up. The students were afraid in the classes and they were afraid to talk to this person because of his behaviour, shouting, exploding, getting mad about things, he even intimidated the students.” Interviewee no. 13

Hidden agendas. Hidden agendas are in play when the actual purpose of an action is hidden by the manager from her/his subordinates and/or superiors. Hidden agenda incidents come under the category of moral laxity in Geva’s (2006) typology of ethical problems. The middle managers reported that they sometimes aimed to manipulate other organisation members, even lying and covering up details and not giving all the relevant facts in order to have some hidden influence over subordinates or superiors. The reasons given for hiding information were various, ranging from the lack of an open, supportive and constructive atmosphere in the chain of management to an inability to communicate with subordinates about difficult matters and, more importantly, the absence of a framework within which to do so, like a common understanding of how to tackle problems, clear procedures, and organisational instructions on how to intervene when people do poor work. The respondents felt that tackling the problem is sometimes difficult and somehow also unpleasant, and this leads to moral laxity. Respondent No. 11 described a situation with an under-achieving employee:

“It is an ethical problem that we just try to find some, any grounds for dismissing a person after we’ve tried everything over the years and nothing helps...training or procedures. We kind of have a hidden agenda.” Interviewee No. 11

Problems categorised as moral laxity also often contained references to prior failure to intervene in troublesome behaviour by staff members and to the organisational culture of not talking about problems. For instance, some respondents had made a deliberate decision to sacrifice the quality of teaching because they were unable to dismiss teachers with low professional skills. In particular, the persistence and frequency of this type of problem was recognised, and the respondents felt that they had acted inappropriately when they ignored the situation. For example, interviewee No. 9 highlighted this issue as follows:

“It’s an ethical problem, BIG TIME, we consciously compromised the quality of teaching, we made a deliberate decision, and when the students complained, we just kind of, yes...mmm...we know this and we are aware of this but we really can’t do anything about it...well, yes, it is a big ethical question.” Interviewee no. 9

A gap between targets and resources. The gap between targets and resources refers to incidents in which inadequate financial resources or the lack of essential information caused ethical problems. Genuine ethical problems were the types of problems that the managers

experienced in this context. The current shortage of resources in higher education institutions led managers to believe that in the future it would become even more difficult, if not impossible, for them to reach their targets with their team, which in turn would cause problems in achieving the organisation's goals. Interviewee No. 15 described the anxiety and worry as follows:

“This is a common problem at the moment, owing to the financial circumstances we need to think all the time how we can do more with less, how we can cut resources and what I think about quite a lot is how we can do this fairly, so that it doesn't reduce motivation, because anyway we need to hold on to the people we've got, and we want to hold on to them” Interviewee No. 15

In addition, genuine ethical problems arose because of poor organisational communication and especially because of the failure of upper management to supply relevant and necessary information, as interviewee No. 7 found:

“I don't know whether this is an ethical problem, but at one point I had this problem that I got literally no support at all from the (upper) management, it was as if they weren't even there from my point of view. It was a truly educational experience for me since I had to make all the decisions by myself. I simply got NO answers to my questions... I had to depend on the minutes of meetings and try to see from there if anything had been decided...” Interviewee No. 7

The scarcity of financial resources and lack of knowledge about decisions that had been made were mentioned as the main reasons for genuine ethical problems. The interviewees said that not having enough money forced them (as middle managers) to cut expenses, for example by combining classes and having larger groups, which in turn increased their concerns about the fair distribution of the workload. Scarce financial resources were even experienced as endangering the ultimate goal of an educational institution, student learning, since when the financial situation is precarious the quality of teaching declines. Additionally, scarce financial resources were said to mean that members of staff were overworked, which had negative consequences such as reducing their well-being at work and the quality of their teaching. The middle managers said that they felt stressed at having to make difficult decisions about cutting resources and demanding more work from staff members. Interviewee No. 10 expressed concerns as follows:

“At the moment, the biggest ethical issue is... you confront this question constantly, how much work can you ask a teacher to do. Ethics, from my perspective has to do with not properly providing the resources for what has to be done. Is it an ethical problem? It is actually. Personally, I think it is wrong. If I think that staff well-being is the most important resource in an expert organisation.” Interviewee No. 10

On the other hand, middle managers reported that in the difficult financial circumstances new methods of teaching and working had been evolving, and this had contributed to organisational innovativeness. Managers had a mainly positive and committed attitude towards change if they received adequate support from their superiors in the process.

Relationship conflicts among subordinates. Relationship conflicts among subordinates were situations in which relationships between two or more members of staff reached the point of conflict and it was not obvious whose point of view the middle manager was going to support. The following excerpt from the interview with interviewee No. 14 illustrates a relationship conflict among staff members:

“Two lecturers had an argument, I wasn't actually there then so I wasn't a witness but I was told by their colleagues, shouting and so on, they were working each other up. The ethical problem was that I was unable to say whose side I am on, who is guilty. Neither of

them was willing to take the blame or apologise. It bothered me because the case is still unresolved. There have been cases like this before, nobody has done anything about it. Five-year-old issues are still simmering.” Interviewee No. 14

Relationship conflicts were experienced to cause several other problems: they were perceived to compromise the organisation’s objectives, and lead to job dissatisfaction and low levels of well-being in the workplace. What was typical in most relationship conflicts was the length of time during which these underlying and unexpressed tensions had existed and issues had remained unresolved.

In Geva’s (2006) typology, relationship conflicts were typically genuine problems. Middle managers did not know the right thing to do and what action to take, but they usually had the motivation to solve the problems. The managers also recognised that some conflicts had been deliberately disregarded by their predecessors, which meant that in the long run problems accumulated. Thus it seems that middle managers also faced compliance problems deriving from relationship conflicts among staff, as described by interviewee no 8.

“I think it’s a big problem, if you see that there are these kinds of disagreements at work and a bad atmosphere, it is imperative to intervene, it is an ethical problem if you don’t because it paralyses the organisation, working becomes secondary. People talk and speculate endlessly, and also what became a big ethical problem was that obviously the sense of collegiality among the teachers vanished, and the students began to sense that too” Interviewee No. 8

Questionable behaviour of the trade union representative. Finally, there was one incident of questionable behaviour on the part of a trade union representative. Interviewee No. 4 felt that a trade union representative had acted unethically by leaking information in a difficult dismissal process. This in turn seriously damaged the middle manager’s relationship with her staff. Interviewee No. 4 described the challenging setting as follows:

“The trade union rep had leaked information about a possible reduction in the number of working hours available to the board of the teachers’ union, who apparently didn’t keep the information to themselves and then one teacher came to me and complained about it and I was like, oh my god, how can he have heard about these plans, they’re still only tentative, then I realised that there was no other possibility but the rep, who had shared what was supposed to be confidential information with the rest of the staff, and then of course in these circumstances the staff turned against me.” Interviewee No. 4

4. Summary of the Results

In this study, two research questions were investigated. First, we investigated the kind of ethical problems middle managers experience in the course of their leadership in an organisational context. We found altogether six types of problems: self-interested behaviour, avoiding/neglecting responsibilities, hidden agendas, gaps between targets and resources, relationship conflicts among subordinates, and questionable behaviour from a trade union representative. The problems were experienced by middle managers as existing at all levels of the organisation: subordinates, middle managers and upper management all contributed to the problems. In Geva’s (2006) terms, the problems included genuine ethical problems, and problems with compliance and moral laxity.

The second research question aimed to examine the managers’ perceptions of the consequences of ethical problems at the organisational level. Self-interested behaviour on the part of upper management, such as harsh or arbitrary treatment, was experienced by middle managers as blocking organisational innovativeness and open dialogue and thus endangering

these organisational objectives. In addition, managers interpreted the self-interested behaviour of members of staff as leading to unrest, a sense of inequality, and growing dissatisfaction among other staff members. We found that ethical problems related to self-interest were experienced as undermining the reputation of the organisation. We also found that avoiding/neglecting responsibilities at the top of the organisation was experienced as leading occasionally to middle managers giving up on organisational objectives. If middle managers themselves neglected their duties, this in turn was perceived to contribute for instance to the silencing of ethical problems and growing student dissatisfaction. In addition, the results show that gaps between targets and resources were experienced as endangering the quality of teaching and reducing the well-being at work of staff members and middle managers, although sometimes such gaps contributed to innovative teaching methods. Also, unresolved relationship conflicts among members of staff were experienced as compromising the organisation's objectives and increasing dissatisfaction. The questionable behaviour of a trade union representative was felt to cause distrust between the middle manager and her staff, leading to a poor leadership relationship.

5. Discussion

This study revealed that the middle managers in this research had experienced various ethical problems in the course of their leadership. It also showed that ethical problems came mostly from internal organisational sources such as from employees or upper management. Consistent with, for instance, Dukerich *et al.* (2000) and Power, Lundsten (2005), middle managers' ethical problems were found to be mostly day-to-day problems closely associated with employee relationships. This result clearly derives from middle managers' position and their responsibilities in an organisation. Based on the findings of the study, the authors agree with Waters *et al.* (1986) that the sort of ethical problems experienced by middle managers are common, everyday concerns, due to the fact that middle managers do not usually exert much influence on the ethical problems involved in large-scale organisational issues such as closing an administrative unit or transferring production to China. However, as Clegg, McAuley (2005) point out, in the higher education context middle managers are at the forefront of change in such key areas of the institutions as learning and teaching and in the achieving of pedagogical, academic and organisational goals. Also, since middle managers are caught between achieving the new organisational objectives on the one hand and the well-being of both students and highly educated staff members of a knowledge organisation on the other (Hellowell, Hancock, 2001; Clegg, McAuley, 2005), it does not seem to us surprising that they are likely to encounter various pressures and contradictions on a daily basis. Furthermore, we suggest that middle managers are likely to be directly involved in these kinds of problems since, as Marshall (2012) found in his recent study, the main preoccupation of academic middle managers seems to be handling processes of human interaction that involve ethical responsibilities to various constituencies.

This research drew upon the theoretical framework of ethical problems developed by Geva (2006) which, to our knowledge, has not been used earlier in empirical studies. We found that the ethical problems experienced by the middle managers whom we interviewed could be categorised according to Geva's (2006) framework. The managers in this study had experienced genuine problems, compliance problems and problems of moral laxity. However, we did not detect no-problem problems which, according to Geva (2006, p.139), are typical proactive decisions which involve efforts to enhance ethical awareness and promote the ethical culture of an organisation. One reason for this may be that since the focus of the study

was on actual, experienced problems, managers reported ethical failures which they had personally encountered rather than drawing attention to ethical successes (Geva, 2006). However, the paramount need for early recognition of ethical problems and consequent determined action was highlighted in several interviews. The finding that there were no proactive attempts to enhance ethics in the organisations suggests that there may be a tendency in this organisational context to underrate the significance of ethics as a strategic topic in organisational leadership. This in turn may in the long run contribute to the growth of ethical risks and loss of organisational reputation. Moreover, our findings imply that middle managers may have too limited resources or insufficient power to significantly change the current attitude to ethics in their organisation; they cannot be more proactive and make the issue strategically central.

This study also showed that ethical problems are interrelated and that one kind of problem can develop into another. For instance, if no attempt is made to intervene and solve the issue in good time, compliance problems such as deliberate self-interested behaviour on the part of an employee or upper management seem to cause genuine ethical problems to middle managers who do not know the right thing to do to put an end to the original detrimental behaviour. This is also consistent with Geva's (2006) framework, in which she suggests that there are interrelations between the problems and one problem can easily turn into another, causing even more severe consequences to the organisation.

Research results suggest that the framework of ethical problems put forward by Geva (2006) is applicable in empirical research. However, it should be noted that Geva (2006) draws her examples of different types of ethical problems mainly from large scale corporate frauds or ethical breakdowns. Thus, the model gains considerably from the different contextual viewpoint that has been presented here, especially since most of the ethical problems experienced by middle managers in organisations are found to be small scale, day to day, intrapersonal or relationship problems (e.g. Dukerich *et al.*, 2000; Power, Lundsten, 2005; Dean *et al.*, 2010; Huhtala *et al.*, 2013a).

As shown in this study, the managers perceived that unsolved ethical problems have a negative effect on the organisation. The managers reported how common it was in their organisation that problems were ignored, avoided and sometimes suppressed by the management. This meant that it was difficult for middle managers to make problems visible in the organisation and talk about them, let alone find any solutions to them. Research findings imply that rewards and sanctions related to unethical behaviour may often be kept secret in order to maintain the "face" of the parties and the organisation. As a result, not being able to talk about ethical problems easily becomes a pattern in the organisation, and this can cause a vicious circle of increasing ethical problems and ultimately poorer organisational performance, for instance poorer teaching in a higher education context. It can be suggested that one reason for this "muteness" and unwillingness to address ethical problems may originate in managers' concerns about possible threats to organisational harmony or efficiency, and the managers' images of power, autonomy and effectiveness (e.g. Bird, Waters, 1989; Dean *et al.*, 2010).

Secondly, it should be noted that the organisational context may have an impact on ethical problems and their handling in organisations. For instance, as several empirical studies confirm (e.g. Bird, Waters, 1989; Badaracco, Webb, 1995; Dean *et al.*, 2010; Kaptein, 2011; Huhtala *et al.*, 2013a), the example of ethical behaviour set by the management, sufficient means to carry out one's duties ethically, as well as clear rewards and sanctions related to (un)ethical conduct can reduce the likelihood of unethical behaviour in organisations.

Finally, it is worth noting that in our study the middle managers called for more open and regular reflection and dialogue about ethical problems. Thus, it may be suggested that paying attention to communication and fair and just management practices throughout the organisation would contribute significantly to solving and preventing ethical problems (see also e.g. Pucetaite *et al.*, 2010).

6. Research Limitations and Further Research

The strength of this research is that it produced rich data about various ethical problems and vivid descriptions of the organisational consequences of the incidents experienced by middle managers. However, this research has some limitations. First of all, it focuses on only one type of organisation, namely universities of applied sciences in Finland, and it studies ethical problems and their perceived consequences only from the viewpoint of middle managers. Further research is therefore needed both from other organisations and from the point of view of top management and ordinary members of staff in order to form a more comprehensive picture of the kind of ethical problems encountered. Additionally, it would be interesting to consider the kind of differences that exist across different types of knowledge organisations and what problems are unique to institutions of higher education. Cross-cultural comparisons could also be fruitful.

Moreover, the authors acknowledge that middle managers seem to have different strategies for handling and solving ethical problems, either, for instance, by disregarding them, or by actively seeking to solve them in co-operation with HR professionals, superiors and subordinates. Future research should consider how these different strategies for handling ethical problems are formed in organisations. Furthermore, as it was found out, the organisational context is very important in terms of the ethical problems that arise. Thus an interesting direction for future research would be to examine what aspects of the organisational environment, for example the organisational culture, influence ethical problems.

Conclusions

This research indicates that the ethical problems experienced by the middle managers in higher education consist of compliance problems, genuine ethical problems and moral laxity, following the typology of ethical problems put forward by Geva (2006). In addition, it was found that the problems are highly context dependent and interdependent, and are possibly set against a background of a long history of unresolved issues. Furthermore, one ethical problem can easily turn into another type of problem, creating a chain of problems. The conclusion can be made that the organisational environment seems to play a significant role in ethical issues in higher education organisations and in middle managers' ability or willingness to solve the problems that arise.

Finally, research findings suggest that higher education middle managers often stand in the crossfire of ethical problems, and the whole organisation and its success from an ethical point of view can depend on their brave and appropriate behaviour or, alternatively, their inability to solve problems when they first arise. However, without the active support of the organisation and congruent behaviour from both top management and other staff, nothing can be achieved.

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VIDURINĖS GRANDIES VADYBININKŲ ETIKOS PROBLEMOS IR JŲ PASEKMĖS ORGANIZACIJAI**Minna-Maaria Hiekkataipale, Anna-Maija Lämsä****SANTRAUKA**

Šis tyrimas susijęs su vadovavimo etika. Straipsnyje atskleidžiamos įvairaus pobūdžio etikos problemos, su kuriomis tam tikroje organizacijoje susiduria vidurinė grandies vadybininkai. Analizuojama, kokios numanomos šių problemų pasekmės atitinkamose organizacijose. Didžiausias dėmesys skiriamas švietimo institucijoms, t. y. aukštojo mokslo įstaigoms. Duomenys buvo renkami pasitelkus kritinio incidento metodiką, keturiose Suomijos kolegijose paimta 20 pusiau struktūrizuotų interviu. Tyrimas parodė, kad egzistuoja problemos, susijusios su asmeninės naudos siekimu, atsakomybių vengimu / nevykdymu, slepiama dienotvarkė, neatitikimais tarp siekiamų tikslų ir išteklių, taip pat su nesutarimais tarp personalo ir abejotinais profesinės sąjungos atstovų veiksmais. Straipsnyje teigiama, kad etikos problemos yra dažnos, o jas spręsti būtina įsigilinant į jų atsiradimo priežastis institucijose. Neišspręstos etikos problemos kelia grėsmę inovatyvumui, darbinei gerovei, institucijos reputacijai ir galiausiai trukdo pasiekti organizacijos tikslus.

REIKŠMINIAI ŽODŽIAI: vidurinė grandies vadybininkas, etikos problema, verslo etika, kritinis incidentas, kokybinis tyrimas.

II

WHAT SHOULD A MANAGER LIKE ME DO IN A SITUATION LIKE THIS? STRATEGIES FOR HANDLING ETHICAL PROBLEMS FROM THE VIEWPOINT OF THE LOGIC OF APPROPRIATENESS

by

Minna-Maaria Hiekkataipale & Anna-Maija Lämsä, 2017

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What Should a Manager Like Me Do in a Situation Like This? Strategies for Handling Ethical Problems from the Viewpoint of the Logic of Appropriateness

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Abstract In this research, we argue that managers have various strategies for handling complex ethical problems and that these strategies are formed according to the logic of appropriateness. First, we will show through a qualitative empirical study the different strategies that are used for handling ethical problems. Five types of strategies are identified in this study: mediating, principled, isolation, teaching and bystanding. Secondly, we will investigate the types of ethical approaches which managers reveal when handling ethical problems. Thirdly, we will discuss which strategies seem to contribute to the overall ethicality of organisations. To conclude, we suggest that the decisions and actions of managers like the middle managers in this study are influenced by their interpretation of what is appropriate behaviour in the particular situation.

Keywords Ethical problem · Ethical decision making · Problem-handling strategies · Logic of appropriateness · Middle manager · Qualitative study · Ethics · Ethical organisation

Introduction

It is increasingly recognised that ethics is crucial to organisations' sustainable and successful performance (e.g. Nash 1990; Paine 1997; Crane and Matten 2004; Huhtala et al. 2011; Thiel et al. 2012). It is also widely agreed that it is managers who set the ethical tone in their organisations and consequently shape the decisions, opinions and behaviour of their followers (see e.g. Kaptein 1998; 2011; Treviño et al. 2000; 2003; 2006; Gini 2004; Marsh 2013; Zoghbi-Manrique-de-Lara and Suárez-Acosta 2014). However, in their work, managers encounter various ethical problems which can be ambiguous, ill-defined, rapidly unfolding, novel and complex, as well as lacking a single solution path (Treviño 1986; Nash 1990; McNeill and Pedigo 2001; Dean et al. 2010; Selart and Johansen 2011; Thiel et al. 2012). Managers also face time pressures and multiple expectations from organisation members and other stakeholders which, in turn, increases the possibility of their having to face complex ethical problems (Dukerich et al. 2000; Lämsä and Takala 2000; Mumford et al. 2000). Such problems should be handled as effectively as possible to ensure the well-being of the people concerned as well as the success of the organisation (Rahim et al. 1999).

This empirical study has three aims. Firstly, the goal is to identify what strategies managers use to handle ethical problems. Secondly, we aim to study what kind of ethics managers reveal when they handle ethical problems using a certain strategy. And thirdly, we discuss which strategies seem to contribute to the overall ethicality of the organisation. We argue that managers have different strategies for handling complex ethical problems and that these strategies are formed according to the logic of appropriateness. There is some empirical research about actual ethical problems in management, but surprisingly little of it has addressed the

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question of how managers handle such problems from the initial recognition of the problem to the perceived resolution or end result in the organisation (see e.g. Waters et al. 1986; Badaracco and Webb 1995; McNeill and Pedigo 2001; Pedigo and Marshall 2004; Dukerich et al. 2000; O'Fallon and Butterfield 2005; Power and Lundsten 2005; Dean et al. 2010; Feldt et al. 2012).

In this study, we focus particularly on middle managers. Middle managers are an interesting group to investigate from an ethical perspective, since they are caught between competing imperatives of institutional dynamics and institutional structures and feel responsible for the well-being of their staff and clients (Marshall 2012). Both Alam (1999) and Treviño et al. (2008) stress that middle managers face pressures from many directions and that they are likely to be the most pressured organisational group from the point of view of ethics. Despite their undeniable significance in daily ethical decision making at the organisational grass roots level, middle managers are practically absent from the research literature on management ethics since the focus is mostly on executive level ethical issues (Dean et al. 2010).

Contributions of the Study

This study makes four contributions to the prior discussion of the handling of ethical problems, and also the underlying approaches to ethical decision making in an organisational context. Firstly, and most importantly, we will show how the theory of logic of appropriateness could add to the most seminal (O'Fallon and Butterfield 2005) theories of ethical decision making (Rest 1984; Treviño 1986, Jones 1991) in the organisational context.

Despite some exceptions (e.g. Sonenshein 2007; Woiceshyn 2011; Thiel et al. 2012), the majority of the most dominant ethical decision-making theories stress deliberate reasoning and rationalism (see O'Fallon and Butterfield 2005), i.e. seeing decisions as based on the rational evaluation of alternatives and consequences. The logic of appropriateness, on the other hand, starts with the idea that when individuals fulfil their identity, they follow rules that they see as appropriate—both rationally and intuitively—to the situation in which they find themselves (March 1994, p. 57).

Deliberate and rational reasoning is explicitly stressed in Rest (1984) well-known and probably most widely applied framework (O'Fallon and Butterfield 2005; Craft 2013) for ethical decision making. Rest (1984) four-step model for individual ethical decision making and behaviour posits that responses to ethical problems contain four elements: recognition of the problem, ethical judgment, moral intent, and finally, ethical or unethical behaviour. Treviño (1986), following Kohlberg's (1984)

work on cognitive moral development, proposed in her person–situation interactionist model that ethical or unethical behaviour results from the individual's stage of moral development and the interplay between various individual and situational components. Again in Jones's model (1991) the emphasis is on rational and reasoned evaluation of the possible consequences. Jones (1991) introduced the concept of moral intensity, which implies that ethical decision making is issue contingent, i.e. people's reactions to ethical issues are dependent on the magnitude of the consequences of the issue, the concentration of effect, probability of effect, temporal immediacy, proximity and social consensus.

We argue here that these models may provide an over simplified view of the complex, uncertain and multiple organisational realities that managers face (Weber et al. 2004; Sonenshein 2007; Litschka et al. 2013; Uhl-Bien and Ospina 2012). Unlike in Rest (1984) and Treviño's (1986) models, the theory of logic of appropriateness suggests that the situation itself evokes different aspects of an individual's identity and also informs the person about the various formal and informal rules which should be applied in the situation (March 1994). Tenbrusel and Messick (2004) assert that the strength of the logic of appropriateness is that it pays adequate attention to how individuals tend to frame a situation either as an ethical problem, which they therefore handle by applying ethical principles, or as a conventional business issue, with no need for ethical consideration.

On the other hand, the logic of appropriateness does not focus only on the issue and its consequences, as in Jones's (1991) model, but instead addresses a dynamic reasoning process, i.e. establishing identities and rules in recognised situations (March 1994). Departing from the seminal models presented above, according to the logic of appropriateness, decisions are mostly shaped by the socially defined roles played by the decision makers in the organisational context (March 1994). We argue here that the more recent, nonrationalist models of ethical decision making, such as the sensemaking-intuition model (Sonenshein 2007) which addresses the significance of intuitive judgment in ethical problems, do not entirely capture the underlying logic of handling ethical problems either, since they do not pay adequate attention to individuals' (e.g. managers') thought-out and reasoned interpretations of what is considered to be his/her appropriate action as an actor in a given situation.

We argue that the theory of logic of appropriateness acknowledges the existence of central elements of Treviño's (1986) model, such as individual identity factors (field dependence, locus of control) and also situational moderators (the organisational culture, including the normative structure of the organisation, referent others and obedience

to authority). The logic of appropriateness also draws attention to the importance of a thorough interpretation of the situation itself, as in Jones's (1991) model, but in addition, it emphasises the individual's active scanning of the various expectations during the process of handling an ethical problem, as in Sonenshein's (2007) model. Unlike the theories mentioned above, the theory of logic of appropriateness acknowledges the very dynamic and ambiguous nature of individuals' identities, situations and organisational rules (March, 1994). Thus, we suggest here that the logic of appropriateness is a more overarching approach which adds to existing models of ethical decision making by taking into account the interaction between the interpretation of the moral intensity of the situation (Jones 1991), various identity factors (Treviño 1986) and making sense of the informal and formal rules constructed in organisations (Sonenshein 2007).

Therefore, as suggested in an extensive review of the empirical ethical decision-making literature by Craft (2013), we move beyond the most established theories of ethical decision making and approach ethical problems with the theory of the logic of appropriateness (March 1994). Thus, this study adds an alternative theoretical viewpoint to the literature on the topic.

Secondly, drawing on Collier (1998), in this paper we discuss the strategies which appear to contribute not only to the effectiveness of the organisation but also to its overall ethicality. Thirdly, in our analysis of the strategies managers use to deal with ethical problems, we draw partly on Ciulla's (2005) and Ciulla and Forsyth's (2011) framework. Ciulla (2005) suggests that managers' ethics can be assessed by focusing on three dimensions, which encompass three different ethical theories, namely deontology, virtue ethics and utilitarianism. However, we criticise the model of the three ethical facets because it downplays the role of care (Gilligan 1982; Noddings 1984). Some previous studies suggest that care can have a crucial role in managers' decision making in ethical problems (e.g. Lämsä and Takala 2000). This study extends Ciulla's (2005) and Ciulla and Forsyth's (2011) model by adding the care perspective to it.

Fourthly, from the methodological point of view, we contribute to prior research on ethics in leadership by conducting qualitative research. Even though some researchers (e.g. Marsh 2013; Auvinen et al. 2013; Treviño et al. 2003) have approached the topic through qualitative methods, the majority of empirical studies in the field have been conducted using quantitative methods (Brand 2009). According to Brand (2009), there is an urgent need for greater diversity of approaches and, specifically, a need for qualitative studies in business ethics studies. We respond to this need by approaching our topic methodologically with empirical phenomenology, which suggests that research

should produce explanations that are grounded in the meaning structures of real people (Aspers 2009).

Guided by the relevant theory, our research questions for the empirical study are constructed as follows (Table 1).

This article proceeds as follows: after presenting the theoretical background and key concepts of the research, we will move on to the empirical part and introduce the methodology, empirical data and analysis of the data. Lastly, we will discuss the results, draw some conclusions and make suggestions for future research, while also recognising the limitations of the study.

Theoretical Framework

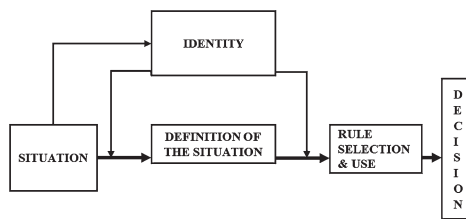
Logic of Appropriateness

In this study, we draw upon the theory of logic of appropriateness (March 1994) while examining middle managers' problem-handling strategies in ethical problems. This theory was chosen since it has been argued to have greater explanatory power in social dilemmas, such as ethical problems, than utility models, which see responses to situations as being based on the rational evaluation of alternatives in terms of their consequences (Messick 1999; March and Olsen 2009). As Messick (1999) claims, especially in situations with an ethical aspect, people's responses are often based on habitual rituals, social norms, shallow rules and other processes rather than the maximising of utility or achieving a certain outcome. Furthermore, since the logic of appropriateness takes into account the socially defined roles in the organisational context and our focus was on middle managers' experiences and interpretations in particular, the theory offered a fruitful starting point for our analysis.

Figure 1 presents the key elements in the appropriateness framework. The first element in the logic of appropriateness theory is the recognition and classification of the situation at hand (Weber et al. 2004). People look for relevant cues in their environment to identify the nature of the event. Prior experiences of similar situations or situational prototypes, cognitive scripts and schemata which people have learned all help in categorising the event and delivering a response (March 1994; Messick 1999; Thiel et al. 2012). The process of matching the cues from the current situation with prior situational prototypes or cognitive structures begins when a new situation is encountered (Messick 1999). From the point of view of our research, this particular phase includes the recognition and labelling of the situation as an ethical problem (Dukerich et al. 2000; Tenbrusel and Messick 2004; Thiel et al. 2012). For example Dukerich et al. (2000) found that if the problem is perceived and labelled as an ethical problem, this may have

Table 1 Research questions and the conceptual framework of the study

Theory	Research questions
The logic of appropriateness (March 1994)	RQ1: What kind of strategies do middle managers experience as appropriate when handling ethical problems?
Three facets of a leader's ethics (Ciulla 2005; Ciulla and Forsyth 2011), ethics of care (Gilligan 1982)	RQ2: What kind of ethics do managers reveal when they use a certain strategy to handle ethical problems?
The ethical organisation (Collier 1998)	RQ3: Which strategies contribute to an organisation's ethicality?

**Fig. 1** A representation of the logic of appropriateness framework (Weber et al. 2004)

significant consequences for its further handling, for instance, for how managers communicate about the problem. According to Weber et al. (2004), the definition of the situation is a key element in the framework of appropriateness.

The second element in the logic of appropriateness is the role of personal identity (Messick 1999; Weber et al. 2004). Individuals differ in a multitude of ways regarding their identity and thus may end up making very diverse decisions in the same kinds of situations. These differences in identity depend on many factors, such as personality, gender, education, nationality, personal history, etc (Messick 1999). However, since it is not our objective in this study to provide an extensive review of the literature addressing the concept of identity, we will refer to identity by drawing on the work of March (1994, p. 62), who contends that identities are both constructed by individuals and imposed upon them by the social environment, and of Weber et al. (2004, p. 283), who define identity as an umbrella concept that includes socially defined roles and idiosyncratic qualities, traits and personal characteristics.

Thirdly, people identify the normative context of the situation. They may ask themselves, “How do other people understand this kind of situation and what do others expect me to do in a situation like this?” (Weber et al. 2004). This refers to the highly social nature of decision making; decisions are shaped by the roles played by an organisation's members. Treviño et al. (2008) and Jackall (2010), for example, address this question by claiming that top managers easily align their thinking and actions to the

corporate hierarchy and their position in it, one result of which may be that they are unable to question unethical practices in the organisation. Moreover, senior managers' perceptions about an organisation's ethics have been found to be more positive than lower level employees' perceptions, mostly due to the expectations related to the managerial role, and identification with the organisation (Treviño et al. 2008). In their empirical study of top managers, Wilhelm and Bort (2013) found that popular management concepts are adopted into organisational discourses on the basis of their appropriateness not their likely consequences. As set forth in the theory of the logic of appropriateness, tacit and formal rules shape the individual's behaviour in different situations (March 1994; Sending 2002; Weber et al. 2004). March and Olsen (2009) add that rules are followed because they are seen to be natural, rightful, expected and legitimate. Actors seek to follow the rules encapsulated in their role and identity, and in the practices, ethos and expectations of the institution.

To sum up, according to the theory of the logic of appropriateness, in order to judge the appropriate action in a given situation and context, the actor seeks to assess the situation, his/her own identity, and the rules that apply in that situation (March 1994). The decision as to what is the appropriate action is primarily based on the individual answering for him/herself three questions: The question of recognition: What kind of situation is this? The question of identity: What kind of person am I or what kind of organisation is this? The question of rules: What does a person like me, or an organisation such as this, do in a situation such as this? (March 1994; Messick 1999; Sending 2002; Weber et al. 2004).

Finally, March and Olsen (2009) conclude that to act appropriately is to follow the institutionalised practices of a collectivity, based on a mutual, and often tacit, understanding of what is true, reasonable, natural, right and good. However, the fact that some rule or other is regarded as appropriate by an actor or organisation does not mean that it is ethically acceptable or will contribute to positive outcomes in the organisation. That is, the logic of appropriateness does not imply that behaviour in social dilemmas such as the handling of ethical problems is predictable.

On the contrary, behaviour can vary widely from one case to another, since situations vary, identities differ and rules may change. (March 1994).

Put into the perspective of our research, in order to apply a problem-handling strategy to ethical problems, managers match up their concept of identity, the situation and the behavioural rules which appear to apply in that situation (March and Olsen 2009; Hiillos 2004).

Managers' Ethical Problems and Problem-Handling Strategies

The first element in the appropriateness framework calls for the identification of the situation. In this case, it means the labelling of the situation as an ethical problem. Thus, we will begin by quoting the definition put forward by Nash (1990, p. 126), who contends that ethical problems are twofold. In type A situations, one does not know what is the right or wrong thing to do, and in type B situations, one knows what is the right thing to do but fails to do it.

A body of prior research on ethical problems in management indicates that the problems experienced are mainly related to daily personal, intrapersonal and relationship issues in the workplace, and do not usually concern large-scale strategic issues (Waters et al. 1986; Dukerich et al. 2000; Power and Lundsten 2005; Huhtala et al. 2010; Feldt et al. 2012). Scholars, for instance, Rahim et al. (1999), Rahim (2002) and Alakavuklar and Çakar (2012), agree that there are similarities between ethical problems and organisational conflicts. Organisational conflicts, which can be defined as interactive processes manifested in incompatibility and disagreements within or between individuals, groups and organisations, are often of an ethical nature. Since personal identity, which is the second element in the logic of appropriateness framework (Weber et al. 2004), has been found to influence how people handle interpersonal conflicts (Mober 1998; Rahim 2002), we will briefly discuss different conflict-handling strategies.

Rahim et al. (1999) distinguish five different styles in handling interpersonal conflicts in organisations. First, the integrating style includes collaboration, open communication, the exchange of information and a need to find a solution that is acceptable to all parties in the conflict. In this approach, the decision maker has great concern for others as well as for him/herself. In contrast, when applying the second approach, the obliging style, the manager shows low concern for him/herself and high concern for other parties. He/she plays down differences and emphasises commonalities to satisfy the needs of the other party. The third approach, dominating style, can be regarded as a win-lose situation in which the decision maker is not concerned about the other people involved but forces them

to accept a certain direction or solution. The fourth style, i.e. avoiding, indicates low concern for all parties in the conflict. It can also be associated with withdrawal, negligence, and a "see no evil, speak no evil" kind of strategy. Finally, the compromising style combines concern for self and others: different parties need to give up something in order to make a mutually acceptable decision (Rahim et al. 1999; Rahim 2002).

Especially the integrating style has been widely acknowledged to be the most effective approach when handling strategically important interpersonal conflicts (Rahim et al. 1992). In contrast, the use of dominating and avoiding styles may in some cases cause inequality and distrust within the organisation (Rahim et al. 1999). Also Alakavuklar and Çakar (2012) investigated the role of ethics in handling interpersonal conflict involving ethical problems. They found that an individual's ethical orientation (deontology, egoism, relativism, etc.) influences the way in which he/she handles interpersonal conflict. From another point of view, Dukerich et al. (2000) found that communication processes are different when handling ethical problems from those used in cases of nonethical problems, (i.e. ordinary business problems). They concluded that more verbal than written communication is used when handling ethical problems (Dukerich et al. 2000).

Ethical Perspective of the Study

According to the logic of appropriateness framework, in order to behave correctly, people identify the normative context of the situation at hand. Therefore, in this study we shall look at ethical theories which contain rules and principles that determine right and wrong for any given situation (Crane and Matten 2004). To analyse the ethics revealed by the managers, we draw on the framework of three ethical facets (duty, virtue, utilitarianism) suggested by Ciulla (2005) and Ciulla and Forsyth (2011), to which is added the viewpoint of care ethics (Gilligan 1982). The first dimension in Ciulla's (2004) model relates to the personal ethics of leaders and especially to the role of duty as a basis for leadership (Auvinen et al. 2013). Immanuel Kant—the central figure in the subject of deontology, the ethics of duty—thought that decisions about right or wrong are dependent on certain principles and rules that all humans should apply and obey. He also considered humans to be rational actors who could decide these principles on their own (Crane and Matten 2004). Kant developed a framework for deriving these principles known as the categorical imperative (Velasquez 1998). From the point of view of leadership, the categorical imperative guides leaders to make only the kinds of choices that the leader would want others to make if they were in his/her place.

That is, if a manager, for instance, observes unethical behaviour on the part of one particular employee and silently approves it, he/she is simultaneously accepting that everyone can behave similarly, and no intervention is required. Kant also asserted that one should always treat other people as ends and never as means only (Ciulla and Forsyth 2011). Thus, leaders should respect other human beings and show moral consistency towards subordinates (Ciulla and Forsyth 2011).

The second dimension of the framework studies the process of leadership and draws upon the ideas of virtue ethics based on the philosophy of Aristotle. Ciulla and Forsyth (2011, p. 230) assert that virtues are moral qualities which leaders only have if they practise them. Velasquez (1998) points out that virtues are habits relating to emotions, desires and actions which can be regarded as being reasonable and “middle ground”. According to Aristotle, human beings’ ability to reason about right and wrong, good and evil distinguishes humans from other beings (Velasquez 1998). We may say, then, that virtue ethics encourages people to live reasonably, show courage, integrity, self-control and humanity, and avoid being excessive or performing poorly in the course of their lives. Virtue theory argues that one learns to practise a virtue through experience, social sanctions and role models (Ciulla and Forsyth 2011). Interestingly, in recent years the virtue ethics approach has gained considerably in popularity in business ethics research (see e.g. Kaptein 2008; Solomon 2004; Marsh 2013). For instance, in her recent study, Marsh (2013) prioritises the virtue ethics approach over other theories of ethics when studying the ethicality of decision makers since it focuses on both the character of leaders and the connection between leaders’ personal values and ethical activity.

Thirdly, Ciulla (2004) focuses on the ends of leaders’ actions. This dimension of the framework investigates the ethics of leaders from the perspective of utilitarianism. Utilitarianism, which draws on the ideas of Jeremy Bentham and John Stuart Mill, includes the principle of seeking the greatest happiness for the greatest number of people or, in the case of leaders, the greatest good for leaders’ constituents (Ciulla and Forsyth 2011). According to Velasquez (1998), the utilitarian view has also been popular and influential in economics due to its link to efficiency. That means, according to Velasquez (1998), that an action can be considered right when it produces the desired output with the lowest resources, i.e. most efficiently. Thus, the utilitarian approach pays particular attention to the consequences of actions.

We will also look at one ethical theory not included in Ciulla’s (2004) framework, namely, Gilligan (1982) ethics of care. The theory suggests that the need to maintain interpersonal relations in organisations is embedded in

managers’ ethical decision making. She argues that subjective reasoning in ethical problems is based on intuition, involving emotions, not the rational calculation of consequences or abstract ethical principles (Gilligan 1982). Crane and Matten (2004) as well as Velasquez (1998) stress that ethics of care calls for harmony, kindness and empathy and also lay emphasis on social processes in maintaining healthy relationships in organisations. According to Velasquez (1998, p. 122), two central moral demands prevail in the theory. Firstly, every human being exists in a web of relationships which should be preserved and nurtured. Secondly, one should respond to the needs of those to whom one is concretely and closely connected, and address especially the needs of those who are vulnerable and dependent on one’s care. From the middle manager’s point of view, ethics of care calls for care for the well-being of subordinates and attention to relationships in the immediate working community.

Since the logic of appropriateness theory claims that the rules in the organisational context may change (March 1994), we focus on the question of which strategy or strategies seem to contribute to the overall ethicality of an organisation. Here, we draw especially on Collier (1998), who developed a framework for an ethical organisation. An ethical organisation is transparent, people are committed to working towards consensus, and open communication is encouraged in ethical matters. In addition, in such an organisation trust and the taking of responsibility prevail among leaders and staff (Collier 1998). On the basis of substantial empirical evidence, for instance, Geva (2006) and Treviño et al. (1998, 2006) highlight the role of managers in creating an ethical organisation. Consistent with this, Kangas et al. (2011) found in their recent study that an ethically behaving manager can have a positive effect on the development of the ethicality of the organisation. This is also supported by social learning theory (Bandura 1971). The theory suggests that the patterns of behaviour among an organisation’s members are acquired through the influence of example. In particular, employees usually take managers as examples to follow, since they are higher in status and power than employees (Bandura 1971). Thus, we may well assume that the ethicality that managers display when handling ethical problems is important to the development of an ethical organisation as well.

Method

A qualitative approach was chosen for this research since it might have been difficult to capture the essence of managers’ experiences with quantitative methods (see e.g. Treviño et al. 2003; Silverman 2005; Järvinen 2012). In our analysis, we draw especially on empirical phenomenology,

which suggests that an actor's perspective is essential in the analysis but also acknowledges the central role of theory in research (Aspers 2009).

Participants

The data for this study were produced with middle managers in higher education. This is a sector which is currently facing turmoil throughout Europe, with increasingly greater demands being placed on individuals in management positions (Ylijoki and Välimaa 2008; Middlehurst 2010). Pressures for constant development, financial strains and the ever tougher competition are posing new ethical challenges in higher education management at both the individual and the organisational level (Tuunainen and Knuutila 2008; Middlehurst 2010; Preston and Price 2012).

The data were collected from four multidisciplinary higher education organisations in Finland. The sample of 20 middle managers was purposive and discretionary. It comprised 4 men and 16 women, aged between 35 and 58 years, the average age being 50 years. All the respondents had master's level or doctoral degrees and their work experience in a management position varied from one year to 20 years.

Procedure

In this study, we applied the critical incident technique, which is a systematic, retrospective and flexible qualitative research method (Flanagan 1954; Gremler 2004; Butterfield et al. 2005; Vornanen et al. 2012; Silén et al. 2012). Respondents' recollections of incidents can provide rich and vivid insights into the phenomenon under investigation (Gremler 2004).

In order to find respondents with a middle management position, the researchers' professional networks were used at the beginning of the data-collection process. The selection of the respondents was based on snowball sampling, i.e. a method in which one respondent leads the researcher to another (Tuomi and Sarajärvi 2009).

Middle managers were first contacted by e-mails in which the research was briefly presented and the recipient was asked if he/she would be willing to participate in the research. After agreeing to participate in the research, respondents were asked to describe freely (in writing) an ethical problem or problems which they had encountered in their managerial work and how the problem was handled. The purpose of the written assignment was to help the manager to recollect and reflect on possibly sensitive incidents before the actual interview. In addition, with this preliminary study we were able to come to grips with the nature of the problems, as suggested by Aspers (2009).

After this, interviews were conducted with the manager in person about the specific event(s) that he/she had described. The duration of the interviews varied from half an hour to one and a half hours. All the interviews were recorded and transcribed word by word. The interview consisted of three main parts: (1) background data; (2) a description of the problem(s), how the ethical problem(s) evolved, what events took place, and who was involved; and (3) a description of how the problem(s) was(were) handled as well as the final outcome of the problem-handling process to the organisation. The aim was to collect precise information about the middle managers' actual experiences of the events leading to the emergence of ethical problem(s), the handling of the problem itself, and the outcomes of the entire process from their viewpoints. Each respondent described between one and five incidents, and altogether 52 problems were identified in the data. In this study, the Atlas.ti-programme was used for coding and categorising data. To guarantee the anonymity of the respondents, each manager was assigned a number from 1 to 20 which is used later on in this article to refer to each particular manager.

At the beginning of the analysis process, an inductive oriented analysis was made of the ethical problems experienced by the middle managers by categorising the problems according to their content. The problems were then divided into six separate groups, which will be presented later in this article. After this phase, the analysis continued by making a theory-driven analysis which emphasised the chosen theoretical model, i.e. the logic of appropriateness, as guidance (Hsieh and Shannon 2005; Aspers 2009). Managers' descriptions of the ethical problems they had faced and incidents relating to the problems were read carefully several times. In this phase, five different handling strategies were identified from the data. The data were then circulated and discussed, while impressions were shared with respect to the three elements of the logic of appropriateness theory—situation, identity and rules. An example of how the handling strategies were constructed is presented in Table 2.

In the last stage of the analysis, we studied the middle managers' strategies for handling ethical problems in terms of our ethical framework. Thus, every strategy was examined through four facets: (1) its consequences, (2) the virtues of the leader's actions, (3) the leader's ethical duties and (4) the leader's care for relationships in the organisational environment.

Results

This section presents the types of ethical problems and the problem-handling strategies that were revealed in the data. In each sub-section, we first define the main features of

Table 2 Examples of the construction of the handling strategies

Manager	Situation	Identity	Rule	Initial handling strategy
No. 18	Two members of staff suffer from alcoholism, but only one of them has been referred for treatment	"I feel that I am doing the wrong thing here (as a manager). I wrestle with my conscience all the time. I should have intervened earlier in both cases"	"They swept this problem under the carpet for a long time. It is unacceptable that upper management somehow slows down the process"	"Mediating"
No. 3	One member of staff is constantly displaying self-interest and bending the organisational rules	"I will hold on to the rules that we have here. Even though I need to struggle with her constantly. I owe it to the other employees and to my predecessor"	"We have very good ground rules here but no concrete means or tools to put an end to self-interested behaviour"	"Principled"
No. 7	The middle manager gets no information from upper management regarding his duties	"Since I got no answers to my questions, I figured things out by myself, alone"	"I have learnt that we make decisions, we move on and I stand by what has been decided even though I might not agree with everything"	"Isolation"
No. 17	An upper manager treats middle managers and staff members unfairly	"In these situations, I try to say, we should stop here and reconsider and I try to present an alternative, but..."	"We avoid talking about the problems. No words, no skills and no courage"	"Teaching"
No. 16	Top management refuses to intervene in a case of arbitrary behaviour on the part of a school head	"He just kind of stated that this is rubbish, nonsense. He ignored it. He prefers to stick to other kinds of duties"	"Someone wrote an anonymous letter about the situation, but it was passed over.... even though it was a serious cry for help!"	"Bystanding"

each strategy by answering the key question in the logic of appropriateness: What should a person like me do in a situation like this? We then discuss the strategies in the light of the four ethical theories. Finally, we present the perceived organisational and individual outcomes of the use of each strategy in order to show how the strategies contribute to the ethicality of the organisation.

As found in previous studies (Waters et al. 1986; Dukerich et al. 2000; Huhtala et al. 2010; Feldt et al. 2012), the managers interviewed in this study also experienced that ethical problems are predominantly day-to-day issues which arise in relation to the behaviour and demands of both subordinates and upper management. The respondents recognised that their own behaviour and decisions were sometimes questionable from the ethical point of view. Middle managers experienced ethical problems as taking place at all levels of the organisation, from the lowest to the highest.

In this study, six types of ethical problems were identified as facing middle managers: self-interested behaviour, avoiding/neglecting responsibilities, hidden agendas, gaps between targets and resources, conflicts in relationships between subordinates, and finally, the questionable behaviour of a trade union representative. Let us look at some brief examples of each category.

Both managers and subordinates showed self-interested behaviour, for instance, in trying to maximise their own benefits, bending the organisational rules for their own good, and manipulating other people against the

organisation. Avoiding/neglecting responsibilities included such problems as deliberately neglecting one's tasks and not intervening in relationship conflicts at the workplace. the category of hidden agendas, managers' problems related to the hiding of information or motives from more junior employees or from upper management and deliberately lying to superiors. Insufficient financial resources for the given tasks or lack of information set a gap between targets and resources. Examples of relationship conflicts included staff members' backstabbing of each other and the forming of competing "tribes". The last type of problem, called here the questionable behaviour of a trade union representative, consisted of someone leaking confidential information during a difficult dismissal process.

Strategies for Handling Ethical Problems

We identified five distinct problem-handling strategies following five different logics of appropriateness. The strategies are labelled as follows: (1) Mediating strategy, (2) Principled strategy, (3) Isolation strategy, (4) Teaching strategy, and (5) Bystanding strategy. Usually only one type of strategy was used by the individual manager but in three cases we found that managers varied their strategies for different problems. In addition, the bystanding strategy was not actually adopted by any of the respondents, but it was illustrated in many of the interviews.

Following the theory of the logic of appropriateness, all the strategies were constructed on the basis of the

Table 3 Middle managers' problem-handling strategies in ethical problems and the ethical facets of the strategies

The content of the problem (in a nutshell)	Handling strategy	Examples of the handling strategies	Ethical facet
Hidden agendas, Self-interested behaviour, relationship conflicts among employees, neglecting/avoiding duties, gap between targets and resources	Mediating strategy (10 managers, 23 ethical problems)	"I dislike ethical problems since they are blurred and bring anxiety to everyone. I should be a good manager who values highly skilled staff. I should not get involved with arguments between my staff or upper management. I have to try to handle the ethical problems as well as I can, I often fail due to lack of support or rules but I look for consensus and aim to mediate an easy way out for everyone"	Consequences + ethics of care
Self-interested behaviour of both subordinates and superiors, gap between targets and resources, avoiding of responsibilities, relationship conflict among employees	Principled strategy (8 managers, 15 ethical problems)	"I should be a strong, fair and principled middle manager who knows personally the difference between right and wrong and should be on the one hand responsible for the equal and fair treatment of people and on the other hand for the following of organisational rules. I need to do my best to solve ethical problems which are quite common but yet complex effectively in an unbiased manner because I want to and because it is my duty to solve them"	Virtue + duty + consequences
Self-interested behaviour of both superiors and subordinates, superiors' avoiding or neglecting duties, hidden agendas, questionable behaviour of a trade union representative	Isolation strategy (3 managers, 7 ethical problems)	"I should be a responsible middle manager and loyal to my employer, I should carry out my duties according to the organisation's rules as well as I can. I prefer to concentrate on subject issues like curriculum development or the thesis process instead of messy ethical problems. I need to try to tackle the problems mostly alone since due to my previous experience in the organisation I know that I cannot rely on my superiors' support or my subordinates' fair behaviour. Sharing ethical problems with someone does not help and it is not even expected of me"	Duty + consequences
Self-interested behaviour of superiors, the superior neglecting/avoiding duties	Teaching strategy (2 managers, 7 ethical problems)	"Ethical problems are complex and difficult, intertwined, and may have serious consequences to me and to the organisation. I should be a caring and empathetic manager who is responsible for doing good to people and the organisation. Even though I avoid open confrontation in these matters, I try to set an example of good behaviour and teach other people through my example so that others would start to notice that these problems require attention in future"	Ethics of care + Virtue + Consequences
Self-interested behaviour, Relationship conflicts among employees, neglecting/avoiding duties,	Bystanding strategy (0 managers, 9 ethical problems)	"There are certain blurred problems in the organisation related to unethical behaviour but they are neither my responsibility nor do they actually interest me. Handling ethical problems is unpleasant since I don't know what to do and there might be some unexpected consequences to me. I should disregard problems and sweep problems under the carpet since I am not expected to do much related to them"	Consequences

managers' descriptions of the nature of the ethical problem (situation), their interpretation of their role(s) in the situation (identity and rules) and the actions they took, and the perceived outcome of the process. Then we also considered all the strategies in terms of four ethical theories. The central findings of the analysis are summarised in Table 3.

Mediating Strategy

The mediating strategy was applied by ten managers in twenty-three ethical problems. This strategy was applied to various ethical problems but they predominantly related to subordinates' behaviour in the workplace. Looking at this from the point of view of defining the situation, the respondents recognised and defined several day-to-day ethical problems to which they wanted to find solutions, but conceded that they often failed to make clear-cut decisions, talk about the problems openly or in the end demand ethically sound behaviour from their subordinates in the work community. It may be worth noting that in their descriptions of ethical problems, the managers highlighted how difficult it is to intervene in the unethical behaviour of highly skilled professionals who may have very different perceptions of their responsibilities at work and of right and wrong behaviour. The middle managers who applied a mediating strategy described ethical problems as unpleasant and difficult to handle and solve, as illustrated in the following excerpt with interviewee No. 20.

One was a situation that required immediate intervention...someone who works with a certain colleague came to say that so-and-so doesn't do what she's supposed to do, or doesn't show up and all that, serious issues, and the same message came from various other people as well. And then this informant said that she doesn't want to take it any further. And it's my job to do something about this, if there is something like this, so then I tried to look for some course feedback and tried to ask the students... but the problem is from an ethical point of view that I can't in principle let these people down but on the other hand I must do something about it (the original problem). But all hell would break loose if I brought this up when they have refused... I've tried to find a way so that the "messengers" are left in peace but then along come things like "I don't want to work with this person" but I can't you know (say) ...that nobody wants to work with her, it would be devastating for her ...But on the other hand this is where we all work. It's a big problem because if I solve it, everyone suffers, and if I don't solve it, everyone suffers as well! Interviewee No. 20.

The second dimension in the logic of appropriateness calls for identity analysis. The managers who used the mediating strategy seemed to struggle hard for consensus between the different parties, for instance, in the cases of relationship conflicts between subordinates, and looked for peace and balance for everybody. The managers appeared to interpret their role in ethical problems as that of "middle men". From the point of view of identity, the managers were perceived to regard themselves as neutral and slightly powerless mediators in the face of complexity. They mostly recognised that some intervention was needed in unethical behaviour but often failed to contribute to solving the issues effectively. Interviewee No. 15 elaborates her role in handling a relationship conflict between team leaders during a time of organisational reform as follows:

These two team leaders don't get along and they need me to mediate all the time. It causes some or actually a great deal of depression about where this field of education is going. And other people easily blame the new team organisation rather than the fact that these two people don't get along. Interviewee No. 15.

Managers also often expressed feelings of anxiety about the problems and the need for support, as shown in the excerpt from interviewee No. 13, referring to a subordinate's self-interested behaviour.

Who actually is guilty, who actually made the mistake? Is it me after all? Am I imagining things or something, since even the doctors, the psychologist... see the situation differently. Mentally, this process was extremely challenging. Ordinary everyday things required much more time with her than with the rest of the staff. I would have hoped for more support from the occupational health centre, more professionalism on the part of the supervisor, more intervention and support from HR services. Everybody just shrugged their shoulders because there was nothing they could do! Interviewee No. 13.

Finally, looking at the mediating strategy from the point of view of rules, managers felt that at the organisational level problems were often disregarded and silenced even at the top management level due, for instance, to fear of trade union representatives. This is described in the following excerpt by manager No. 20.

It feels, and this has been surprising to me, that nobody (no manager) has the courage to express their opinion because they're afraid that soon somebody will march in and complain, we have a need for clear rules, so that whatever we do, we really know that it is possible and we can do it, but I feel that nobody has the courage to take a stand now. Interviewee No. 20.

Those who adopted the mediating strategy said how incapable they were of handling problems effectively because of the lack of formal, clear organisational rules and guidelines for what to do when faced with fuzzy ethical problems. Tacit organisational pressures such as lack of interest on the part of top management, the lack of any support from that quarter for middle managers' work, as well as pressure from strong, independent subordinates to disregard any intervention were also mentioned as reasons for the ineffectiveness they perceived in the handling of problems.

Again, the answer to the question "What should a person like me do in a situation like this" could be constructed as follows: "I should be a good manager who values highly skilled staff. I should not get involved in arguments between my staff or upper management. I have to try to handle ethical problems as well as I can. I often fail due to lack of support or rules but I look for consensus and aim to mediate an easy way out for everyone".

In terms of ethical theories, those who applied the mediating strategy had a mainly utilitarian approach to leadership. These managers were troubled by the outcomes of the problems and especially by how they affected the ability of the working community to function. It appeared that the respondents cared deeply about relationships in the workplace in the midst of such problems, thus showing signs of ethics of care, as described in the excerpt from the interview with manager No 9 concerning the problem of hidden agendas.

The fact that I used to be a teacher, just a member of staff like the others, also formed quite a significant ethical challenge in that situation. Moreover, I used to be a trade union rep and I had worked side by side with her at that time. We knew each other's children. So, there was this professional point of view but also the question of friendship and the emotional side of things. They made things very difficult. If I hadn't been so involved in that work community, I would have been able to intervene and do something about the poor quality of her work better. Interviewee No. 9.

Using the mediating strategy to handle the ethical problems that arose was perceived to lead to leaving problems unsolved, letting them linger on, as well as partially compromising organisational objectives like the quality of teaching. This is shown in the next excerpt from manager No.9, who talked about the poor quality of a subordinate's work and the related hidden agenda approach.

We couldn't deal with this problem in any other way than just to wait for her retirement. We gave her duties that wouldn't give her any difficulty. We received (negative) student feedback, but we couldn't

make her redundant either! I had known her for twenty years! There was nothing I could have done. How could I have been so hard on her, how could I say that you can't manage it. The only solution was to wait for time to take its course. Naturally, it was a big ethical problem. Interviewee No. 9.

Principled Strategy

Altogether eight managers were found to apply a strategy which we named the "principled strategy" in handling fifteen separate ethical problems. The problems related to self-interested behaviour on the part of both subordinates and superiors, to a gap between targets and resources, to the avoiding of responsibilities, and to relationship conflicts among employees.

As we have seen, drawing on the logic of appropriateness, managers need first of all to answer questions about the nature of the ethical problem at hand (Weber et al. 2004). Those managers who applied a principled strategy seemed to regard ethical problems as unpleasant and complex but also as ordinary situations in organisational life which often required attention and active intervention as shown in the following excerpt by the interviewee No. 19.

I won't let them sweep it under the carpet (the relationship conflict), if this was just a one-off thing, I might sweep it under the carpet, they might have had a bad day, but when I sense that there's been something else there, I sense that there's been something going on, other team members might have seen it too. In this case, I'll probably consult HR, if it feels that this situation will carry on, then most likely I'll turn to them for some advice as to what's the best thing to do. Interviewee No. 19.

From the point of view of the managers' personal identity, those who applied the principled strategy said that they took the initiative, aimed to show courage and independence and were largely self-reliant when they encountered ethical problems. The managers highlighted the significance of their own personal values of nurturing equality, high objectivity, justice and autonomy as bases for handling the problems they encountered. These managers also described themselves as being persistent in finding ways to solve problems even if sometimes the organisational environment or their superiors discouraged such an active approach. They also claimed to be driven by a strong sense of right and wrong, as expressed by respondent No 12.

I have a principle, a guiding light in everything I do, that as far as possible I aim to treat everyone at work

equally and fairly, regardless of their background, position, or anything else. Interviewee No. 12.

As for rules, managers whom we grouped in the principled approach said that they followed written and formal organisational rules and instructions such as HR policies, codes of conduct, etc. closely, in order to ensure fair, transparent and equal treatment for everyone. Furthermore, when approaching ethical problems with this principled strategy, managers often referred to their responsibilities, their commitment to the organisation and their duty as managers. This is illustrated in the following extract from the interview with manager No. 3, talking about a case of a subordinate's self-interested behaviour.

I would probably get off more easily if I just let her be. She could do whatever she wants, I would take the easy way out, but on the other hand, my predecessor and HR manager worked awfully hard to bring this person into line. a way I want to continue their good work and also it is not fair, if I just told my other teachers that this one person can do whatever she wants, but not you. If I just let her be, wouldn't I be doing the wrong thing ethically towards the other teachers? We have rules, I will follow them! Interviewee No. 3.

However, sometimes it was felt that there was a conflict between the formal rules and one's own personal values. For example, in two cases managers openly confronted and disobeyed their superiors since according to their personal values the orders they were given were either doing someone an injustice or the good of the organisation was somehow at stake. one particular case the middle manager refused to follow his/her superior's orders to find grounds to fire an employee based on possibly biased information, as described in the following excerpt.

What I did do to solve the problem, I said right out to my superior that I will never ever again listen when other people try to impress me with their experiences of someone, I need to figure things out myself, I'm not going to take any notice of gossip or rumours, they're not worth anything. I need to find out for myself about the true nature of the situation. Interviewee No. 5.

To sum up our findings of the principled strategy, we could answer the key question of the theory of the logic of appropriateness about what a person like me should do in a situation like this as follows: "I should be a strong, fair and principled middle manager who knows personally the difference between right and wrong and should be on the one hand responsible for the equal and fair treatment of people and on the other hand for the following of

organisational rules. If these two aspects contradict, I will follow my own values even though it may distress me. I need to do my best to solve ethical problems, which are quite common but yet complex, effectively, and without bias, because I want to and because it is my duty to solve them. I am loyal to my values and beliefs but I am also a reliable member of the organisation".

In terms of the facets of the ethics of leaders (Ciulla 2005), the main ethical principles in the principled strategy can be traced to virtue ethics as well as to deontological ethics. Managers emphasised their own principles and beliefs like honesty and integrity, i.e. virtues, as their core value in handling ethical problems. They refused to obey rules which they considered unfair; nevertheless, they would not do anything to undermine the reputation of top management in the eyes of employees, even though they felt that some directors did not take their responsibilities seriously. On the other hand, the strong sense of responsibility and loyalty to the organisation and its formal rules relates to deontology. Managers needed to take the initiative in ethical problems since they regarded it as their moral duty to solve them. For instance, they felt obliged to intervene in the self-interested behaviour of an employee because otherwise this would have endangered the sense of equality in the workplace.

However, there were also some utilitarian features in this particular strategy since the managers mentioned that not solving ethical problems would lead to wider problems in the work community, such as inequality, lower motivation or poorer work well-being. However, in this strategy utilitarian reasoning was not prominent.

The outcomes of applying the principled strategy in handling ethical problems varied, depending on the type of problem. In certain cases, subordinates had severe problems, for instance, with alcohol abuse, or other serious personal problems which did not necessarily improve after the middle manager's intervention in the problem. However, the managers generally felt that active involvement and open discussion about problems yielded positive outcomes in the workplace, as shown in the following excerpt from the interview with manager No 8.

"Intervening in problems encouraged the sense that here in this work community we do something about problems, we don't just turn a blind eye and sit around and wait for things to somehow sort themselves out. If something comes up, we talk about it. And we've had a lot of such talks over the years". Interviewee No. 8.

Increased trust in the work community, the sense of equality, even a sense of relief among staff members were all mentioned as important outcomes after the problems

had been handled with the principled strategy. On the other hand, even though middle managers often applied the principled strategy successfully in handling problems, they sometimes had a sense of stress and tension, and ended up anxiously questioning the ethicality of what they had done, especially when their personal values contradicted the rules of the organisation.

Isolation Strategy

The isolation strategy was applied by three managers in seven separate cases. The problems related to self-interested behaviour on the part of superiors or subordinates, superiors' avoiding or neglecting their duties, and a trade union representative's questionable behaviour.

Considering the primary definition of the situation at hand, managers clearly recognised ethical problems as part of an organisation's "backyard" reality. They seemed to regard such problems as unnecessary and an unwelcome disturbance in the course of their working life. It is also worth remarking that managers applying the isolation strategy described having strikingly little trust in the fair handling of ethical problems in the organisation, partly due to prior experience. They felt that they were responsible for dealing with difficult situations alone, and in particular they had little or no trust in their superiors' ability or willingness to help them fairly – actually, quite the contrary. For instance, in the case of the trade union representative, the middle manager described how she felt that she was made a scapegoat, as presented in the following excerpt from the interview with manager No. 4.

The trade union rep had leaked information about a possible reduction in the number of working hours available to the board of the teachers' union, who apparently didn't keep the information to themselves and then one teacher came to me and complained about it and I was like, oh my god, how can he have heard about these plans, they're still only tentative, then I realised that there was no other possibility but the rep, who had shared what was supposed to be confidential information with the rest of the staff, and then of course in these circumstances the staff turned against me. My superior neither took the issue further nor defended me. Interviewee no. 4.

From the perspective of identity, the managers appeared to value solitude and autonomy and consequently kept their distance from both their subordinates and their superiors. Moreover, they highlighted the importance of doing what one had to do properly and showing loyalty to the organisation. As far as rules were concerned, these managers were perceived as following formal rules very

closely. They also appeared to follow informal organisational rules which required them to work alone and trust no-one, as described by respondent No 1.

"There are a lot of people who'll go behind your back in this organisation, there are such people in every organisation, they try to improve their own position by letting slip certain things, it is like side-stepping the communication chain on purpose, not being loyal, this is very common, this happens a lot". Interviewee no. 1.

In the light of the logic of appropriateness, the isolation strategy could be summarised in the following manner: "I should be a responsible middle manager and loyal to my employer, I should carry out my duties according to the organisation's rules as well as I can. Ethical problems are blurred and unpleasant but common. I need to try to tackle them mostly alone since from my previous experience in the organisation I know that I cannot rely on my superiors' support or my subordinates' sense of fairness. I have been let down and left alone by my superiors, treated badly and unfairly when trying to do my job as well as I can. Sharing ethical problems with someone does not help and it is not even expected of me".

From an ethical standpoint, the adoption of the isolation strategy contained elements from deontological ethics as well as utilitarian ethics. The managers did not emphasise their own values or personal characteristics as the basis for handling problems, but rather one's obligation to do one's job in the best possible manner, for the good of the organisation, and mainly alone. Utilitarian aspects were present especially when managers described how they had learnt the best way to act in the organisation from their previous, admittedly negative, experiences of trying to solve ethical problems. As a result of these negative experiences, managers now carefully analysed the possible consequences of their action before taking any steps to intervene in ethical problems, as illustrated in the following words of interviewee No. 1.

"I didn't talk about this problem to my superior. It was a deliberate decision. I decided that this is my business. I had some earlier experience. I had a disagreement in a meeting with one of my colleagues which I discussed with my superior, she listened and understood at that point, but in the next meeting in everybody's presence she tore me to shreds. Then I decided that I'll take care of my own work from now on. I ought to keep this line of communication open, talk to her about problems, but this kind of deliberate behaviour on my boss's part put a stop to that. So I didn't tell my boss about this problem. It wasn't a very ethical thing to do on my part, but I haven't changed my behaviour since. I think very carefully

about what kind of information I pass on". Interviewee No. 1.

From the point of view of outcomes, applying the isolation strategy appeared to have slightly unfavourable consequences for both middle managers and for other members of the organisation. Managers felt that problems remained unsolved for years, causing distrust between them and the staff and also increasing their own anxiety and strain. One important feature of this strategy was that managers had mainly used it in the early stages of their managerial careers; they described how they would now react differently to similar problems and would turn to the HR department, their superiors or their peers for help and support. However, having become used to the isolation strategy over the years as well as to the cultural behavioural patterns of the organisation, and specifically to top management and their total failure to question the strategy, the managers in this study had come to accept the situation and had adapted to it.

Teaching Strategy

The teaching strategy was particularly interesting since only two managers spoke of it in relation to seven ethical problems. In this strategy, the managers recognised plenty of complex ethical problems in their organisational environment, especially related to the behaviour of top management and relationships in the workplace. They acknowledged the existence of ethical problems and their vast importance, as well as the urgent need to handle them. Following the second step of the logic of appropriateness, the two managers seemed to regard themselves as role models in the situations and hoped that they would have a positive and proactive effect on the staff. For instance, the managers explained how they always tried to set a good example of the "right" behaviour in their own actions towards their subordinates. The managers communicated various ethical viewpoints to their staff, colleagues and superiors, tried to question any unethical behaviour on the part of superiors as constructively as possible and sought improvement cautiously, step by step. However, it appeared that it was rather difficult for them to openly confront superiors in situations of conflict, just as it was for those applying the mediating strategy. The managers were afraid of the possible outcome of their involvement in problems both from their own point of view and from the point of view of those who were involved in them. The two managers concerned both also admitted that they had shown a lack of courage in the situations. As far as rules were concerned, it appeared that informal organisational rules such as their superiors' failure to encourage any open discussion about ethical matters slowed down or entirely

prevented more outspoken or courageous action in the situation.

The following example from interviewee No 16 illustrates the teaching strategy in the case of an upper manager's self-interested, arbitrary and unfair behaviour.

We started to discuss this (unethical behaviour of an upper manager) problem after I'd been under attack three times in a row in two days, and after the third time I started to cry, which took me completely by surprise since I've never cried because of work even though I am an emotional person. We (middle managers) very nearly started to talk about her behaviour. But it was sad to see that we were unable to agree. Some people have handled this problem by complying and speaking well of things that they shouldn't speak well of, to have a place in the sun. I don't want to lose my place in the sun either but I try to be open and get people to talk about problems somehow. My starting point is that we should handle these issues normally, sit down round the table and discuss them openly. But, I've seen that we are up against a brick wall. I don't usually take these issues personally and I don't think about them afterwards but I thought I'd try quite gently to give her back as good as she gives, show her that there are other managers there. For instance, this week I said, please, x, don't always say it like that, that doesn't get us anywhere. I've tried to establish a friendly and pleasant way of communicating which would later on make it possible to give her some feedback. However, I haven't yet been able to address the actual Achilles heel, I haven't found the place or the way to do it... Interviewee No. 16.

Again, we can construct potential answers that a manager who has adopted the teaching strategy would give to the three main questions following the logic of appropriateness: Who am I, What kind of situation is this and what is the appropriate action for me in this situation? Their answers to the questions might be: "I should be a caring and empathetic manager who is responsible for doing good in the organisation, to the people and the organisation. Ethical problems are complex and difficult, intertwined, and may have serious consequences for me and for the organisation. Even though I avoid open confrontation in these matters, I try to set a good example and teach other people through my example so that others will start to notice that these problems require attention in the future".

The ethics of the managers adopting the teaching strategy can be interpreted as relating to care ethics, virtue ethics and consequential ethics. Both managers described how they worried about the consequences of intervening in ethical problems in the very tense situations in which they arose, which has reference to the utilitarian approach. On

the other hand, the managers wanted to show example of virtuous conduct by acting as good managers to their own subordinates. Most importantly, however, these managers valued the maintenance of good, healthy relationships in the workplace. The different ethical approaches are elaborated upon in the following excerpt from interviewee No. 16.

In my opinion it's a question of human dignity. We have freedom of speech and freedom of opinion. One's workplace should be a place where one can fulfil oneself. That's important. People can't help rubbing up against each other and there will be conflicts which need to be solved. It's unethical if you don't set out to solve them, that's unacceptable. I can't point out any one value to draw on but seeking for good in this life is the right kind of thing. And well-being at work is also seeking a good. Even though profitability is the ultimate goal in organisations, it shouldn't be pursued at the expense of people's well-being. Interviewee No. 16.

Finally, from the outcomes point of view, applying the teaching strategy was described as having both positive and negative consequences. The managers brought up important questions related to their problems and tried to discuss issues in such a way that they would support open discussion in the organisation as a whole, but it appeared that often such discussion was silenced or disregarded by top management. The proactive teaching strategy seemed not to work so well in the case of acute problems, but the managers believed that it might have a positive effect on staff in the long term.

Bystanding Strategy

Finally, in addition to the strategies which middle managers themselves were perceived to adopt to handle ethical problems, altogether nine respondents described in their interviews how their predecessors, superiors or colleagues had consciously neglected to solve a range of ethical problems, such as self-interested behaviour and relationship conflicts, in the organisation. This had led to an escalation of the problem, which the interviewees then had to handle. On the basis of these descriptions, then, we decided to construct a fifth strategy, namely the bystanding strategy.

In general, it appeared that in this context situations involving ethical problems were acknowledged and were perceived as well-known "secrets" in the organisation. However, the respondents thought that often the problems were deliberately neglected or ignored by "bystanding" managers. For instance, two interviewees describe in the following excerpts how their predecessors had been aware

of the problems but had put off intervening. The first excerpt describes a situation with a subordinate's severe drinking problem and the second illustrates a relationship conflict between staff members.

"Even though I shouldn't console myself in any way, this hasn't actually been a problem only in my time, but it dates way back before that. They let the situation develop for a very long time before they began to do anything about it". Interviewee No. 18.

This was a disagreement that had been simmering for a long while. We had this one manager here who had never intervened in these matters, even though he had noticed that there were arguments and mistrust and personal problems between the lecturers, he didn't intervene. So problems smouldered and poisoned relationships and led to a bad atmosphere all through the working community. Interviewee No. 8.

The respondents perceived that certain managers did not see themselves as responsible for intervening in or trying to solve ethical problems. Rather, they were keen to concentrate on other issues, such as external relations outside the immediate working community. As far as the second dimension of the logic of appropriateness, i.e. identity, is concerned, the next excerpt from interviewee No. 5 illustrates how a former middle manager had overlooked a serious relationship conflict between staff members for years.

My predecessor was not the least interested in these kinds of issues. He wasn't interested in ethical problems because he wasn't able to do anything about them, he wasn't that kind of person, an older man, retired since then. He was the first to say that well, these are just the kind of things that happen. He didn't really take a position within the working community. He was just a kind of PR leader, concerned with outside relations. Interviewee No. 5.

From the point of view of rules, the interviewees perceived that managers applying the bystanding strategy were comfortable with making no decisions or with not trying to handle the problems in any way. Interviewees also assumed that these managers' superiors did not expect them to intervene in such problems either. In contrast, however, one manager brought up that she felt responsible for handling problems like this since her predecessor and HR manager had put a lot of effort into stopping the self-interested behaviour of one of her members of staff. It seems to us that this viewpoint illustrates the positive significance of role models and peer pressure.

It is also worth noting that in two cases interviewees suspected that a fear of negative consequences prevented

their colleagues from getting involved in ethical problems to do with self-interested behaviour, for instance. The interviewees thought that the managers assumed that they themselves might suffer if they intervened in the problems. These negative outcomes were perceived to be either falling into disfavour with top management or getting into trouble with the labour union.

Again, to summarise the bystanding strategy, we shall construct an answer to the key questions of the logic of appropriateness concerning defining the situation, identity, and rules. “There are certain blurred problems in the organisation related to unethical behaviour but they are neither my responsibility nor actually of any interest to me. Handling ethical problems is unpleasant since I don’t know what to do and there might be some unexpected consequences for me. I should disregard problems and sweep them under the carpet since I am not expected to do much related to them”.

In terms of our framework, the use of the bystanding strategy shows signs of a utilitarian approach to handling problems. It appears that managers avoid intervening in problems since they are afraid of the negative consequences in the organisation. However, the focus seems to be in most cases rather narrow, i.e. on the possible consequences of the problems to the managers themselves, which indicates egoistic and self-interested motives.

Finally, from the point of view of the organisation’s ethical environment, the outcomes of applying the bystanding strategy were perceived solely as negative by the respondents. The interviewees talked about how problems developed, built up, and finally got to the stage that nobody could tolerate the situation. Work well-being and the sense of collegiality were considered to deteriorate when managers ignored problems. In addition, the objectives of the organisation, such as good quality teaching, were perceived as becoming compromised if managers did not intervene in staff members’ avoidance or neglect of their duties.

Summary and Discussion

The aims of this article were threefold. First, we sought to identify middle managers’ strategies for handling ethical problems in an organisational context in terms of the theory of the logic of appropriateness. Secondly, we studied ethical aspects of the problem-handling strategies, and thirdly, we analysed which strategies seemed to contribute to the overall ethicality of the organisation.

The study showed that middle managers’ ethical problems in the higher education context were mostly day-to-day issues concerning employee relations, the behaviour and demands of upper management, and decisions the

middle managers themselves had to make. Problems were reported to occur at all levels of the organisation. This finding is consistent with prior research on the topic (Dukerich et al. 2000; Power and Lundsten 2005; Dean et al. 2010; Feldt et al. 2012).

In answering the key question of the theory of the logic of appropriateness, *what a person like me should do in a situation like this*, we constructed five different strategies which middle managers were interpreted as making use of when handling ethical problems in the organisational context. These strategies were the (1) Mediating strategy, (2) Principled strategy, (3) Isolation strategy, (4) Teaching strategy and (5) Bystanding strategy.

The mediating strategy, which shows resemblance to the obliging and compromising styles of handling interpersonal conflicts (Rahim 2002), can be characterised as seeking consensus and balance between different viewpoints. On the other hand, it is often lacking the courage and determination to actually solve the problem. This appeared to be the most common strategy for handling ethical problems among the managers whom we interviewed. A lack of clear rules and of support from upper management or other members of the organisation were also typical features of the situations in which the mediating strategy was adopted. Moreover, as shown by Auvinen et al. (2013), we also noticed that utilitarian features were present to a greater or lesser extent in all of the strategies, but were most dominant in the strategies of mediating and bystanding.

Finally, we found that the implementation of the strategies seemed to have various outcomes, both negative and positive, in organisations and thus appeared to influence the ethicality of the organisations differently. Hence, as previous studies have shown (see Geva 2006 and Treviño et al. 1998, 2006), the actions and behaviour of managers are important in creating an ethical organisation. The isolation strategy and the bystanding strategy seemed to lead to the continuation and accumulation of problems and a deterioration in the sense of collegiality and work well-being. Especially the bystanding strategy, which has similarities with the avoiding style of handling conflicts in organisations (Rahim 2002), may lead to sharp exacerbation of the problems. The mediating strategy too seemed to contribute to prolonging the problems and lowering commitment to organisational objectives. In contrast, the principled strategy, which has extensive resemblance to the integrating style of handling organisational conflicts (Rahim et al. 1992), was experienced as having more positive outcomes from the organisation’s point of view: active involvement in solving ethical problems and open communication was experienced as improving the overall atmosphere of the work community as well as increasing trust among staff members (see also Rahim 2002). However, the principled strategy was found to cause stress and

tension, especially when managers' personal values conflicted with the organisational rules, a notion made also by, e.g. Alam (1999), Treviño et al. (2008), Huhtala et al. (2011). Finally, the teaching strategy was perceived as resulting in attempts to solve problems and increase discussion among staff members about ethical matters. However, it appeared that this strategy did not lead to the adequate handling of acute ethical problems and therefore did not make much difference to the organisation's overall ethicality in relevant situations.

The Logics Used for Handling Ethical Problems

Since the managers in this study revealed five different logics that they might use when handling ethical problems, it is important to discuss in more detail the key findings regarding the managers' perceptions of the question of 'what a person like me should do in a situation like this', reflecting on March's (1994) theory of the logic of appropriateness.

First, as emphasised by Weber et al. (2004), defining the situation is at the heart of the appropriateness framework. Our study suggests that middle managers are aware of various ethical aspects of their work and also that they are able to identify situations which can be characterised as ethical problems. The problems were quite rarely understood by the managers to be related to situations in which they knew the right thing to do but did not act accordingly (Nash 1990). Instead, ethical problems were mostly perceived as complex dilemmas, unpleasant but inevitable, common situations in organisational life. This finding is consistent with Waters et al. (1986), Bird and Waters (1989), Dukerich et al. (2000), and Power and Lundsten (2005), who all assert that managers are able to recognise various ethical problems in their organisational context.

However, even though the various ethical problems were initially acknowledged and identified somewhat similarly, our findings support March's (1994) theory by suggesting that ethical problems evoke an ambiguous set of perceptions about the appropriate behaviour in the situation (March and Olsen 2009). To begin with, while in the mediating strategy, ethical problems evoked caution and the manager's desire to maintain neutrality, in the principled strategy, managers said that it was important to show self-reliance, autonomy, initiative and independence, even in spite of objections from upper management. Alternatively, and in contrast, following the teaching strategy, managers saw themselves as role models in ethicality even though they were unable to tackle acute problems. Following the isolation strategy, the situation appeared to evoke a desire to follow the formal rules of the institution and distance oneself from any problems. Finally, in the bystanding strategy, managers were found to strive for avoidance and the concealing of problems. We

suggest that, following March (1994), these differences may relate not only to the managers' personal identities, individual traits and personal histories, and the characteristics of the ethical problem, but also to the explicit and implicit expectations attached to the managerial role in their organisation. The managers whom we interviewed in our study sought to act as "proper middle managers", as presented in March and Olsen (2009), but in doing so, they followed five distinctive, different logics of appropriateness.

Our findings also confirm a central feature in March's (1994) theory, namely, that when an individual pursues an identity, he/she gains experience which produces learning which leads to the rules of the identity changing (March 1994, p. 73). This was particularly shown in the isolation strategy, when middle managers emphasised prior experiences of distrust and betrayal which led to their learning to deal with ethical problems alone and not trusting anyone else. Furthermore, as proposed by March and Olsen (2009), we can confirm that actors may find that the rules and situation are obscure and that prescriptive rules and organisational capabilities are incompatible. This was found especially when applying the principled strategy to ethical problems regarding insufficient financial resources.

As discussed earlier, we agree with March (1994) that identities are both constructed by individuals themselves and imposed upon them by the social environment, i.e., in this study, the higher education institutions in which they were working. Our study supports the findings of Treviño et al. (2008), who concluded that in the context of ethical decision making, the position of middle managers is such that they influence and are influenced by their social environment, for example, by the people above and below them in the organisational hierarchy, as well as by the organisation's formal and informal social and cultural settings. From the viewpoint of identity construction, an interesting finding of this study is that quite a lot of managers reported how complex, burdensome and even frightening it was to confront highly educated and independent subordinates in the context of blurred ethical problems. This implies that a middle manager's perception of his/her socially defined managerial identity is affected not only by his/her superiors in the organisation but also by his/her subordinates. The role of subordinates may be especially prominent in knowledge organisations, such as institutes of higher education, where subordinates have a lot of power as experts in their own field. However, this is a topic which requires more study in the future.

Partially consistent with Treviño et al. (2008), who contend that senior managers tend to make the decisions they perceive are expected from a person in an executive position, we also found that in the handling of ethical problems, middle managers tried to fulfil the expectations which they perceived upper management had for their

particular position (explicitly or implicitly). However, as mentioned above, also subordinates in this study seemed to be perceived by middle managers as being influential in setting expectations about what behaviour was appropriate for them when they were dealing with ethical problems. This again supports the view that the middle manager's perception of his/her socially defined managerial identity is affected not only by superiors in the organisation, as put forward by Treviño et al. (2008) and also in social learning theory (Bandura 1971), but by subordinates as well. Thus, due to the flattening of organisations and the tendency towards more shared leadership, especially in knowledge organisations, the basis for a middle manager's ideal identity may in fact be more varied than was previously thought.

However, surprisingly, the middle managers whom we interviewed often reported mixed perceptions as to what they should actually do about ethical problems, and consequently, it appeared that in the higher education context, it was not entirely clear how managers should handle such problems and whether active intervention in problems was even expected. With this in mind, we turn once again to March (1994), who points out that, overall, in organisations, there are certain specific but unwritten rules of appropriateness about what factors or aspects should even be considered in decision making.

Drawing on this idea, we suggest that, consistent with Bird and Waters (1989) and Greenbaum et al. (2015), when faced with ethical problems, managers often ignore them or fail to intervene actively because such problems are regarded as inappropriate or unnecessary in the organisation and intervention might even have negative consequences for the managers themselves and/or for their organisation: consequences such as personal isolation, criticism, harm to their reputation or harm to organisational harmony. We also need to keep in mind the study of Martin et al. (2014), who suggested that for managers' positive self-image, the possible violation of organisational rules might present an extreme threat in the form of loss of approval within a collective. This, we believe, in turn may lead to moral disengagement, which rationalises and justifies for instance, the adoption of the bystanding strategy.

These findings fit in with our notion about the principled strategy that the proactive and independent handling of ethical problems caused middle managers strain and anxiety because of their fear of the possible consequences. We assume too that open confrontation with upper management about ethical problems might result in difficulties later, for instance, in advancing in one's career or social exclusion in the workplace. This could lead to a vicious circle of decreasing intervention in ethical problems and consequently, a deterioration in the ethicality of the organisation. A cultural change towards a more supportive

and open organisation is needed in order to prevent ethical problems being swept under the carpet.

Ethical Facets of Handling Strategies

When exploring the ethical facets of the handling strategies, we found that especially in the teaching strategy and to some extent also in the mediating strategy managers showed a lot of concern for healthy relationships and harmony in their organisation. This links to the adoption of care ethics when handling ethical problems. Managers appeared to show special care for their subordinates' well-being particularly when upper management treated people unfairly or arbitrarily or when someone behaved in a self-interested way. Also, especially with the teaching strategy, it appeared that by addressing ethical problems and by opening up discussion about ethical issues, the managers wanted to act as role models of ethical behaviour, to improve proactively the overall ethical environment of the organisation. This, we believe, also highlights managers' desire to nurture and develop relationships which are healthy and valuable and improve the well-being of those in the work community (Velasquez 1998).

However, a substantial body of business ethics research asserts that utilitarian reasoning is the main ethical justification adopted by managers (see e.g. Velasquez 1998; Auvinen et al. 2013). From the standpoint of our study, we also detected signs of utilitarianism in all five strategies. Consequentialism was a strong factor especially in the bystanding and mediating strategies. Managers were perceived to be especially concerned about the possible consequences of either poor or, in contrast, courageous handling of ethical problems for the effectiveness of the organisation, but also for themselves and other members of the staff.

Virtue ethics was interpreted as being the dominant ethical approach in the principled strategy. Middle managers who were perceived to apply this strategy appeared to possess certain moral qualities such as integrity, courage and honesty, which they also strove to practise.

The Ethical Organisation

With regard to our research question addressing the overall ethical environment of the organisation, we conclude that the principled strategy, despite its personal risks to the manager him/herself, seemed to contribute most to the ethicality of the organisation as presented in Collier's (1998) framework of ethical organisations. For instance, from the point of view of outcomes, applying the principled strategy was seen to increase openness, trust and the sense of equality in the work community. From the viewpoint of good practices in ethical organisations,

consistently again with Collier (1998) we found that principled managers seek to make unbiased decisions and try to give a voice to everyone involved in an ethical problem. To discuss this particular finding further, we may draw also on Rahim et al. (1999), who argue that when handling interpersonal conflicts involving ethical problems, an integrating style, which resembles to a large extent the principled strategy, can be regarded as the most ethical and efficient. However, it should be noted that also the teaching strategy, which included the viewpoints of care ethics as well as virtue and consequences ethics, can contribute to the ethicality of an organisation. This strategy may not provide a manager with an appropriate logic of action when he or she is faced with an acute ethical problem, but it may contribute, through the manager's ethical example and role modelling, to the ethicality of the organisation in the long term.

Theoretical Implications

This research makes a contribution to the literature on decision making in ethical problems in the organisational context. As recommended in the recent review of the empirical ethical decision-making literature by Craft (2013), this study aims to depart from traditional and mainly rationalistic views of decision making in ethical problems and discuss new theoretical viewpoints in investigating the topic. In particular, it is suggested and shown empirically here that the theory of the logic of appropriateness (March 1994) can be a fruitful alternative framework for research into ethical decision making. Consequently, instead of a rational calculation of utility (Rest 1984; Treviño 1986; Jones 1991), this study of middle managers suggests that managers' decisions and actions when handling ethical problems are influenced by their interpretation of what is the appropriate behaviour in that particular situation. To sum up, we suggest here that the logic of appropriateness is an overarching framework that adds to existing models of ethical decision making by taking into account the interaction between interpreting the characteristics of the situation (Jones 1991), identifying various personal and situational factors (Treviño 1986) and making sense of the informal and formal rules constructed in the organisation (Sonenshein 2007).

Finally, our research contributes considerably to the seminal yet still defective framework of the three facets of a leader's ethics (Ciulla and Forsyth 2011) by discussing problem-handling strategies from altogether four different ethical standpoints. We criticise the three dimensional model of Ciulla and Forsyth (2011) for neglecting the dimension of ethics of care (Gilligan 1982; Lämsä and Takala 2000) in their framework.

Practical Implications

The managers in this study appeared to be prepared to varying degrees to handle ethical problems. However, our findings indicate that there is a phase at the beginning of a managerial career that is particularly significant for how such problems are handled: if at this juncture managers lack situational prototypes which can help them to categorise events and determine the course of action that they should take (see also e.g. Badaracco and Webb 1995; Dean et al. 2010; Thiel et al. 2012), they appear to enter into a vicious circle of accumulating problems, such as deteriorating work well-being, relationship conflicts and general distrust and, at worst, isolation in the working community. Consequently, in line with Thiel et al. (2012) and Dane and Sonenshein (2015), we suggest that managers, especially those in the early stages of their career, should be encouraged to reflect on past situations that have arisen at work and should have opportunities to discuss such problems and their handling with more experienced managers so that they themselves will be better able to handle the problems that await them.

In practical terms, this means that daily ethical problems should be discussed (as a part of compulsory managerial training or a development programme) systematically, regularly and most of all, jointly with managers from different managerial levels. We feel sure that here upper managers would benefit considerably from the entry- and middle manager viewpoint on everyday ethical issues, since the problems at different levels are interlinked and often interdependent. Moreover, as part of managerial training, the joint construction of actual prototypes of the most common ethical problems and their expected handling in that particular organisation would be helpful for managers, especially in the early stages of their career.

Our analysis also suggests that the example shown and support given by upper management and by one's peers can contribute to rules which encourage middle managers' active intervention in ethical problems. This result, too, has been found in several other studies, for example Kaptein (1999, 2008, 2011), Dean et al. (2010), Huhtala et al. (2013), and Dane and Sonenshein (2015). Furthermore, our study suggests that while, on the one hand, the organisational environment in higher education might nourish academic freedom, individuality and a lot of independence for the highly skilled members of staff, on the other hand it fails to give clear support and guidelines, or transparent rewards and sanctions for (un)ethical behaviour. However, by sanctioning unethical behaviour and rewarding managers' or employees' ethical decisions and actions, ethical behaviour could be encouraged and reinforced (see e.g. Kaptein 2011).

Research limitations and Further Research

Concerning the limitations of our study, we are aware that by conducting qualitative research with a sample of 20 middle managers, we could only make certain limited interpretations of the handling of ethical problems in organisations. With this sample, we could show that middle managers use at least five different strategies to handle ethical problems. We do not claim that there are no other strategies as well. However, this is a challenge for future studies. In particular, we suggest that more diverse samples with various types of managers (top managers and various layers of management) should be investigated in the future. In order to paint an all-round picture of the phenomenon, further research is also needed in other organisations and business areas. It would also be fruitful to investigate what kind of differences exist across different types of knowledge organisations and what kind of handling strategies are unique to members of institutions of higher education. The topic could also gain from cross-cultural comparison and a longitudinal research setting.

We are also aware that managers may have wanted to show themselves in a more positive and proactive light during the interviews than they are in practice. This bias may have influenced our data, especially in the case of the bystanding strategy. As far as we understand it, this social desirability effect is evident in all empirical researches into leadership ethics and business ethics in general. In this case, we tried to reduce the effect with the twofold data collection, first asking the middle managers to describe their experiences freely in writing and later on interviewing them using the critical incident technique. This technique turned out to produce rich and very personal data about the topic. We noticed that at the beginning of the data collection, confidentiality was a great concern for most of the respondents, which indicates the delicate nature of the problems we were investigating.

Finally, we suggest that a quantitative approach focusing on managers' strategies when handling ethical problems and a related measurement could be developed based on the findings of this study, and tested and validated in the future. It would provide an alternative way of examining statistically the interrelations between situation, identity and rules, i.e. the key elements in the theory of the logic of appropriateness.

Validity and Reliability

Next, we shall discuss the validity and reliability issues of the research. Lincoln and Guba (1985) assert that in order to improve the trustworthiness of the qualitative research, the researcher should address four criteria: credibility, transferability, dependability and confirmability. The first

criterion is credibility, in which the aim is to describe the subject of the inquiry accurately and also have the findings approved by the participants (Lincoln and Guba 1985). In this study, the results were shared with two groups of thirty lower- and upper-level middle managers in two of the higher education institutions from which the data were drawn. The research process and identified handling strategies were introduced to the audiences in detail by the researcher and then discussed by the managers. The discussions lasted one and half hours in each of the sessions. During the discussions, managers validated the findings as consistent with their experience.

The second criteria, transferability, refers to the degree to which the results can be transferred to other contexts (Lincoln and Guba 1985; Trochim and Donnelly 2008). In order to enhance transferability, we have shown explicitly how data collection and analysis have been guided by the original theoretical framework: the logic of appropriateness. We have also disclosed the limitations of the study in the previous section.

Lincoln and Guba's (1985) third criterion calls for dependability. Dependability means that, in qualitative research, the researcher should describe accurately the changing research context (Lincoln and Guba 1985, Trochim and Donnelly 2008). We have increased the dependability of our study by including only those critical incidents with adequate antecedent information, detailed description of the experience itself and the outcome of the incident to our, as suggested also by Butterfield et al. (2005).

Finally, the fourth criterion, confirmability, means the degree to which others can confirm the results of the research (Lincoln and Guba 1985). Regarding the confirmability of this study, all the interviews were recorded and transcribed word by word. Thus, all the collected are in retrievable form and available for further investigation as suggested also by Marshall and Rossman (1999). In addition, the co-authors participated in intensive discussion of the results, which strengthens the credibility of the study (Silverman 2014). The quotations from the interviews also make it possible for readers to judge the accuracy of the analysis.

Conclusion

The empirical findings of this study suggest that managers (middle managers in this study) can follow various logics in their handling of ethical problems. Based on the different logics of appropriateness, managers were found to apply five different strategies for handling ethical problems. The results indicate that the interplay between managers' perceptions of the ethical problem, the

manager's identity, and organisational rules as to how to handle ethical problems, defines what managers perceive to be the appropriate action, the action expected of them in the given situation.

Our study also showed that the various handling strategies influence the overall ethical environment of the organisation differently. Strategies which included managers' avoidance or neglect of the problems could be interpreted as contributing to a reduction in the organisation's ethicality and, in contrast, an open, proactive and even risk-taking approach to ethical problems appeared to result in better outcomes from the point of view of an organisation's ethicality.

Furthermore, we found that Ciulla's (2004, 2005) model of three ethical facets is rather confined. As shown in this paper, care ethics (Gilligan 1982) has a particularly important role in the middle manager's handling of ethical problems. All in all, from the findings of this study, we conclude that the application of a range of ethical aspects can be useful in empirical research on ethical decision making. In addition, we propose that managers' ethical action when handling ethical problems can be enhanced by their perceiving diverse angles and aspects of ethics, and that this can in fact be of benefit to the overall ethicality of an organisation.

Finally, it is important for practitioners in management to consider what kind of rules (formal and informal) exist in their organisation and what explicit and implicit expectations are attached to the managerial role where the handling of ethical problems is concerned. Therefore, we suggest that organisations arrange systematic and joint sessions across different levels of management to model the most common ethical problems that managers may face and the ways in which it is expected the problems will be handled. This would establish an open and positive ethical environment which supported a proactive approach to ethical problems on the part of managers.

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III

(A)MORAL AGENTS IN ORGANISATIONS? THE SIGNIFICANCE OF ETHICAL ORGANISATIONAL CULTURE FOR MIDDLE MAN- AGERS' EXERCISE OF MORAL AGENCY IN ETHICAL PROBLEMS

by

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(A)moral Agents in Organisations? The Significance of Ethical Organisation Culture for Middle Managers' Exercise of Moral Agency in Ethical Problems

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Abstract This paper investigates qualitatively the significance of different dimensions of ethical organisation culture for the exercise of middle managers' moral agency in ethical problems. The research draws on the social cognitive theory of morality and on the corporate ethical virtues model. This study broadens understanding of the factors which enable or constrain managers' potential for moral agency in organisations, and shows that an insufficient ethical organisational culture may contribute to indifference towards ethical issues, the experiencing of moral conflicts, lack of self-efficacy and morally disengaged reasoning. In contrast, a healthy ethical culture can contribute to motivation to tackle ethical problems, an increased capacity for self-regulation and ultimately ethical behaviour.

Keywords Corporate ethical virtues · Ethical culture of organisations · Ethical problem · Middle manager · Moral agency · Qualitative research · Virtue ethics

Introduction

The aim of this study is to investigate qualitatively the significance of different dimensions of ethical organisational culture for middle managers' exercise of moral agency in the context of ethical problems in the workplace.

Ethical problems in business are situations in which, on the one hand, one does not know what is the right or wrong thing to do and, on the other, one knows the right thing to do but fails to act accordingly (Nash 1990). As shown in a substantial body of literature (e.g. Nash 1990; Dukerich et al. 2000; Crane and Matten 2004; Dean et al. 2010; Huhtala et al. 2011; Riivari and Lämsä 2014; Hassan et al. 2014), ethical problems, such as a lack of courage, managing conflicts poorly, employees not taking responsibility for their work, relationship problems and self-interested behaviour, are everyday concerns for managers in organisations.

In this paper, we follow the virtue-based theory of business ethics (Solomon 1992) which, instead of emphasising an individualistic view of ethical behaviour in organisations, posits that belonging to a community affects people's moral agency (Treviño 1986; Victor and Cullen 1988; MacIntyre 1999; O'Fallon and Butterfield 2005; Nielsen 2006; Craft 2013; Ferrero and Sison 2014). We argue in this study that the organisational environment, and in particular the ethical organisational culture, is significant in the exercise of the manager's moral agency (see e.g. Bandura 1991, 2001; Forte 2004; Nielsen 2006; Detert et al. 2008; Dean et al. 2010; Kish-Gephart et al. 2010; Yukl 2010; Kaptein 2011). In addition to moral agency theory (Bandura 1991), which explains how moral reasoning together with other psychosocial factors such as an individual's self-concept or environmental circumstances govern ethical behaviour (Bandura 1991), we approach the topic by drawing on the only multidimensional model of ethical organisation culture, namely the corporate ethical virtues model of Kaptein (1998).

The focus of the paper is on middle managers' moral agency since they are responsible both for pursuing the organisation's strategic objectives and for keeping an eye

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on the well-being of the staff. This is an interface position that may itself serve as a breeding ground for ethical concerns (Alam 1999; Treviño et al. 2008; Marshall 2012). Also, middle managers are in a position to influence and to be influenced in ethical matters by those above and below them in the organisational hierarchy (Treviño et al. 2008; Jackall 2010). On the other hand, as shown by Treviño et al. (2008), middle managers can perceive ethical aspects of the organisation differently from executives, and this can have important implications for their moral agency.

Contributions of the Study

Nielsen (2006) proposes that managerial and bureaucratic systems can manipulate and constrain the moral agency of individual managers. Therefore, it is important to identify what kind of organisational environment can enable the exercise of moral agency (Detert et al. 2008; Wilcox 2012).

This research contributes to prior research on the topic in the following ways. First of all, we show how the theory of moral agency could add to earlier theories of ethical organisational culture and consequently to individuals' ethical behaviour. Moral agency theory is an overarching theory of ethical behaviour which not only takes into account moral reasoning based on the weighing of individual moral standards (Rest 1984) and environmental influences such as the ethical organisational culture (Treviño 1986) and situational circumstances (Jones 1991), but also considers how reasoning is translated into action through anticipatory self-regulatory mechanisms, including anticipated self-sanctions and social sanctions (Bandura 1991, 2001; Weaver 2006). Moreover, unlike most relevant theories of ethical behaviour in the organisational context (e.g. Treviño 1986; Victor and Cullen 1988; Collier 1998; Kaptein 1998), moral agency theory offers a three-dimensional view of how social influences, such as the organisation's ethical culture, can affect ethical judgment and behaviour (Bandura 1991). In the first place, social influences affect individuals' self-regulatory competence (Treviño 1986; Bandura 1991). That means that individuals can generate perceptions about moral behaviour by observing the behaviour of others and by internalising the standards that they observe in action. Secondly, the organisational environment can provide collective support (e.g. supportive and positive feedback, clear guidelines and principles for the sort of behaviour that is expected), for an individual's own moral standards. Thirdly, the organisational environment can facilitate the selective activation or disengagement of moral self-regulation (Bandura 1991). We argue here that combining the theory of moral agency and the theory of ethical organisational culture adds a more diverse theoretical viewpoint to the literature on the subject.

The second contribution that this article makes to the literature on ethical organisational culture and individual ethical behaviour is a systematic empirical analysis of middle managers' perceptions of the ethical culture of their organisation and the value of different corporate ethical virtues. In addition, it provides a rich view of the actual conduct of middle managers when handling ethical problems. Thus, this study broadens understanding of the mechanisms which foster and hinder the effective exercise of moral agency in organisations. Prior studies on the ethical culture of an organisation (e.g. Kaptein 2010; Huhtala et al. 2011, 2013a, b; Riivari and Lämsä 2014; Huhtala et al. 2015) have measured the impact of ethical organisational culture on, for instance, innovativeness, burnout, sickness absence, occupational well-being and managers' work goals. This body of research offers rich evidence to support the validity of the construct of ethical organisational culture and shows the wide range of ways in which it is important. These studies, however, do not directly address the significance of ethical organisational culture for the individual exercise of moral agency.

Thirdly, in spite of the significant organisational position that middle managers hold (Jackall 2010; Treviño et al. 2008), the ethical problems of specifically middle managers are largely missing from recent business ethics research (apart from a few empirical studies such as Alam 1999; Dean et al. 2010; Hiekkataipale and Lämsä 2015). Therefore, this paper is important in that it adds the middle management perspective to earlier research in the field.

Theoretical Framework

Moral Agency

The social cognitive theory (Bandura 1991; Bandura et al. 1996, 2001) suggests that the relationship between moral thought and conduct is mediated through the exercise of self-regulation and, more specifically, the mechanism of moral agency. Self-regulation, which is a key concept with regard to the theory of moral agency, includes self-monitoring one's own conduct, exercising moral judgment of the rightness or wrongness of one's conduct in terms of one's personal standards and the relevant circumstances, and affective self-reactions (Bandura 1991, 2001). External social sanctions (such as isolation in the workplace, dismissal, or reprimands) and internalised self-sanctions (such as self-contempt, guilt, or self-condemnation) play a major role in self-regulation (Bandura 1991, 2001).

Personal moral standards are formed in the course of the individual's socialisation process (Bandura et al. 1996). Thus, social reality is essential to the development of effective moral agency. However, the social environment

can also activate the disengagement of moral self-regulation and contribute to weak moral agency (Bandura et al. 1996).

The deactivation of self-regulation can take place through (1) moral justification, (2) the use of euphemistic language to hide the actual purpose of one's action, (3) advantageous comparison, (4) the displacement of responsibility, (5) the diffusion of responsibility, (6) minimising or ignoring the consequences of one's conduct, (7) dehumanising the victim and (8) the attribution of blame (Bandura et al. 1996; Weaver 2006; Treviño et al. 2006; Detert et al. 2008). Let us now look briefly at these mechanisms and their significance to moral agency.

The first disengagement mechanism is moral justification, which refers to making unethical actions personally and socially acceptable by portraying them as serving a moral purpose, such as the success of the organisation or community (Bandura 1991). The second, using euphemistic language, means that reprehensible activities are described in more neutral or even positive terms in order to make them justifiable, and those who engage in them are relieved of the sense of personal moral agency and responsibility (Bandura et al. 1996). Moral self-regulation can be weakened, thirdly, by means of advantageous comparison, when unethical decisions and actions are compared with even more harmful deeds so that the original behaviour begins to appear benign (Detert et al. 2008).

People may also free themselves from responsibility by displacing or diffusing responsibility (Bandura et al. 1996). Detert et al. (2008) define the displacement of responsibility as follows: "*When individuals view their behaviour as a direct result of authoritative dictates, they may displace responsibility for their actions to the authority figure, negating any personal accountability for the unfavourable act*". The diffusion of responsibility, on the other hand, can take place when people work together in teams, for instance, and take part in collective decision-making. Fragmented jobs may also diffuse individual responsibility, when people perform only sub-functions of larger entities and exercise little personal judgment over the end result (Bandura 1991). These two displacement mechanisms have been found to be common in organisational settings where people feel compelled to follow orders, and responsibility for any harmful outcomes can be diffused to organisational teams or units (Detert et al. 2008).

People may also avoid self-sanctions by minimising or disregarding the consequences of unethical behaviour (Bandura et al. 1996). As long as the outcomes of conduct are ignored, minimised or disbelieved, there is no reason for self-contempt or guilt. If the consequences of an action are physically remote, people are more prone to ignore them (Bandura 1991).

Finally, a sense of personal moral agency can also be reduced by blaming other people for bringing suffering on themselves, or devaluing them as human beings (Bandura 1991). In organisational life, the formation of closed groups may lead to this type of disengagement behaviour (Detert et al. 2008).

Effective moral agency requires not only the ability of self-regulation but also the ability to exercise it under the contradictory influences of working life (Bandura 1991, 2001; MacIntyre 1999). Self-efficacy is also fundamental to the exercise of moral agency (Bandura 1991). The concept of self-efficacy refers to the idea that the more people believe they can exert control over their motivation, thought patterns and actions, the better they can resist social pressures to behave contrary to their own moral standards (MacIntyre 1999). Bandura (1991) suggests that a strong sense of self-efficacy (or alternatively, self-belief) reduces vulnerability to stress and depression under adversity. From the point of view of moral agency, self-efficacy beliefs are pivotal since they determine whether people deal with ethical challenges pessimistically or optimistically, what challenges they accept and how much effort they put into overcoming difficulties and contradictions (Bandura 2001).

Ethical Culture of Organisations

The focus of this paper, ethical organisational culture, which is a subset of organisational culture, has been found to exert a powerful influence on the ethical behaviour of members of the organisation (Ford and Richardson 1994; Treviño et al. 1998; Koh and Boo 2001; O'Fallon and Butterfield 2005; Kaptein 2011; Martin et al. 2014; Huhtala et al. 2015). Ethical organisational culture refers to that aspect of the overall organisational culture that consists of formal and informal systems of behavioural control which either promote or hinder ethical behaviour (Treviño et al. 1998).

Operationalisation of the concept of ethical culture has progressed from Treviño's one-dimensional construct to a more explicit definition of the different sub-dimensions of ethical culture (e.g. Kaptein 1998, 2008). In this study, we draw upon the only multidimensional model of ethical organisational culture, developed by Kaptein (1998, 2008). This corporate ethical virtues model (CEV) builds on Solomon's (2004) virtue-based theory of business ethics, which suggests that virtues are desirable operational dispositions of both people and groups as moral agents. According to Kaptein (2015), organisation's ethical virtues are embedded in the organisation's strategies, structures and culture. The key idea of the CEV model is that the ethical culture of an organisation can be assessed, since organisations are moral entities (Kaptein 2008, 2015). The

model assumes, further, that the stronger the presence of each of the eight virtues, the more ethically the members of the organisation will behave (Kaptein 2015).

Kaptein (1998, p. 70) constructed his eight-dimensional model by conducting an extensive number of qualitative interviews and observations in companies. The model was later tested in several quantitative studies (e.g. Kaptein 2008, 2010, 2011; Huhtala et al. 2011, 2013a, b; Riivari and Lämsä 2014; Kangas et al. 2015).

Corporate Ethical Virtues

The first dimension in the CEV model is the virtue of clarity, which refers to how well the ethical expectations of the organisation, such as its values, norms and principles, have been translated into explicit, understandable and concrete guidelines for ethical conduct (Kaptein 2011). If clarity prevails in the organisation, expectations about what responsible choices should be made when dealing with ethical problems will be clear to both managers and employees (Kaptein 1999). In his study, Kaptein (2011) found evidence that high clarity encourages employees to intervene and correct observed wrongdoings in the workplace. There is also a substantial body of other empirical evidence, suggesting that clear normative policies and procedures reduce unethical behaviour in organisations (see e.g. Riivari and Lämsä 2014; Huhtala et al. 2013b).

The second and third dimensions in the CEV framework refer to the virtue of organisational congruency, which means supervisors' and senior management's consistent and unambiguous example of ethical behaviour and role modelling (Kaptein 1999; Huhtala et al. 2011). Jackall (2010) and Solomon (1992) make clear that the example set by leaders is of critical importance in contributing to the ethical behaviour of other organisational members. In other words, managers act as role models and salient authority figures whose example of (un)ethical behaviour is often noticed and most likely followed by the other organisational members (Solomon 1999, p. 54; Treviño et al. 2006).

The fourth organisational virtue, feasibility, refers to an organisation's ability to enable ethical behaviour by offering adequate time, financial resources, skills, training, facilities, information, technology, etc. for attaining the organisational objectives (Kaptein 2008, 2011). Thus, formulating achievable objectives promotes ethically sound choices (Kaptein 1999). In contrast, the lack of feasibility may be a threat to ethical behaviour, if managers feel that they are unable to achieve the set targets by means of ethical conduct and that they are required to make decisions or take actions that are not in line with their personal moral standards (Kaptein 1999). This has been proposed also by, for example, Jackall (2010, p. 213), who points out that middle managers often carry the heaviest burden in

matters of organisational reform, for instance; unless adequate support (time, skills, information, etc.) is provided by their upper management, middle managers might become overtly cynical.

The fifth dimension in the CEV framework is organisational supportability. Kaptein (2008) suggests that an open, supportive and healthy organisation motivates staff to comply with normative ethical guidelines. According to Kaptein (2008, p. 925): "The virtue of supportability refers to the extent to which the organisation stimulates identification with the ethics of the organisation among employees". In a supportive environment, employees commit to the ethical objectives of the organisation and organisational values (Kaptein 1999). High supportability has also been found to promote a healthy working environment, which in turn increases commitment to organisational goals (Huhtala et al. 2013a).

In transparent organisations, employees, peers, colleagues and superiors are able to recognise and observe the consequences of (un)ethical behaviour. The sixth virtue, transparency, covers elements such as information sharing and open processes. Kaptein (2008) defines the organisational virtue of transparency as the degree to which actions and consequences are visible to everyone in the organisation. In their empirical study, Huhtala et al. (2013b) showed that ethical leaders increase the level of transparency in an organisation by intervening in unethical activity, handling violations actively and increasing awareness of the consequences of unethical actions.

The seventh corporal ethical virtue is discussability. This virtue refers to how extensively employees are able to discuss ethical issues and unethical behaviour with the management and their superiors. An open environment in which discussion is encouraged strengthens ethical conduct and increases the importance of ethical questions in general. The opposite kind of culture reduces and even silences ethical talk and increases the possibilities of unethical conduct (e.g. Huhtala et al. 2013b).

The last organisational virtue in the CEV model, that is, sanctionability, refers to the enforcement of ethical behaviour through punishment for behaving unethically and rewards for behaving ethically (Kaptein 2008; Huhtala et al. 2011, 2013b). For instance, Selart and Johansen (2011) found that organisational feedback and adequate information about ethically sound behaviour are vital to managers' ability to make ethical decisions.

Corporate Ethical Virtues and Moral Agency

There are several parallels between the foundations of the corporate ethical virtues model and the theory of moral agency. For example, both virtue theory and moral agency theory address the highly social and contextual nature of

morality (Solomon 1992, 2001, 2004; MacIntyre 1999; Weaver 2006; Ciulla and Forsyth 2011; Ferrero and Sison 2014).

Second, both theories suggest that if organisations actively develop and sustain virtuous practices, individual moral agency is enhanced and strengthened in such a way that it contributes to a more ethical organisational environment, thus forming a virtuous circle (Kaptein 1998; MacIntyre 1999; Huhtala et al. 2013b; Weaver 2006).

Third, the underlying virtue theory behind the CEV contains a development aspect which focuses on what the agent does and who or what the agent becomes (Ferrero and Sison 2014). This viewpoint is shared in moral agency theory, which in itself involves triadic reciprocal causation (Bandura 1991). That means that people continuously monitor their behaviour, make choices and guide their actions according to their personal standards and changing environmental influences; people's self-regulatory capacities develop and may change over time (Bandura 1991).

Method

So far, Kaptein's (1998) corporate ethical virtues (CEV) framework, which was originally constructed on the basis of extensive qualitative data, has, to our knowledge, been applied only in quantitative studies, in which the ethical organisational culture has been measured with the 58-item CEV scale (see e.g. Huhtala et al. 2015). However, Campbell and Cowton (2015) criticise strong causal accounts of ethical behaviour and suggest that the important questions in business ethics are essentially qualitative; quantitative variables may not be capable of describing them adequately. The qualitative approach that we have chosen may therefore enable better understanding of the role of organisational culture in the behaviour of an individual faced with ethical issues than is possible with the more common quantitative approach. Brand (2009), too, drew attention to the need for increased emphasis on seeking contextual understanding of research participants' perceptions of business ethics, particularly using qualitative methods. Also, a rich body of other research calls for diverse methodologies in the field (e.g. O'Fallon and Butterfield 2005; Aspers 2009; Craft 2013; Campbell and Cowton 2015; McLeod et al. 2016).

This study draws on empirical phenomenology, which acknowledges the central role of theory in research but at the same time stresses the importance of the actor's experiences and perspectives in understanding phenomena in the social world (Aspers 2009). This empirical study has been conducted in the field of higher education, which in recent years has been under increasing pressure, for example in terms of finance and more intense competition

(Middlehurst 2010; Hotho 2013). According to some research (Folch and Ion 2009; Preston and Price 2012; Ben-David-Hadar 2013), these recent economic, demographic and managerial changes have affected the organisational cultures of educational institutions, resulting in new organisational practices, corporate values and norms as well as changed identities for people working in the sector, all of which might also have given rise to ethical problems.

In this research, individual semi-structured interviews were conducted in four higher education institutions in Finland. All of the institutions are multi-disciplinary with 4000–8000 students. The sample was purposive and discretionary. It consisted of altogether 20 middle managers, 4 men and 16 women, with ages ranging from 35 to 58, the average age being 50 years. All the respondents had masters or doctoral degrees. The work experience in a management position of these managers varied from one year to twenty years.

The data were collected using the critical incident technique (CIT), which allows respondents' rich self-recollections of incidents (Gremler 2004). CIT is a systematic, retrospective and flexible qualitative research method (Gremler 2004; Butterfield et al. 2005) in which the critical incidents are usually in the form of short stories told by the subjects about their experiences, in this case middle managers on the subject of ethical problems that had arisen in the course of their managerial careers.

The selection of respondents was based on snowball-sampling. In this method, one respondent leads the researcher to another (Silverman 2005, 2014). Individual interviews were conducted face to face and they were recorded and transcribed carefully, word for word, in order to ensure the reliability of the research, as suggested by Peräkylä (1997). All the respondents described between one and five incidents that were associated with ethical problems, and consequently altogether 52 problems were found in the data. In this research, the Atlas.ti programme was used for coding and categorising the data. In order to guarantee the anonymity of the respondents, each manager was given a number from 1 to 20, which is used in this study to refer to each particular manager.

A brief example of the analysis is presented in Table 1.

To start the process and to get properly acquainted with the data, all the critical incidents were read carefully several times. Then, following Hsieh and Shannon's (2005) approach to conventional content analysis, an inductive approach was chosen: the problems were grouped into six categories according to their content, as shown in the second column of Table 1. The research process then went on to a theory driven analysis, drawing on the chosen theoretical models (CEV and moral agency) as guidance (Hsieh and Shannon 2005; Aspers 2009). Every ethical

Table 1 Example of the analysis

Manager	Content of the ethical problem (in a nutshell)	Expressions of moral agency in the situation	Condensed expressions of the significance of corporate ethical virtues to moral agency	Corporate ethical virtue (sufficient/insufficient) in the situation
No. 2	One particularly demanding employee pursues her own self-interest and has been given exceptional privileges compared to others. Upper management does not help in solving the case	“If one has a very determined employee, there are no good solutions whatsoever. I don’t know what to do, I don’t know how to act, I just let her do as she wants. I understand that this is not fair on the others, and I feel bad, I struggle with this”	Lack of instructions, lack of support and means to intervene in the situation, ethical inaction Awareness of the wrongdoing causes moral conflict; self-sanctions and ethical strain Inability to treat employees equally is acknowledged, yet accepted since upper management provides no support (diffusion of responsibility, ignoring the consequences)	Clarity (insufficient) Congruency of supervisor (insufficient)

problem was first thoroughly investigated to detect any expressions that might refer to elements of moral agency in the situation (personal moral standards, environmental influences, self-sanctions, social sanctions, ethical (in)action, forms of moral disengagement). Then, the analysis proceeded to pick out expressions regarding the significance of corporate ethical virtues for moral agency. This significance was revealed in the descriptions of how ethical problems emerged, how they were recognised, how the problems were eventually handled (by the middle managers) and what were the final outcomes of the process in the organisation. In the last phase of the analysis, the virtues relevant to each specific problem were identified.

Results

The different types of ethical problems identified from the data of 52 critical incidents were: self-interested behaviour (N = 15), avoiding/neglecting one’s responsibilities (N = 12), hidden agendas (N = 10), gaps between targets and resources (N = 7), conflicts in relationships between subordinates (N = 7) and, finally, the questionable behaviour of a trade union representative (N = 1). Self-interested behaviour included, for instance, trying to maximise personal benefits, manipulating students or peers against the organisation and bending the organisation’s rules for one’s own good. Sweeping problems under the carpet, neglecting one’s tasks and leaving relationship conflicts unsolved are examples of what is meant by avoiding one’s responsibilities. Hidden agendas included, for instance, lying and deliberately hiding information from employees and upper management. The existence of a gap between

targets and resources was experienced when there were perceived to be insufficient financial resources or a lack of information; ethical problems occurred, for example, if a manager had to push people beyond their limits to reach the set targets, or the managers themselves had to speculate about what was expected of them because of insufficient information from upper management. An example of the sort of relationship conflicts between subordinates that were mentioned was staff members undermining each other’s position. In the last category, the questionable behaviour of a trade union representative, someone leaked confidential information during a dismissal process. We will now turn to a more detailed examination of the results for each virtue.

Clarity

When the organisational virtue of clarity was experienced as sufficient, it was interpreted as having an impact on the exercise of moral agency in two ways. On the one hand, clarity was described as guiding and motivating managers towards ethical conduct. For example, managers reported that with clear and explicit organisational rules they felt obliged to take action; in one case, when an employee avoided his duties due to a drinking problem and in another case, when an employee falsified documents for his own benefit. Managers underscored the importance of good institutional guidelines, procedures and principles as something they could lean on in complex situations.

On the other hand, high clarity seemed to support middle managers’ capacity for self-regulation. Explicit organisational instructions, such as how to act in cases of substance abuse, were considered by the managers to be

compatible with their own personal moral standards. This was experienced as further enhancing feelings of self-efficacy, as shown in the following example, of self-interested behaviour on the part of an employee.

“My predecessor and HR manager have done a lot with this person, we have certain rules now. They paved the way for me. It has become a little bit easier for me to know what to do and stick to the rules. I want to continue that good work.” Interviewee No. 3

Thus, our data suggest that if organisational guidelines and the institutional logic and norms are compatible with managers’ personal moral standards, moral agency is strengthened (see also Bandura 1991, 2001; Wilcox 2012).

Managers also reported getting supportive feedback from their employees when they managed to solve complex problems in the working community. The successful handling of problems according to the organisation’s guidelines was thus considered to be rewarding and it also contributed to the managers’ sense of pride and self-satisfaction. This can also be seen as collective support for adhering to moral standards contributing to managers’ capacity for self-regulation.

However, some of the relationship conflicts between employees and some of the problems with self-interested behaviour were described as being fuzzy, highly interdependent, or long-term, with no clear patterns for their solution, which indicated a lack of clarity in the organisation. For example, lack of clarity was described as being evident in situations in which employees or upper management deliberately and quietly bent the organisational rules for the sake of their own self-interest, and sometimes also treated students, supervisors or colleagues badly, even viciously. Middle managers appeared to lack belief in their efficacy to control such behaviour, which points to difficulties in the exercise of moral agency.

Respondents also described features of moral disengagement in their own behaviour, such as making moral justifications, or ignoring or dismissing the consequences, if they did not intervene in problems. Middle managers talked about a sharp contradiction between their own moral standards and prevailing conditions in the organisation, that is, a moral conflict, but said that since they had no tools, instructions, support or even courage to solve the problems, they had made little effort to change things. In the next quote, for instance, manager No 16 describes what coping strategies s/he used when faced with the self-interested behaviour of an upper manager.

“The situation with x has not become any easier over the years. I’ve come to the conclusion that I have other things to do in my work, I have this other job here, another network I work with, I don’t know if

this is a way out for me, which empowers me, and so here (in the respondent’s main job) I just somehow move on.” Interviewee No 16.

Congruency of Supervisors and Managers

Congruent behaviour on the part of upper management was experienced as being significant for the middle managers’ exercise of moral agency in three ways. Firstly, congruent (upper) managers enabled discussion and collaborative reflection about ethical problems, which in turn encouraged middle managers to express their own moral convictions and increased their sense of self-efficacy (e.g. Weaver 2006). Secondly, the congruent behaviour of upper management was seen to set a standard for middle managers on how to solve ethical issues in the organisation in the future, and so it supported learning and developed their capacity for self-regulation. Also, middle managers wanted to reciprocate leaders’ supportive treatment (Treviño et al. 2006; Bonner et al. 2016), and get their social approval (Bandura 1991). Thirdly, congruent executives took authority (and responsibility) in the most complex situations, which greatly supported middle managers’ decision-making and self-belief, as we shall now see.

“I contacted my superior and asked what we could do about this problem and x actually gave this person a warning, x had the authority to do that. The matter was looked at more widely by x. I didn’t have to take sole responsibility for the case anymore. I definitely got support, I was not alone, not at all.” Interviewee No. 19

In contrast, incongruent behaviour on the part of upper management was experienced by middle managers as undermining the exercise of moral agency. A typical situation displaying lack of congruency happened when upper managers were experienced as showing self-interest and treating middle managers or other staff members unfairly. If they communicated in what was perceived to be an abrupt or even rude way, or behaved unexpectedly or made arbitrary demands, this was also described as undermining middle managers’ overall motivation to set an example of open, honest and constructive communication, and added to middle managers’ sense of isolation, secrecy and disloyalty to upper management. Also, if problems were swept under the carpet by the upper management, if information was not shared or there were hidden agendas, respondents reported feelings of ethical strain—the experience of ethical problems and stress caused by them—as well as growing cynicism. It appeared that managers recognised this type of behaviour as violating their own moral standards, but they mostly accommodated

themselves to it by using morally disengaged reasoning (e.g. the diffusion of responsibility). This freed them from moral conflicts, as described by manager No. 1 in a case in which an upper manager had falsely blamed the speaker for serious malpractices:

“At that point, I decided to mind my own business. I closed the communication channel between us. My way of working has changed here, I don’t ask x about things any more.” Interviewee No. 1

Middle managers further justified a lack of congruency by explaining that because the organisational culture accepts that kind of behaviour, they have no possibility of influencing the way their superiors behave; all they can do is find a way to bear the situation. This indicates a lack of self-efficacy, which is necessary for effective moral agency. Managers also appeared to ignore the consequences of incongruent behaviour on the part of upper management, even when they were the ones who principally suffered from unethical behaviour.

Only in two specific cases did middle managers come out strongly against their superiors’ direct orders and behave according to their own moral standards. In those cases, the respondents described how they had no choice but to resist decisions that they considered were unfair, indicating strong self-efficacy and a resistance to social pressure. However, failing to be loyal to the management led to feelings of moral conflict and ethical strain, as is indicated in the next quote, concerning a case of unfair treatment of a mentally ill employee.

It took me a little while to take the right action, since I was given clear orders (to get rid of that sick person). There was a time when I was very bothered by it. But still, I wouldn’t change anything. Afterwards, I’ve wondered if there was anything I could have done differently. But I would certainly have hoped for some discussion or interest in my well-being and in this person’s well-being on the part of my superior, some sincere support and a willingness to help, to make this person well again.

Manager No. 5

Feasibility

Respondents complained that they often suffered from a lack of adequate resources in relation to organisational targets. This reflects low organisational feasibility (see e.g. Huhtala et al. 2011). However, it appears that the middle managers’ exercise of moral agency was not entirely constrained by the lack of resources; rather, it was first challenged but then finally strengthened, as the following will show.

Respondents reported that they were forced to cut back on what they considered essential expenses due to the lack of financial resources. These decisions made the middle managers worry about the fair division of the workload among the staff and staff well-being, students’ learning, as well as how the goals of the organisation as a whole could be achieved. From the point of view of moral agency, these difficult decisions appeared to create a moral conflict between the managers’ personal moral standards and pressure from the organisation, as expressed by interviewee No. 9.

“It gets crazier and crazier, it is a big ethical issue, especially that one now has to think about such big classes, and combining groups,” Interviewee No. 9

On the other hand, as interviewee No. 7 pointed out, low feasibility had forced all levels of management to develop new yet ethical approaches to reaching the organisation’s targets during financially challenging times.

“Finally, if we think about the big picture and the general good, overall it will be beneficial, as I see it, the organisation will benefit from these changes eventually, we’ll be able to continue to work, a bit more wisely, I think. We’ve been rebuilding the organisation on a healthier basis” Interviewee No. 7

In spite of the evident lack of resources (time, money, information) and the moral conflicts and the ethical strain caused by them, managers described strong belief in themselves and their ability to exercise moral agency in the situations that arose, even when they perceived a lack of both support and information from the upper management. Managers had the feeling that they had to find and that they succeeded in finding, good, innovative and ethical solutions to the problems, sometimes with the support of their employees. Moreover, there were no signs of moral disengagement in the context of low feasibility.

This research indicates that having to balance between inadequate resources and organisational objectives is a challenge to managers’ moral agency. However, in line with Kaptein (2015), we found that if the goals are challenging but attainable, middle managers will behave ethically because they feel that it is their responsibility to find an ethical solution. Alternatively, as Jackall (2010) puts it, when middle managers are left to sort out very complicated problems related to inadequate resources by themselves, they become adept at navigating these issues to the best of their ability.

Supportability

The virtue of supportability was described as deficient throughout our data. The perceived lack of appreciation

and commitment on the part of employees towards the work community appeared to have two consequences for the exercise of moral agency. Firstly, after several failed attempts to solve underlying problems such as relationship conflicts between employees, managers described low self-belief in their capacity to exercise control over events or solve problems. Secondly, in spite of experiencing moral conflict and ethical strain, in the end managers appeared to settle for and adapt to the prevailing conditions, which indicated moral disengagement.

For instance, in most cases of relationship conflicts between employees, the intervention of the manager had been actively disregarded by staff members for a long time, and the manager felt helpless. This resulted in frustration, low self-efficacy and, ultimately, in rather passive moral agency, as shown in the following excerpt from the interview.

“I was bothered by the fact that the issue was unresolved. There had been situations like this before and nobody had intervened in any way. Actually, I wonder if this kind of intervention, being a middleman, can break a chain of events like this? I begin to think not, if the people themselves don’t want it.”
Interviewee No 14.

Middle managers’ exercise of moral agency appeared passive also in incidents in which teachers had spread negative information to students in order to smear colleagues, managers, or the whole organisation. The interviewees again voiced a sense of responsibility and the obligation to take action, but they mostly ended up abandoning their attempts to intervene. As a result, managers expressed serious concerns about the decreased well-being of the whole working community (themselves included) and even the reputation of the school. The managers observed that the whole organisational culture needed to be changed in this respect (by upper management), and they insisted that highly educated staff members should know that this was not ethical behaviour. These arguments indicate both a diffusion of responsibility and moral justification. The next excerpt, from the interview with manager No. 8, is an example of low supportability in a case of pedagogical reform and its outcomes.

There was no consensus among the teachers as to whether this was the right direction pedagogically, so the reform was kind of forced on them. So generally there was a very strong feeling of distrust and opposition. It was at that point we tried to do something, but the issues had simmered for such a long time, it was difficult to solve them. That caused a lot of problems. The whole reform turned into a dirty word. The issue was also taken up by the students, I

don’t even know what was discussed, there was opposition, the students were worried if they were going to learn anything! I spoke to the teachers and I had to speak to them several times. Then it turned out that a few teachers, it was apparent (that they had manipulated the students), I said that we needed to talk about this, we had some serious discussions, and I think the discussion possibly made a difference somehow. But it was funny, I don’t know if they were telling the truth, but they didn’t realise, or didn’t want to understand, or didn’t understand that there was an ethical problem in what they did when they spoke to the students, how much damage they did.

Transparency

In our data, ethical problems are often considered to be too complicated, too sensitive and too personal to be handled openly. This indicates a low level of transparency. Low transparency was experienced as being connected to indifference to ethical problems and consequently to ignoring their consequences, to moral conflicts, low self-efficacy and capacity for self-regulation, and the diffusion of responsibility.

In the first place, when managers monitored how unethical decisions remained hidden and were silently accepted by the upper level of management, the low transparency appeared to increase middle managers’ own general indifference towards ethical issues and led to their ignoring the consequences of ethical problems. This was described, for instance, in a case in which someone in a middle management position acted openly against the basic ethical principles of the organisation but was not punished. On the contrary, the person was quietly promoted, and their serious malpractices were hidden. This was interpreted as increasing indifference to and cynicism about ethical behaviour among other middle managers.

In spite of their own moral standards and knowledge about ethical problems, managers described the obstacles and challenges to making their organisation more transparent, thus revealing an insufficient sense of self-efficacy. For example, interviewees experienced difficulty giving critical feedback to their staff about unethical practices, such as neglecting their duties or behaving in a self-interested way. Open discussion about ethical problems also appeared to be somewhat uncomfortable. Mostly the middle managers felt that upper management is responsible for initiating more general discussion about ethical conduct and thus for creating transparency. This can be regarded as a manifestation of the diffusion of responsibility. One manager illustrated this viewpoint as follows:

“In these situations (ethically questionable decision-making situations), I try to say that we should stop and reconsider, I try to present an alternative, but I’m not a member of the executive group.” Interviewee No. 17

Our findings concerning the virtue of transparency lend support to Moberg (2006), Weaver (2006) and Wilcox (2012), who argue that in order to exercise moral agency, middle managers need to be able to observe and understand the consequences of unethical behaviour. This study shows, too, that a lack of transparency creates cynicism and indifference to ethical questions which, in turn, has been found to be connected to moral disengagement (Detert et al. 2008).

Discussability

Sufficient discussability was experienced as motivating managers to take determined action when faced with ethical problems, usually with the help of their superiors. Discussability was also described as increasing the self-efficacy of middle managers, thus improving their exercise of moral agency when dealing with ethical problems. For example, in one case of an employee’s long-standing, destructive, self-interested behaviour, the middle manager felt that handling the problem together with staff and upper management resulted in a more transparent and trusting atmosphere in the organisation as well as in stronger self-belief on the part of the manager that s/he could cope with similar situations in the future. Managers also reported experiences of learning when they were able to discuss ethical issues with their superiors and/or with their subordinates.

Even though the need for open discussion about ethical problems was widely recognised and was underscored in most of the interviews, managers expressed the view that silence is widely embedded in organisational practices. The virtue of discussability was mainly described as low. Low discussability had several implications for the potential exercise of moral agency. For example, managers reported that talking about ethical problems even at their own middle management level, not to mention upper management level, was neither common nor expected from them. Open talk about ethical issues appeared not to be a part of a professional middle manager’s role. Our data showed that the tacit social expectation that one would keep silent regarding ethical matters could override middle managers’ ethical concerns and personal moral standards, and this contributed to moral conflicts, but resulted in inaction in ethical problems, as is illustrated in the next excerpt.

“It is interesting, we talk a lot about interaction, we want to underscore it and it is important. It would be good if it was open, good and constructive, but

somehow we are blind, even then it doesn’t make part of our everyday routine and behaviour.” Interviewee No. 17.

Managers justified inaction and muteness for example, by asserting that ethical problems concern people’s private matters and should not be handled openly. Moreover, the fear of getting oneself onto some kind of blacklist was sometimes felt to prevent middle managers from openly communicating their ethical concerns. It appears, then, that in order to avoid social sanctions, middle managers usually refrain from raising ethical issues for wider discussion. They adapt to the situation by justifying it morally and also by ignoring possible consequences. However, blame for any lack of discussability was laid firmly at the door of upper management, or even with headstrong subordinates, which indicated the diffusion of responsibility.

This study shows that a lack of discussability, in other words, considering ethical issues to be an inappropriate topic for discussion by middle managers, can restrict middle managers’ moral agency. This has also been found in other research (e.g. Bird and Waters 1989; Moberg 2006; Weaver 2006; Treviño et al. 2006).

Sanctionability

Sufficient sanctionability affected the exercise of moral agency in several ways. First of all, managers expressed feelings of self-satisfaction and pride when they were able to take action against unethical behaviour under the moral standards applied by the organisation as a whole. Feelings of self-efficacy, empowerment and learning were also described in the next excerpt.

“My superior was of the opinion that this discussion (about employees’ relationship conflicts and spreading false rumours) needed to take place. And we did it together. At that point I got support and it was good. It created the feeling, the atmosphere, that we intervene in problems here. We don’t turn a blind eye.” Interviewee No. 8

Secondly, when middle managers reported that measures had been taken in the organisation to punish unethical action, they also reported positive organisational outcomes such as increased trust, dialogue and a better atmosphere. This in turn seemed to create a virtuous circle which again reinforced middle managers’ capacity for self-regulation. In other words, they were more motivated and confident about acting in further problems because there was a sense of social obligation and wide support for it among the staff. The role of upper management was again highlighted here as having an important influence on the moral behaviour of middle managers.

However, our data show how commonly managers experienced a lack of clear sanctions. This was interpreted as having wide-ranging implications for the exercise of moral agency. Personal moral conflicts developed especially when the wrongdoings of top management were disregarded and accepted in the organisation. For example, middle managers reported that they had felt growing cynicism and a sense of hopelessness, given up certain personal or organisational objectives, or even planned a change of career, to escape from morally intolerable situations. It was perceived that in order to cope with a lack of sanctionability and consequent moral conflicts, middle managers came up with some kind of moral justification or the diffusion of responsibility. For instance, they justified their turning a blind eye to problems by explaining that they had no power over their superiors and thus no responsibility in the matter. If they tried to intervene in unethical behaviour on the part of upper managers, in most cases their initiatives were ignored. This was experienced by middle managers as leading to a vicious circle of lower self-efficacy, and growing indifference to ethical issues.

Finally, middle managers' exercise of moral agency was felt to be undermined when certain staff members were considered to be very good at debating, challenging and overruling decisions and sanctions on ethical problems. Such people were also thought to have powerful allies at the top of the organisation. Under those circumstances, managers felt that the only way out was to leave the problem unsolved and regard it as unavoidable, and out of their reach. Apparently, due to a lack of self-efficacy, managers evaluated the consequences of doing nothing as more morally tolerable than the consequences of active interference. That means that middle managers' ability to be steadfast and stick to decisions was ultimately compromised by using advantageous comparison, moral justification, diffusion of responsibility and ignorance of the consequences.

To sum up, as Wilcox (2012) claims, the collective and mutual reinforcing of norms and duties, that is, sufficient sanctionability in the terms of this study, provides middle managers with potential for moral agency (see also Huhtala et al. 2013b). We argue that support, encouragement and open feedback on middle managers' virtuous actions from both upper managers and employees reinforce managers' self-efficacy, capacity for self-regulation and thus moral agency, a result supported also by Moberg (2006).

Summary and Discussion

The results of this study show that a low level of corporate ethical virtues may affect middle managers' capacity to exercise moral agency, for instance by increasing moral

disengagement (see e.g. Nielsen 2006; Moberg 2006; Weaver 2006; Detert et al. 2008; Wilcox 2012; Martin et al. 2014). On the other hand, sufficient virtues were connected to the experience of successfully handling ethical problems, learning, a sense of self-satisfaction and self-efficacy. This indicates that a virtuous ethical culture can create the potential for effective moral agency when responding to ethical problems (e.g. Weaver 2006; Wilcox 2012).

Moreover, drawing on Solomon (1992) and Weaver (2006), we conclude that middle managers adopt socially defined roles in organisational settings and this can sometimes obscure their moral agency. We found evidence that actors who positionally represent the organisation (top-level managers) are often assumed to be responsible for exercising moral agency while middle managers are given no role here (Weaver 2006).

The results of this study on the significance of the virtues of discussability, transparency and sanctionability lead us to posit that both middle and upper managers prefer to avoid public talk about ethics, or visible rewards and sanctions, possibly to sustain their and others' organisational "face", and organisational harmony (Martin et al. 2014). We now propose, consistently with Moberg (2006), Kaptein (2011, 2015) and Bonner et al. (2016), that if employees are left without any encouragement (from their superiors) to behave ethically, this will lead to cynicism and less commitment to the organisation's objectives and a reduction in moral behaviour, thus contributing to low supportability. Low supportability, for its part, can discourage middle managers from exercising moral agency, as a vicious circle of compartmentalised middle management roles (shared expectations of not getting involved in problems) and moral muteness (Bird and Waters 1989; Detert et al. 2008) undermine ethical behaviour (see also MacIntyre 2006; Rozuel 2011). Organisational virtues are thus interdependent (Kaptein 1998, 2008).

To sum up, drawing on Bandura (2001) and Weaver (2006), we propose that sufficient organisational virtues make the exercise of moral agency more central, salient and important to middle managers (see also Weaver 2006). On the other hand, this study confirms that a lack of organisational virtues can inhibit middle managers from understanding themselves as accountable moral agents and thus prevent them from taking courageous action when handling ethical problems (MacIntyre 1999; Wilcox 2012). Our study proposes that the position of middle management is complex and may contain role expectations that, with a low level of organisational virtues, can contribute to ethical strain, cynicism, moral disengagement and unethical behaviour (Bird and Waters 1989; MacIntyre 1991; Treviño et al. 2008; Jackall 2010; Wilcox 2012; Martin et al. 2014; Huhtala et al. 2015). This study confirms,

further, that middle managers also shape their ethical organisational culture when they act as moral agents (Bandura 2001; Weaver 2006; Huhtala et al. 2013b). Several examples were given in which the organisational atmosphere was felt to improve and more open communication practices were adopted when middle managers exercised effective moral agency.

Theoretical Implications

In this article, we integrated work on ethical organisational culture, the CEV model (Kaptein 1998) in particular, and the theory of moral agency (Bandura 1991), to bring a more diverse and multidimensional theoretical viewpoint to the current literature on the interdependence of organisational virtues and individual ethical behaviour (Craft 2013; Ferrero and Sison 2014). Drawing on Bandura (1991), we will now show the threefold relationship between corporate ethical virtues and moral agency.

In the first place, middle managers observe the behaviour of upper management, peers and employees and generate their own perceptions of what kind of moral behaviour is desired. Organisational virtues, and the ethical role modelling of upper management (Kaptein 1998) in particular, can thus generate standards for behaviour which middle managers adopt and internalise through the learning process (Bandura 2001). In addition to congruency, the virtues of transparency and discussability are also necessary in this context (MacIntyre 1999). Secondly, alignment between the individual's and the organisation's moral standards clearly strengthens the self-efficacy beliefs of middle managers (Bandura 1991) if there is collective support for adherence to those standards (e.g. sufficient clarity, transparency, sanctionability) and thus the reinforcement of ethical behaviour (Bandura 1991). Thirdly, low organisational virtues may encourage the selective activation of moral self-regulation. Here this means, as we have shown, that when virtues such as transparency are low, managers may feel encouraged to ignore ethical problems and turn to morally disengaged reasoning (Martin et al. 2014).

Finally, since both virtue ethics and the theory of moral agency (Solomon 1992; Weaver 2006) address the contextual nature of morality, this article also contributes by demonstrating how different virtues become important to moral agency in practical everyday ethical problems. The article has also answered Kaptein's (2008) call and contributed to the model of corporate ethical virtues by examining one particular level in the hierarchy, that is, middle managers, and also by examining the actual (un)ethical conduct of managers, not just their intentions. From the methodological point of view, this article has substantially widened the perspective of the corporate

ethical virtues model by reporting qualitative research. It has offered a rich view of the connection between corporate virtues and moral agency in the context of real, lived ethical problems.

Practical Implications

A few recommendations can be made here for management development and improvement of the exercise of moral agency in organisations. First of all, as upper-level managers act as important role models for middle managers, they need to communicate their moral standards publicly and avoid speaking euphemistically when dealing with ethical problems (Moberg 2006; Martin et al. 2014). Public moral leadership and adequate control over employees' behaviour are also fundamental to the exercise of moral agency at all levels of an organisation (MacIntyre 1999; Moberg 2006; Weaver 2006). In addition, feedback on one's perceived moral character (not just performance or competence) from both upper management and employees is necessary to support middle-level managers' capacity for moral self-regulation (Weaver 2006; Moberg 2006). We agree with Kaptein (2011) and Moberg (2006) that not only should management behave ethically, but employees should experience their behaviour as ethical.

From the point of view of recruitment, organisations should try to gather information about the moral character and behaviour of applicants instead of focusing purely on evaluations of their performance or competence (Moberg 2006). Since, as shown also in this study, people can shape and improve the nature of their social systems, such as the prevailing ethical culture (Bandura 2001), a virtuous organisational culture can be better sustained by recruiting virtuous moral agents.

Research Limitations and Further Research

This research has produced novel and rich evidence regarding the significance of corporate virtues for middle managers' exercise of moral agency, but it has some limitations. We acknowledge that by conducting qualitative research with a sample of 20 middle managers, we could make only limited interpretations of the connections between corporate virtues and the exercise of moral agency. In order to gain a more comprehensive understanding of the phenomenon, other managerial levels' and employees' perspectives should also be included in the sample. Moreover, analysing differences between men and women might also offer interesting avenues for further research.

Consistently with Alvesson (2002, p. 14), who argues that all management takes place within a certain culture, including not only the organisational culture but also

societal-level and industrial-level cultures, we acknowledge that the higher education context may have its own, unique cultural characteristics. This could be further studied by comparing our findings with results from other environments, for example from the service industry or even other educational organisations. There is also room here for cross-cultural comparison; the same study could be carried out in the higher education sector in other countries.

It is our belief that prior research on ethical organisational culture has not paid adequate attention to organisations in which highly skilled employees have considerable power to shape the ethical tone of their organisation. So far, empirical research has concentrated on the dominant role of managers and supervisors in the ethical culture of organisations (e.g. Huhtala et al. 2013b), while neglecting employees as professionals who can behave as determined, effective and active moral agents (Moberg 2006). Furthermore, as pointed out by Weaver (2006), less salient features of the institution might also have an impact on managers' moral agency. We found evidence in several interviews that industry networks (the teachers' union, in this study) might reinforce particular beliefs about what practices are acceptable in the field. This can lead to reification of those beliefs, and managers in the field then experience them as given (Weaver 2006). However, since our focus was on detecting the significance of organisational virtues for moral agency, this result requires more investigation in future studies.

Validity and Reliability

Issues of reliability and validity are important also in qualitative research, since the descriptions produced by the researcher should—in some controllable way—correspond to social reality (Peräkylä 1997). In order to assess the trustworthiness of our research, we turn to Lincoln and Guba's (1985) well-known (Marshall and Rossman 1999; Cho and Trent 2014) four-step criteria for evaluating the reliability and validity of qualitative research.

The first criterion concerns the credibility of the research. According to this criterion, the subject of the inquiry must be described carefully (Lincoln and Guba 1985). In addition, the research findings should be sent to the participants to ensure that the interpretations made by the researchers are accurate (Cho and Trent 2014). In this case, we have described the research sample and the respondents' background as precisely as possible. However, we have been careful to protect the anonymity of the respondents, since ethical problems are often considered to be sensitive issues (see also Campbell and Cowton 2015). Moreover, the different categories of ethical problems were shared with the practitioners in discussion sessions which each lasted one and a half hours. The research process and

five categories of ethical problems were introduced in detail to two groups of 30 lower- and upper-level middle managers in two of the higher education institutions in which the data were gathered. In addition, one session with five managers was arranged to discuss particularly the interpretations of the significance of ethical organisational culture for moral agency. In these sessions, the managers discussed the problems and validated the findings as consistent with their experiences.

The second criterion, that is, transferability, means the extent to which the research findings are transferable from one context to another (Lincoln and Guba 1985; Marshall and Rossman 1999; Cho and Trent 2014). In this study, we have shown carefully how the data collection was carried out and how the analysis was guided by the theoretical concepts and models. We have also addressed the limitations of our approach. This means that conditions have largely been met for a similar study to be carried out in another context.

The third criterion is dependability. This suggests that peer researchers should be able to follow the decision trail used by the researcher (Cho and Trent 2014). In our study, the final analysis was first made by one of the researchers and then confirmed by the other. Finally, the fourth criterion, confirmability, captures the traditional concept of objectivity (Marshall and Rossman 1999). In this study, the interviews were recorded and transcribed word for word. Moreover, the data that were collected are in retrievable form and are available for further investigation, as also suggested by Marshall and Rossman (1999). The interviews were conducted in Finnish, but the excerpts presented in this article were translated by a native English speaker in order to ensure as close a correspondence as possible with the original text. The quotations make it possible for readers to further evaluate the confirmability of the research.

Conclusion

This research lends support to a body of prior research on the socialising effect of organisational culture on individuals' (un)ethical behaviour in organisations. Our study shows that a low level of corporate ethical virtues may limit middle managers' capacity to exercise moral agency by increasing moral conflicts, ethical strain, cynicism, lack of self-belief and, finally, morally disengaged reasoning. On the other hand, experiences of learning, a sense of self-satisfaction and self-efficacy were seen to be connected to sufficient virtues. The results of this study suggest, further, that organisational virtues influence the moral agency of middle managers in three dimensions: through the internalisation of social standards, through the reinforcement of

their personal moral standards and through facilitation of the selective activation of moral self-regulation. In addition, they suggest that moral agency evolves through practice and in interaction with others. We conclude that a virtuous ethical culture can create the potential for the effective moral agency of middle managers when they are faced with ethical problems.

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Compliance with Ethical Standards

Conflict of interest Minna-Maaria Hiekkataipale declares that she has no conflict of interest. Anna-Maija Lämsä declares that she has no conflict of interest.

Ethical standard All procedures performed in this study were in accordance with the ethical standards of the institutional and national research committee and with the 1964 Helsinki Declaration and its later amendments, or comparable ethical standards. Individual informed consent was obtained from all the participants in the study. The authors declare that no conflict of interest exists.

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