Supporting moral awareness in organizations

A qualitative study of formal and informal systems at INFOMED that are related to moral awareness of employees

Master Thesis Organizational Design & Development

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Abstract

In the light of the ethical scandals that have been revealed in the last decades and the negative impact of such scandals on organizations, it has become important for organizations to deal with ethical issues well and to prevent unethical behavior and promote ethical behavior in organizations. This can be done through an ethical infrastructure. However, the effectiveness of formal and informal systems within such an infrastructure remains unclear and the organizational elements that influence ethical behavior need to be further studied. Furthermore, more research is needed on the determinants of moral awareness, which is the initial and critical construct in the ethical decision making process.

Therefore, the purpose of this study was to gain insights in the way formal and informal systems are related to moral awareness by studying what formal and informal systems are present at INFOMED and in what way they are related to the moral awareness of employees. To answer this question, a qualitative single case study, with nine in-depth interviews with several employees of INFOMED, has been conducted. During the interviews, vignettes that illustrate work-related ethical situations have been used to promote discussing moral awareness and the role of different systems. In order to analyse the data, a template has been used that has been developed based on the literature of ethical infrastructures. Themes that are present are: formal communication systems, recurrent communication, formal surveillance and sanctioning systems, informal communication systems and informal surveillance and sanctioning systems.

The results of this study indicate that the employees are made especially aware of compliance-based ethical principles by means of different elements of the systems. The elements within the formal communication system consistently communicate compliance based ethical principles. Especially the recurrent communication and explanations of ethical principles seem crucial in contributing to moral awareness of employees. In addition, the surveillance and sanctioning systems on ethical behavior are insufficiently decisive to strengthen the communicated ethical principles and contribute to moral awareness. Also, the informal systems can be more strengthened to reinforce the ethical principles as the consistency between elements seems crucial for ethical effectiveness. Overall, across all systems has been less attention to value-based ethical principles and more attention to compliance-based ethical principles.

Key words: moral awareness, ethical decision making, ethical infrastructure, formal systems, informal systems
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1. Introduction

Business ethics has gained much attention among organizations and researchers in the last decades as several scandals were revealed. Organizations from The United States, Europe and Japan have been found guilty of ethical misconduct or currently remain under investigation (Rottig, Koufteros & Umphress, 2011). Recently, for example, Volkswagen appeared in the news when it was discovered that the company had been producing diesel engines of which the computerized control system is able to trick emissions testing equipment (Blackwelder et al., 2016). Many other car manufacturers were also found guilty after this. Other examples of corporate scandals have occurred in organizations such as: Enron, Adelphia, World-Com, Parmalat and Citigroup (Rottig et al., 2011). Next to these corporate scandals, ethical misconduct by individuals is found in abundance. An example is Bernard Madoff, who committed financial fraud on his clients through his fictional investments advisory firm (Hurt, 2010). Furthermore, Rottig et al. (2011) claim that the issue of ethical misconduct is even bigger than people might think, as a lot of cases of ethical misconduct are probably not visible. Considering the corporate scandals of ethical misconduct in the last decades, it has become a huge challenge for organizations to address and deal with ethical issues. In this study, organization INFOMED\(^1\) will be studied with regard to ethical decision making. More specifically, this study will examine in what way formal and informal systems are related to moral awareness of employees, as this awareness ultimately can lead to ethical behavior.

This chapter first explains the importance of business ethics by illustrating the negative consequences of ethical misconduct. Then research on factors that influence ethical decision making will be discussed, in which the role of ethical infrastructures in organizations for ethical decision making is highlighted. Thereafter, the research objective and research question will be presented and an explanation of the scientific and practical relevance of this study will be provided. This chapter ends with an illustration of the empirical case of this study: INFOMED.

1.1 Consequences of ethical misconduct

The importance of business ethics for organizations can be explained by the fact that unethical behavior in organizations, when detected, has a lot of negative consequences for the company and several stakeholders. Ethical scandals cause damage to the firm’s reputation which will harm employees and investors. In the twenty-first century a million of employees and investors were under the consequences of the ethical lapses of companies (Mckinney, Emmerson & Neubert, 2010). Treviño and Brown (2004) argue that ethical scandals lead to so called ‘perp walks’ (p.69) of companies and cause regulatory

\(^1\) ‘INFOMED’ is a pseudonym for the name of the studied organization
backlashes for businesses. Barsky (2008) even claims that unethical acts can finally result in a company’s demise. The bankruptcy of Enron, for example, has been the consequence of ethical misbehavior, predicated on a set of earlier acts of corruption. Furthermore, ethical lapses of individuals can have radical consequences in case of law violation. The officers of companies in responsible positions can face criminal prosecution and following prison terms, as a consequence of ethical lapses (McKinney et al., 2010).

Furthermore, ethical scandals ruin relationships between stakeholders and the company and damage the trust of consumers. Tenbrunsel, Smith-Crowe and Umphress (2003) claim that unethical behavior of companies damages the confidence of society in businesses, leaders and an ownership-based society. As shown in the case of Volkswagen, a big challenge for the company is to recover consumers’ confidence after it has been damaged by the company (Blackwelder et al., 2016). In conclusion, the costs of unethical behavior are not only imposed on the firm and its employees. Shareholders, creditors, customers and society have to deal with the consequences of unethical behavior as well (McKinney et al., 2010).

1.2 Research on ethical decision making

Considering the negative effects of ethical misconduct, it is important to prevent unethical behavior. Managers as well as academics have an interest in business ethics and the causes that drive ethical and unethical behavior. According to Rottig et al. (2011), academics have conformed to the request of business practitioners to identify processes that support ethical behavior, by identifying several factors that drive ethical decision making. Ethical decision making can be divided in four steps by means of the four-step model of individual ethical decision making of Rest (1986), containing: moral awareness, moral intent, moral judgement and moral behavior. As shown in the reviews of business ethics literature (Craft, 2013; O’Fallon and Butterfield, 2005; Loe et al. 2000; Ford and Richardson, 1994) several factors that might influence ethical decision making have been studied. These factors include individual factors of employees, situational factors, organizational factors and moral intensity of the ethical issue.

Despite the growth of academic research on ethical decision making, further research on ethical decision making is requested. O’Fallon and Butterfield (2005) based on their review of studies between 1996 and 2003, called for more research on the first step of Rest’s (1986) model for individual ethical decision making: moral awareness. According to Rest (1986), ‘moral awareness’ refers to the realization of an individual that his/her actions could affect others. Moral awareness plays a prominent role in Rest’s (1986) model of ethical decision making as it is the initial step in the framework to ethical behavior. Craft (2013) claimed that research on moral awareness between 2004 and 2011 has not significantly addressed the predictors of moral awareness despite the increased attention for moral awareness. Furthermore, Rottig et al. (2011) even call it surprising that the literature has not sufficiently explored
the factors that determine moral awareness, given the importance of this factor in Rest’s (1986) stage model.

Also, further research on influences on ethical decision making, such as organizational factors, is requested. O’Fallon and Butterfield (2005), in their review of business ethics literature, already pointed to the success and importance of studies on organizational and contextual influences. Based on studies of ethical decision making between 2004 and 2011, Craft (2013) also showed a general request for further research on organizational factors that affect ethical decision making. Kish-Gephart, Harrison & Treviño (2010) concluded that: “many questions have remained about the fundamental drivers of unethical decisions” so there is still a lack of clarity about when, how and why individuals behave unethically. Forte (2004) calls for further research on “the various organizational factors that contribute to enhance or diminish principled moral reasoning in order to better understand why certain managers demonstrate higher levels of moral reasoning than others and vice versa” (p.172). However, despite these further research requests, a decline in organizational findings with regard to ethical decision making has been found in recent research (Craft, 2013).

1.3 Ethical infrastructures

With regard to organizational factors that affect ethical decision making, an ethical infrastructure refers to a set of organizational factors that companies can utilize in order to promote ethical behavior. Companies have spent millions of dollars on ethics and compliance management, including tactics such as formal programs and documents, in order to become more ethical (Treviño, Weaver, Gibson & Toffler, 1999; Tenbrunsel et al., 2003; Rottig et al., 2011). Tenbrunsel et al. (2003) argue that businesses demonstrate they can be trusted again with regard to ethical decision making by means of “ethical structures that will communicate and reinforce the ethical principles to which organizational members will be held” (p.286). According to Tenbrunsel et al. (2003), ethical infrastructures consist of formal and informal systems that control unethical behavior and support ethical behavior, and organizational climates that support these systems. Formal and informal systems can comprise of communication, surveillance and sanctioning mechanisms, but differ in their formalization (Tenbrunsel et al. 2003).

However, as several authors have claimed, the effectiveness of formal and informal systems remains unclear (Tenbrunsel, Smith-Crowe & Umphress, 2003; Rottig et al., 2011). With regard to communication mechanisms as codes of ethics, some research found a positive effect between the existing codes of ethics and the ethical decision making in organizations (McKinney et al. 2010; Pflugrath et al., 2007; Desphande, 2009). However, other research found no significant effect between codes of ethics and ethical behavior or ethical awareness (Rottig et al.; O’Leary and Stewart, 2007). According to Tenbrunsel et al. (2003), designing ethical organizations that are effective, requires a deep understanding of organizational elements that influence ethical behavior in organizations. Furthermore,
they argue it is important to understand the interrelationship between these elements in order to understand their influence on ethical behavior in organizations. Therefore, they imperatively requested further research to advance the understanding of ethical infrastructures.

Recently, Rottig et al. (2011) found that formal systems, including the combination of formal communication, recurrent communication, formal surveillance and formal sanctions, have a significant positive effect on ethical decision making and specifically on moral awareness. However, next to this initial contribution to the literature, they called for more research on the determinants of moral awareness in order to gain additional insights. Also, this study of Rottig et al. (2011) has been conducted in the field of supply management where, especially in procurement, ethical considerations form the basis. The findings might not be the same for other fields of business and therefore more research on formal systems that influence ethical decision making in other fields is required.

1.4 Research objective

The purpose of this study is to gain insights in the way in which formal and informal systems are related to moral awareness by studying which formal and informal systems are present at INFOMED and in what way they are related to moral awareness of employees at INFOMED. The case of INFOMED will be further illustrated at §1.7.

This study aims to contribute to research on ethical decision making as further research on how and when individuals make ethical or unethical decisions is required (Kish-Gephart, Harrison & Treviño, 2010). With regard to ethical decision making, this study will focus on the concept ‘moral awareness’ as this is considered as a critical construct in ethical decision making (Tenbrunsel & Smith-Crowe, 2008; O’Fallon & Butterfield, 2005) but its predictors have not been significantly addressed (Craft, 2013; Rottig et al., 2011; O’Fallon and Butterfield, 2005). More specifically, this study aims to provide insights in the way ethical infrastructures are related to moral awareness. Ethical infrastructures are relevant to study, given the important role of ethical infrastructures for organizations to promote ethical behavior and the request for more research on ethical infrastructures (Tenbrunsel et al., 2003; Rottig et al, 2011).

Also, management of INFOMED wants to establish an ethical infrastructure that promotes ethical decision making and prevents ethical misconduct. In order to establish this, insights have to be gained in which systems of the ethical infrastructure are present at INFOMED and in what way they are related to moral awareness of employees at INFOMED. Management has implemented several programs, including the compliance program recently, and documents in the company in order to establish moral awareness among employees. By examining the way in which such systems are related to moral awareness, recommendations can be provided with regard to the ethical infrastructure of the company in order to promote moral awareness.
1.5 Research question

Considering the elements of an ethical infrastructure defined by Tenbrunsel et al. (2003): formal systems, informal systems and organizational climates, this study will focus on formal and informal systems. This study will focus on the way formal systems are related to moral awareness as previous studies showed mixed findings of this influence (Tenbrunsel, Smith-Crowe & Umphress, 2003; Rottig et al., 2011). Furthermore, the way informal systems are related to moral awareness will be studied as the consistency between systems is essential to understand their influence on moral awareness (Tenbrunsel et al., 2003). Informal systems are relevant to study next to formal systems, because they both use the same mechanisms to deliver ethical values, but are different in their visibility and formality (Tenbrunsel et al., 2003). These systems are included in this study because they both consist of mechanisms that the organization can adapt. Organizational climate however, is not included in this study, as this climate consist of perceptions of people (Tenbrunsel et al., 2003) which cannot be adapted by the organization directly.

The research question of this study is: Which formal and informal systems are present at INFOMED and in what way are they related to moral awareness of employees at INFOMED?

This question will be examined by means of an empirical study at INFOMED. There will be conducted in-depth interviews with several employees working at INFOMED. In these interviews the role of formal and informal systems with regard to the moral awareness of these individuals is examined.

1.6 Relevance

The findings of this study contribute to the literature on ethical decision making as it provides more insights in the way formal and informal systems are related to moral awareness. More insights will be provided on the concept ‘moral awareness’ as its organizational predictors are studied. Furthermore, more insights in the way in which ethical infrastructures are related to moral awareness is given as formal and informal systems are studied. Also, these findings are relevant for society considering the negative effects of ethical misconduct for society and the critical role of moral awareness for promoting ethical decision making. Moreover, based on the gained insights, recommendations can be given to the management of INFOMED with regard to formal and informal systems that promote moral awareness. Given the critical role of moral awareness in ethical decision making, promoting this construct at INFOMED, promotes ethical behavior.

1.7 Empirical case: INFOMED

The empirical case of ‘INFOMED’ will be used in this study to conduct the research. As every company, also organization ‘INFOMED’ deals with ethical issues. INFOMED is the communication point for
chain parties in healthcare. It streamlines and optimizes administrative processes of those parties. These parties are health insurances, healthcare providers and municipalities. Within the administrative domain, INFOMED facilitates a digital environment in which the chain parties can exchange data with each other quickly, easily and safely (INFOMED, 2016). These data entail especially declarations and allocations of care and therefore include personal information that has to be treated carefully. Next to the fact that ethical misconduct has to be prevented by companies in general, the function of INFOMED in society highlights the importance of ethical behavior for this company.

In order to guarantee the safe and reliable exchange of data in the chain, proper behavior of employees is required. Ethical decision making is an important issue at INFOMED as INFOMED absolutely wants to prevent damaging their reputation as a safe data exchange point. To secure their key position in the healthcare chain, they have to make sure their cooperating parties entrust their activities to them. Also, the company has to deal with several legal obligations with regard to data exchange which makes ethical behavior a relevant issue in the work processes. INFOMED has to ensure the legal obligation to protect personal data and the obligation to report data breaches (WBP), for example, as well as compliance with the NEN 7510 standard (INFOMED, 2016). This NEN 7510 standard is developed by the Dutch Standardization-institute for information security for the healthcare sector in the Netherlands. This standard provides guidance for healthcare institutions with regard to formulating, documenting and controlling the internal information security (Informatiebeveiliging in de zorg, 2016).

Due to rapid growth of INFOMED in the last decade, INFOMED is now facing new challenges. Processes need to be shaped differently in order to work efficiently and meet the increased demands. The emphasis on ethical behavior has been reinforced as the safety of the data exchange must still be ensured while an increased amount of data is processed. In addition, the legal obligations are being stressed by the fact that there have just been some adjustments in this field. As a consequence of an amendment to the Data Protection ACT by January, 1st, 2016, all security incidents and data breaches need to be reported at the Dutch Data Protection Authority. This change in regulation requires an adjustment of INFOMED in the process of reporting and handling data breaches (INFOMED, Compliance, 2015). Also, since January 2016 INFOMED has introduced ‘INFOMED Generic Connection Requirements’ in order to ensure other parties meet the requirements as well. These requirements reflect important conditions, based on both legalisation and regulations as well as on agreements between INFOMED and its clients. By complying with the requirements to chain partners, the safe exchange of digital data in the healthcare chain is secured and thus INFOMED concludes new agreements in accordance with these connection requirements (INFOMED, 2015).

To reinforce the desired behavior at INFOMED in accordance with legalisation and regulation, there is an increased attention for compliance. ‘Compliance’, according to INFOMED (INFOMED, 2015) refers to: “evidently complying with relevant laws and regulations and informing and supporting
our external parties demonstrably to comply with relevant laws and regulations”. The management of INFOMED claims: “being compliant reduces the risk of reputational damage and the chance of penalties due to non-compliance” (INFOMED, 2015). In order to ensure that all employees comply with the laws and regulations that exist, INFOMED has recently introduced a ‘compliance program’. The program communicates the regulations and laws that employees have to comply with within processes. Furthermore, this program aims to implement the rules in a practical and effective way and it pays attention to the monitoring of the execution of the rules (INFOMED, 2015). INFOMED considers it a shared responsibility for all employees to be compliant as an organization and therefore all employees must be aware of compliance and its rules.

Next to the compliance program, INFOMED has formal documents in place which prescribe employees how to act. The company introduced a code of conduct with regard to desired behavior, meetings, stand-ups, use of e-mail and flexible working (INFOMED, 2015). Furthermore, INFOMED introduced a so called ‘competence library’ where the core values and competencies of the company are described (INFOMED, 2014). Core values are: safe and reliable, dynamic and progressive, customer- and result oriented. One of the organizational competences that is linked to these core values is ‘reliability’. This competence is described as consistently enforcing generally accepted social and ethical standards in word and deed. Also, it means one will be held accountable for this consistent enforcement and one will hold others accountable for this (INFOMED, 2014). Since management of INFOMED admits that not all desired behavior in varying situations can be captured by regulation, laws and documents of desired behavior, they require moral awareness of employees. When employees are morally aware, they are able to recognize ethical issues which they can take into account when making decisions.

1.8 Thesis outline

This study will firstly illustrate relevant literature on ethical decision making in the next chapter. Literature on ethical infrastructures that affect ethical decision making will be highlighted and the concept of moral awareness will be explained more deeply. Then in the next chapter, the research method that has been used to answer the research question will be clarified. Thirdly, the results of the empirical study at INFOMED will be shown. The last chapter will provide a conclusion in which the research question will be answered. Furthermore, a critical look is provided to the choices that have been made during this research and limitations of this research will be discussed with recommendations for future research. Finally, recommendations will be provided to the management of INFOMED.
2. Theoretical framework

This study aims to gain insights in the way in which formal and informal systems are related to moral awareness. With regard to this aim, it is important to explain the role of moral awareness in ethical decision making. Therefore, first the concepts ‘ethical decision making’ and ‘moral awareness’ will be explained. Furthermore, the role of ethical infrastructures in ethical decision making will be discussed with a focus on formal and informal systems. Additionally, the distinction between compliance-based and integrity approaches to ethics will be highlighted. Finally, the conceptual model of this research will be presented.

2.1 Definition of ethical

Within the field of ethical decision making in organizations there is a fundamental definitional problem (Tenbrunsel & Smith-Crowe, 2008). In order to make research on ethical decision making consistent and coherent in order to contribute to theories, the terms ‘ethics’ and ‘moral’ which are used interchangeably, need to be defined. However, many studies (see: Ferrell & Gresham, 1985; Treviño, 1986; Hunt and Vitell, 1986) made no attempt to define these terms, even though these studies contributed to theory building (Tenbrunsel & Smith-Crowe, 2008). Ferrel and Greshman (1985) argue that defining ‘ethical’ does not belong to the scope of their paper as they do not advocate for a moral doctrine, but only examine contexts and variables that affect ethical decision in the managerial process. In contrast, Warren and Smith-Crowe (2008) approached the problem by stating that in order to describe and predict ethical behavior, researchers must define what is ethical and therefore must be prescriptive to a certain degree. Warren and Smith-Crowe (2008) argue that most researchers deal with the definitional problem of ethics by choosing the most obvious examples of unethical behavior, lying and cheating for instance, without discussing why certain behavior is unethical.

The definition of ethics that is used depends on the researcher, as is the case with many organizational behavior concepts (Beu & Bucklye, 2001). Ethics can be described as: “the principles, norms and standards of conduct governing an individual or group” (Treviño & Nelson, 2011, p.17). Furthermore, it can be stated that ethics is the study of morality. In this case, morality refers to moral judgement, standards and rules of conduct (Beu & Buckley, 2001). Treviño and Nelson (2011) define moral behavior in business as: “behavior that is consistent with the principles, norms, and standards of business practice that have been agreed upon by society” (p.19).

The theoretical model of Tenbrunsel et al. (2003) about an organization’s ethical infrastructure and Rest’s model (1986) about individual ethical decision making are central in this study. However, Tenbrunsel et al. (2003) did not provide a definition for ethical issues or ethical behavior when they presented their theoretical model of an organization’s ethical infrastructure. Rest (1986) defined an
ethical situation as one where the individual’s decision has consequences for the interests, welfare or expectations of others. This definition is used in this study to define ethical situations or issues as Rest’s model plays a critical role. Jones (1991) provided a useful condition: the action has to be freely performed by the decision maker and it has to involve a choice. Jones (1991) provided the following definition for an ethical decision: “a decision that is both legally and morally accepted to the larger community. Conversely, an unethical decision is a decision that is either illegal or morally unacceptable to the larger community” (p.367). In this study, ethical decisions are defined by the definition of Jones (1991) as this description is consistent with definitions of ethical decisions used by other researchers in the field of ethics. The role of moral awareness in ethical decision making is further explained in the following paragraphs by means of Rest’s model.

2.2 Ethical decision making

Rest’s (1986) four-step model for individual ethical decision making is one of the most widely used models in research of ethical decision making (Craft, 2013). This model has been used as guidance in conceptual development as well as in empirical studies in the field (Rottig et al., 2011). In brief, this model describes four components of ethical decision making: moral awareness, judgement, intent and behavior. According to Rest’s (1986) model, in order to make an ethical decision someone has to meet those four steps. Moral awareness is the ability of an individual to interpret a situation as being moral. Moral judgement is the ability of someone to decide which course is ethically correct and which one is ethically incorrect. Moral intention can be described as the capability to prioritize moral values over others; the intention to do what is ethical or unethical. Moral behavior shows the application of the moral intent to the situation which ends up in ethical or unethical behavior (Craft, 2013).

Although the steps in Rest’s model are conceptually distinct (Jones, 1991), there has been found support for links between the different steps. Rottig et al. (2011) and Haines et al. (2008) empirically tested the conceptual model of Rest (1986) and found support for the links between moral awareness, moral judgement, and moral intent. Especially evidence for a relation between moral awareness and moral intention is substantiated as several studies found a positive effect from moral awareness (perceived ethical problem) to ethical intentions and a negative effect from moral awareness to unethical intentions (see: Singhapakdi, 1999; Singhapakdi, Salyachivin, Viraku, & Veerayangkut, 2000). Therefore, additionally to the fact that moral awareness functions as a condition for ethical decision making, this construct also seems to impact ‘moral intention’, as subsequent step in the ethical decision making process.
2.2.1. Moral awareness

Moral awareness occupies a critical role in Rest’s (1986) model of ethical decision making. It is the initial construct in the four-component framework and it predicts ethical decision making (Tenbrunsel & Smith-Crowe, 2008). This moral awareness is the key to ethical decision making and functions as a condition to make ethical decisions. As Hunt & Vitell (1986) argue: in order to behave ethically, it is necessary to be aware of ethical content in an issue or situation. Otherwise other elements of the ethical decision making model do not come into play.

Rest (1986) defines the process of becoming morally aware as: “identifying what we can in a particular situation, figuring out what the consequences to all parties would be for each line of action and identifying and trying to understand our own gut feelings on the matter” (p.3). In other words, moral awareness is an “individual realization that she/he could do something that would affect the interests, welfare, or expectations of other people” (Rest, 1986, p.5). It is important to notice that Rest (1986) uses a broad interpretation of moral awareness as he stated that to be morally aware an individual at minimum had to realize that he/she could affect others by his/her actions. Researchers in the field have used a more restrictive definition than Rest intended as studies assume that decision makers have to perceive decisions as moral in order to be morally aware (Tenbrunsel & Smith-Crowe, 2008). Since Rest’s model is central to this study, the definition of moral awareness that Rest intended is used in this study. To achieve moral awareness, Rest (1986) argued that: “the person must have been able to make some sort of interpretation of the particular situation in terms of what actions were possible, who (including oneself) would be affected by each course of action, and how the interested parties would regard such effects on their welfare” (p.7).

2.3. Ethical infrastructure

The ethical infrastructure of an organization includes organizational systems that impact ethical decision making (Rottig et al., 2011). Tenbrunsel et al. (2003) define ethical infrastructures as incorporating formal systems, informal systems and organizational climates that support these systems. These systems can be categorized in communication, surveillance and sanctioning mechanisms which are relevant for ethical behavior in organizations. Formal and informal systems differ in the degree of formality and are influenced by the organizational climate that is permeated in the organization. Formal systems can be defined as those that are documented and standardized and that could be verified by an independent observer (Tenbrunsel et al., 2003). Informal systems however, are indirect signals that are only noticed by people inside the organizations, and are received by organizational members with regard to ethical behavior (Tenbrunsel et al., 2003). According to Tenbrunsel et al. (2003), formal and informal systems are embedded in organizational climates. An important distinction between formal/informal systems and organizational climates is that those systems entail tangible objects or events and climates consist of...
perceptions of employees (Tenbrunsel et al., 2003). Tenbrunsel et al. (2003) claim it is important to notice the interrelationships between the different elements in order to understand how they can control unethical behavior and promote ethical behavior. They argue that the consistency between different elements of the systems is crucial in order to promote ethical effectiveness.

Furthermore, Tenbrunsel et al. (2003) argue that there is a curvilinear relationship between elements of an ethical infrastructure and ethical behavior. A strong ethical infrastructure will promote ethical behavior because the importance of ethical principles is clearly conveyed in the organization. Also, the organization provides guidance for moral reasoning. However, a weak ethical infrastructure will result in more unethical behavior than a non-existing ethical infrastructure, because this may send a signal that ethics considerations are actually unimportant. Moreover, a weak ethical infrastructure does not stimulate moral reasoning of the individual. Individuals look at the organization for guidance with regard to ethical issues, but the organization does not provide considerable help. A non-existing ethical infrastructure however, forces individuals to individual reflection and to ponder on what is ethical. Strong ethical infrastructure results in more ethical behavior than weak ethical infrastructure because then the organization provides guidance and communicates clearly that ethical principles are important. Although the reason to behave ethically is different for individuals in case of a strong or non-existing ethical infrastructure, both stimulate higher ethical behavior than weak ethical infrastructures do. In case of a strong ethical infrastructure, individuals act ethically because the organization has told them it is important to do. Where in case of a weak ethical infrastructure, individuals, act ethically as they think it is the right thing to do (Tenbrunsel et al., 2003).

Compliance based vs. integrity approach

With regard to formal and informal systems in organizations, a link can be made to compliance-based and integrity approaches to ethics. To prevent ethical misconduct, many companies implement compliance-based ethics programs that focus on prevention, detection and punishment of unlawful conduct (Paine, 1994). Primarily these types of programs have been used by organizations in order to maintain ethical standards and to gain confidence of their integrity in society (Roberts, 2009). These programs show similarities with formal systems that control ethical behavior. In this case, formal communication channels communicate ethical principles that employees should adhere to and formal surveillance and sanctioning systems are used to detect and punish unethical behavior.

However, Paine (1994) argues that organizational ethics entails more than a rulebook for employees as the compliance-based program is considered to be. In order to address the problems underlying legal violations, an integrity approach to business ethics is needed. Paine (1994) states that integrity strategies aim to integrate companies’ values and patterns of thought and conduct in organizational actions, which prevents ethical lapses and supports moral actions. When this strategy is
applied: “an ethical framework becomes no longer a burdensome constraint within which companies
must operate, but the governing ethos of an organization” (Paine, 1994, p.107). This approach shows
similarities with informal systems in which employees receive informal signals about ethical principles
and behaviors that are valued by the organization. Also organizational climates can be linked with this
integrity approach as ‘the governing ethos’ can be considered as the prevailing climate in the
organization.

According to Weaver & Treviño (1999), both approaches are needed, since effective ethic
programs focus on compliance with a strong value-orientation. Also Treviño et al. (1999) argue that a
value-based cultural approach to ethics/compliance management is the most effective and requires: “the
sincere commitment of leadership at all levels, including ongoing attention to key issues such as fair
treatment of employees, rewards for ethical conduct, concern for external stakeholders, and consistency
between words and actions” (p.149). In addition, Tenbrunsel et al. (2003) argue that the presence of
formal systems is not enough in an ethical infrastructure to promote ethical behavior. Informal systems
and organizational climates need to be addressed as well, because the conjunction of elements in the
ethical infrastructure is crucial. Based on these insights can be concluded that all elements in an
organization have to be taken into account in order to manage ethical behavior effectively.

2.3.1. Formal communication systems

Part of the formal systems of the ethical infrastructure within an organization are the formal
communication systems, which can be defined as: “those systems that officially communicate ethical
values and principles” (Tenbrunsel et al., 2003, p.288). Representations of such system that are
commonly used in organizations are: ethical codes of conduct, mission statements, written performance
standards and training programs. According to Ferrell, Fraedrich & Ferrel (2005) codes of conduct and
codes of ethics are the most common manifestations of a formal communication system. The concepts
‘codes of conduct’ and ‘codes of ethics’ are used interchangeably. In general ‘codes of conduct’ is
referred to as ‘codes of ethics’ in business organizations and ‘codes of honor’ in academic institutions
(McCabe, Treviño & Butterfield, 1996). According to Rottig et al. (2011), such codes: “communicate
or articulate a company’s philosophy toward business ethics along with a list of expectations or
guidelines for employees regarding a variety of issues, such as whistle-blowing, bribes, revealing
confidential information to suppliers, harassment and substance abuse” (p.168).

McCable et al. (1996) argued that there is a relation between formal communication systems
and ethical behavior of employees in the organization. McCable et al. (1996) stated that codes of ethics
in organizations must be more than so called ‘window dressing’ in order to promote ethical communities.
According to McDonald (2000), a code of conduct can provide the following benefits: “legitimising the
discussion of moral issues, bolstering the ability of individuals to resist the unethical demands of
supervisors and clients, and providing a guide for employees who want to do the right thing” (p.173). They found that corporate codes of ethics are negatively related to unethical behavior in the workplace, especially to the degree that codes were strongly embedded in the organizational culture. It is important that codes of conduct are integrated in the organization as these codes will probably precipitate further changes in organizational practices of employees, for example: selection, training and rewarding of employees. Also Tenbrunsel et al. (2003) argued that messages about ethics, mission statements or performance standards for instance, can help employees to behave ethically. These messages help focus employees’ attention and provide guidance and tools in case of ethical dilemmas. Employees receive information about behavior that is promoted and that is discouraged and therefore are guided in making the right decisions. Therefore, formal communication systems can increase the ethical performance of organizational members, especially when several systems in the organization act in concert (Tenbrunsel et al., 2003). Also, Weaver and Treviño (1999) found ethics of conduct to be positively associated with moral awareness.

Recently, some studies have been done on codes of ethics in organizations as shown in the review of Craft (2013). Three studies showed that code of ethics positively impact ethical decision making (Craft, 2013). McKinney, Emerson & Neubert (2010) concluded, for example, the following: “business professionals working at firms with a written code of ethics tended to find ethically questionable situations less acceptable than those at firms without such a written code” (p.510). However, two out of the five studies asserted that merely the existence of code of ethics was not enough to influence ethical awareness or ethical behavior (O’Leary and Stewart, 2007; Rottig et al., 2011). This corresponds to Tenbrunsel et al. (2013) who argue that the interplay among the different elements of the infrastructure is crucial in order to establish ethical effectiveness. Therefore, the mere existence of formal communication systems is not enough to increase ethical effectiveness.

2.3.2 Recurrent communication

Tenbrunsel et al. (2003) identified three formal systems that were prevalent and observable according to them: formal communication, surveillance and sanctioning. Rottig et al. (2011) added a fourth mechanism: ‘recurrent communication’, which had not been examined in ethics literature thus far. Several studies (see Lacznia & Inderrieden, 1987; Rottig & Heischmidt, 2007) argued that codes need to be accompanied by other formal infrastructural elements like ethical training, recurrent communication and surveillance and sanctioning systems in order to be more useful to affect ethical behavior. Therefore, Rottig et al. (2011) claimed that it is important to examine other formal infrastructure elements that recurrently communicate and enforce these codes of conduct.

Rottig et al. (2011) argue that moral awareness levels are expected to vary by the frequency of communications regarding ‘appropriate’ conduct. Therefore, recurrent communication is likely to
increase the likelihood that a moral issue will be recognized. Furthermore, they underline their theory with the ‘repetition-affect effect’, which is well documented in the social psychology literature. This effect claims that increasing exposure or repetition has positive effects on learning and retention (Zajonc, 1986). Therefore, Rottig et al. (2011) claim that: “recurrent communication of codes and other value statements that express an organization’s stand on ethical issues is essential if the organization would like its employees to be ethically alert and vigilant”. Moreover, codes of conduct have to be available and visible to employees on a regular basis and this recurrent communication may start open discussion among employees. By means of these discussions about ethical issues, ethical guidelines are reinforced and the importance of these regulations is communicated within the organization (Rottig et al., 2011).

2.3.3 Formal surveillance and sanctioning systems

Surveillance and sanctioning systems are theoretically and empirically distinct (Rottig et al., 2011). However, they are closely aligned with each other (Tenbrunsel & Messick, 1999). Therefore, in this study they are discussed together.

Tenbrunsel et al. (2003) define formal surveillance systems as system that entail: “officially condoned policies, procedures and routines aimed at monitoring and detecting ethical and unethical behavior” (p.288). These systems entail performance appraisals, but also procedures to report ethical or unethical behavior. The presence of a reporting hotline or an ethical ombudsmen, are examples of procedures to report ethical and unethical behavior (Tenbrunsel et al. 2003). Tenbrunsel et al. (2003) define formal sanctioning systems as: “those official systems within the organization that directly associate ethical and unethical behavior with formal rewards and punishments, respectively” (p.288).

Tenbrunsel et al. (2003) argue that surveillance and sanctioning have been the focus of organizational efforts to improve ethical behavior. These efforts were based on theories of reinforcement (Skinner, 1953) and the agency theory (Fama, 1980), that claim that in order to produce desirable behaviors, behavior has to be monitored and accordingly rewarded or sanctioned. Treviño (1986) showed that the organization can influence ethical behavior by making clear what will be punished and what will be rewarded. Furthermore, McDonald (2000) supported ethics hotlines and an ethical ombudsperson to express ethical concerns by means of these communication channels. These open communication channels have the important task to promote whistle blowing of issues before they get to the public domain.

Furthermore, the effectiveness of surveillance and sanctioning systems is underlined by the general deterrence theory (Lee & Lee, 2002) from the criminal literature. According to this theory, someone will be less likely to engage in criminal behavior, if there is a high probability that one is detected and that severe sanctioning will follow (Rottig et al., 2011). Also in a work environment, perceived certainty that illicit behavior is detected and punished, inhibits individuals to engage in such
behavior. The use of formal surveillance and sanctioning systems in organizations will make individuals more sensitive and alert to ethical situations. By means of the surveillance systems the likelihood of detection will increase and the sanction systems assure that unethical behavior is sanctioned (Rottig et al., 2011). Here, the magnitude of the consequences is a key factor in influencing ethical behavior (Tenbrunsel et al., 2003). Jones (1991) called the magnitude of consequences as one of the characteristics of moral intensity of an ethical issue. He describes it as the sum of the harm or benefits of the moral act to the ones that are affected. In this case, an unethical act with serious consequence can have more influence on behavior than one act with just trivial consequences (Tenbrunsel et al., 2003).

As shown above by theories of reinforcement (Skinner, 1953), the agency theory (Fama, 1980) and the general deterrence theory (Lee & Lee, 2002), sanctioning can be effective to prevent unethical behavior. At the same time, organizations can reinforce ethical behavior by utilizing surveillance and sanctioning systems to reward ethical conduct (Treviño, Butterfield & McCabe, 1998). The conclusion that arises from the review of Craft (2013) is that the impact of rewards and sanctions on ethical decision making is significant. Premaux (2004) adds the condition that the consequences of unethical decision making have to be known and consistent with established social guidelines.

2.3.4 Informal communication systems

Even though formal systems are the most prevalent and visible, they represent just a small part of the total infrastructure (Tenbrunsel et al., 2003). Under the formal systems, the informal systems play a significant role. According to Tenbrunsel et al. (2003), employees receive informal signals about what is really appropriate behavior and what are ethical principles that are valued by the organization. These informal systems can be, as the formal systems can as well, divided into: communication, surveillance and sanctioning.

Informal communication systems can be defined as: “those unofficial messages that convey the ethical norms within the organization” (Tenbrunsel et al, 2003, p.291). Representations of such informal mechanisms are, for example, informal ‘hallway’ conversations about ethics or informal trainings in which employees are told what to do in their job. Furthermore, ethical principles are informally communicated by verbal and nonverbal behaviors of individuals in organizations. In addition, employees receive signals about appropriate and inappropriate behavior by promotions and firings that are inconsistent with performance criteria that have been set in the organization (Tenbrunsel et al., 2003).

Treviño, Hartman and Brown (2000) illustrated that organizational leaders influence ethical behavior in the organization by means of their own visible actions. Organizational leaders function as role models and their behaviors on and off the job demonstrate their believes and values. Employees notice the behavior of leaders and take these actions as an example for what is important and what is not. Therefore, the importance or unimportance of ethics is communicated informally to employees by
means of actions of organizational leaders. Wrongdoing of organizational leaders to save money, for example, provides a different message than leaders who sacrifice profit to remain ethical. These signals determine whether formal systems are taken seriously by employees (Tenbrunsel et al., 2003). Additionally, Butterfield, Treviño & Weaver (2000), found that moral language used by managers had a significant effect on moral awareness. The use of moral language in day-to-day discussions in the organization can reinforce the framing of business situations in more ethical terms. However, though they found a significant relationship in one scenario, they did not find a significant effect of moral language on moral awareness in another scenario. This requests more research on specific moral language that triggers moral awareness in specific situations.

2.3.5 Informal surveillance and sanctioning systems

According to Tenbrunsel et al. (2003), informal surveillance systems can be defined as: “those systems that monitor and detect ethical and unethical behavior, but not through the official channels of the formal surveillance systems” (p.292). Channels that are used for informal surveillance could be personal relationships or extra-organizational sources, like the police (Tenbrunsel et al. 2003). An important distinction between formal and informal surveillance entails the reporting of unethical behavior. Informal surveillance systems are conducted by organizational members, but they do not report unethical behavior to management. Instead of following official channels, these behaviors are observed and reported via an informal chain of command (Tenbrunsel et al., 2003).

After deviant ethical behavior is detected, informal sanctioning systems often come into play (Tenbrunsel et al. 2003). Informal sanctioning systems are defined by Tenbrunsel et al. (2003) as: “those systems within organizations that directly associate ethical and unethical behavior with rewards and punishments; however, unlike its formal counterpart, informal sanctioning systems do not follow official organizational channels” (p.292). These sanctioning systems can include group pressures to act in a certain manner. Also, employees can threaten to punish someone that has engaged in ethical behavior, in the form of whistleblowing for example, by isolation from group activities, ostracism and physical harm (Tenbrunsel et al., 2003). Feldman (1984) illustrated that enforcing group norms makes clear what the "boundaries" of the group are with regard to deviant behavior. When a person acts defiantly and is being ostracized, this also reminds other group members to the framework of behavior that is acceptable.

2.4 Conceptual model

Based on the aim of this research and the discussion of the literature in this chapter, the following conceptual model is presented in Figure 1. This conceptual model reflects the concepts and relations that will be studied in this research. This research examines which formal and informal systems are
present at INFOMED. Moreover, it studies in what way formal systems, including formal communication systems, recurrent communication and formal surveillance and sanctioning systems, are related to moral awareness. Also, informal systems, including informal communication systems and informal surveillance and sanctioning systems, will be studied with regard to the way in which they are related to moral awareness.

**Formal systems**
- Formal communication systems
- Recurrent communication
- Formal surveillance and sanctioning systems

**Informal systems**
- Informal communication systems
- Informal surveillance and sanctioning systems

**Figure 1: Conceptual model**
3. Method

In this chapter, steps are described that have been taken in order to conduct this empirical study and answer the research question. The research question of this study is: *Which formal and informal systems are present at INFOMED and in what way are they related to moral awareness of employees at INFOMED?*

The research design, operationalization, research method, data analysis, research ethics and quality criteria of this study will be discussed.

3.1 Research design

The empirical study of this Master Thesis is a case study at INFOMED. This entails a qualitative research that has used in-depth interviews as research method. A qualitative approach has been deemed the most appropriate for this research as the characteristics of this approach contribute to answering the research question of this study.

3.1.1. Qualitative research

A qualitative approach has been used in this study, because this approach can help to explain the way in which employees at INFOMED interpret their social environment. In order to become morally aware, individuals have to interpret the situation and determine possible actions and consequences of each course of action for different parties. Therefore, it is useful to study the way in which employees give meaning to their social environment to gain insights in their moral awareness. Qualitative research is suitable for studies that want to know how people interpret social situations (Boeije, 2005). Furthermore, the way in which formal and informal systems are related to moral awareness can be examined well by means of a qualitative approach as this approach studies meanings and interpretations that participants give to behaviors, events or objects (Hennink, Hutter & Bailey, 2010). Formal and informal systems in the organization consist of several objects, behaviors and events and these can affect moral awareness.

Furthermore, this study has used qualitative interviews as method to get to know the perspectives of the employees of INFOMED to gain new insights in the influences of systems concerning their moral awareness. According to Boeije (2005), qualitative methods make it possible to get to know the subject from the perspective of the people that are studied. With regard to the purpose of this empirical study, it is relevant to get as much details as possible about the thought process, emotions and feeling of employees, because moral awareness refers to a state of mind. Also, given the sensitivity of the topic of ‘ethics’, it is necessary to get in touch with people that are being studied to gain access to information. This closeness can be obtained by means of a qualitative approach because
This approach can obtain the intricate details about thought processes, emotions and feelings, which are hard to extract by quantitative research (Strauss & Corbin, 1990).

This empirical study aimed to describe which formal and informal systems are present at INFOMED and the way in which they are related to moral awareness, and if possible explain why certain systems influence moral awareness in a certain way. This aim fit the purpose of qualitative research to describe and if possible explain the subject (Boeije, 2005). Stern (1980) argues that qualitative methods are most useful to explore areas about which little is known or to gain new insights in situations about which much is known. This study aimed to describe and explain the relatively unknown area of the influence of formal and informal systems on moral awareness, which makes qualitative methods appropriate in this study.

3.1.2 Case study

This empirical study was aimed to deeply examine the way in which different systems are related to the social phenomenon ‘moral awareness’. Therefore, a case study fits well as case studies are aimed to study a social phenomenon in detail (Vennix, 2011). In this type of study the social phenomenon is studied more deeply by examining a lot of characteristics of a limited number of research objects (Vennix, 2011). Therefore, the social phenomenon ‘moral awareness’ has been studied at the organization by means of in-depth interviews with a limited number of employees. Also, this study has been conducted in the natural work environment of the employees aiming to gain insights in the contextual influences on their moral awareness. By means of studying the research issues in their natural setting, researchers aim to understand how experiences and behavior of participants are shaped by the context in which they live (Hennink, Hutter & Bailey, 2010). By studying the employees in their natural environment, the way in which systems are related to moral awareness of employees in their work environment could be better understood.

3.2 Operationalization

When conducting the empirical study at INFOMED, several relevant concepts needed to be operationalized. Since this study examines the way in which different systems are related to moral awareness, ‘moral awareness’ has been deemed relevant to operationalize. In this study the definition of Rest (1986) of moral awareness has been used. He defines ‘moral awareness’ as an: “individual realization that she/he could do something that would affect the interests, welfare, or expectations of other people” (Rest, 1986, p.5). Therefore, moral awareness is operationalized in this empirical study as the realization of an employee at INFOMED that his or her actions at work would affect the interests, welfare or expectations of others.
Furthermore, the formal and informal systems of the ethical infrastructure that are studied in this research had to be operationalized. This operationalization has been done based on the examples that Tenbrunsel et al. (2003) provided of formal and informal systems. The concept of ‘formal systems’ for example, has been operationalized in a dimension of ‘formal communication systems’ and a sub-dimension of ‘codes of conduct’. The concept of ‘recurrent communication’ as mentioned by Rottig et al. (2011) has been added as a dimension of formal systems. This dimension entails the frequency of communications regarding ‘appropriate’ conduct in the organization. In appendix I can be found an elaborated overview of the operationalization of the different concepts of the formal and informal systems into dimensions and sub-dimensions.

3.3 Research method

In order to gather the data for answering the research question, in-depth interviews have been conducted. Several methods can be used in qualitative research, but interviewing is probably the most widely used method in qualitative research (Bryman, 2008). In-depth interviews entail individual interviews with a small number of respondents (Boyce & Neale, 2006). These interviews have been used to explore the thoughts and behaviors of the employees of INFOMED with regard to moral awareness and systems that are related to their moral awareness. These in-depth interviews are useful, because they help to find out detailed information about the thoughts and behaviors of the respondents with regard to the research issue (Boyce & Neale, 2006). In-depth interviews have been preferred over focus groups, considering the sensitivity of the topic ‘moral awareness’ that has been studied. Considering that participants may not be comfortable talking openly about this topic in a group, in-depth interviews were better to use (Boyce & Neale, 2006).

3.3.1 Sample selection

In qualitative research the choice of research participants is often constrained by what is practicable (Symon & Cassell, 2012). Also at INFOMED, which has 150 employees, not all employees could be included in this research. There had to be carefully considered how the research participants had to be chosen in order to answer the research question and meet the research aim (Symon & Cassell, 2012). Considering the purpose of this research is to gain insights in the way in which formal and informal systems are related to moral awareness, it is relevant to obtain as much perspectives of employees as possible on the research topic. Therefore, employees with different functions at INFOMED have been interviewed in order to get a complete picture of the influence of different systems on moral awareness in the company. Since the research participants have been chosen by means of the researcher’s judgement, there has been used a non-probability sampling technique (Symon & Cassell, 2012). Based
on the request of the researcher for a variation of employees, the contact person at INFOMED invited several employees to participate in this study. The nine participants that have been interviewed included support staff, product owners, functional operators and IT staff. An overview of the respondents that have participated in this research can be found in appendix II.

3.3.2 Semi-structured interview

In this empirical study a semi-structured interview has been used to make sure relevant topics were discussed and to make room for the perspective of the interviewee. In case of a semi-structured interview, there is an interview guide with pre-determined questions or subjects that have to be discussed in the interview (Boeije, 2005). In this research, an interview guide has been used to make sure relevant topics with regard to moral awareness and formal and informal systems were discussed. Furthermore, the interview was dependent on the interviewee, because next to the set of predetermined open-ended questions, other questions emerged during the interview based on the dialogue between interviewer and interviewee (Dicicco-Bloom & Crabtree, 2006). The interview guide that has been used during the interviews can be found in appendix III.

The interview started with a couple of broad open-ended question to make room for the interpretation of the interviewee with regard to systems that influence their moral awareness in the organization. If the formal and informal systems that Tenbrunsel (2003) mentioned, were literally asked in the beginning of the interview, the answers would have already been filled in for the employee by the researcher. Further on in the interview, the topics ‘communication’ and ‘surveillance and sanctioning systems’ were more explicitly asked. Dependent of the answers of the interviewee, the sequence of questions varied. Also follow-up questions were relevant to certain answers to get a deeper-understanding on the way in which systems are related moral awareness. As last, vignettes were used to ask employees about moral awareness in their daily work environment and the factors that influence this awareness. Depending on the interview, sometimes vignettes were used earlier in the interview to promote discussing the topic ‘moral awareness’. Some employees found it hard to discuss this topic and in that case, the vignettes could help to make the topic less abstract and easier to discuss.

Vignettes

In the in-depth interviews with employees, vignettes that entail realistic scenarios of ethical situations at work have been used. These vignettes reflect ethical situations as defined by Rest (1986). Rest (1986) defines an ethical situation as one where the individual’s decision has consequences for the interests, welfare, or expectations of others. Jones (1991) provided a useful condition to operationalize ‘ethical situation’ by stating that the action has to be freely performed by the decision maker and it has to involve a choice. Therefore, the vignettes illustrate ethical situations in which an employee voluntarily has to
make a choice that has consequences for the interests, welfare, or expectations of others. The ethical situations are developed based on conversations with management of INFOMED and documents of INFOMED about ethical principles, codes of conduct and compliance measures. The use of vignettes promotes the evaluation process of the employees as these scenarios put ethical situation in a real-life context (Alexander & Becker, 1978). When discussing the vignettes with respondents, moral awareness is present if the respondent can tell that his or her action in the suggested situation would affect the interests, welfare or expectations of others. By means of discussing these situations with respondents, there could be examined to what extent and why these respondents are morally aware in these situations. Furthermore, the role of formal or informal systems could be discussed with regard to the situations that were presented. Since moral awareness is an abstract concept that is hard to define and which calls for social desirable answers (Randell & Fernandes, 1987), using daily scenarios makes it possible to discuss such concept. The vignettes that have been used during the interviews are presented in appendix IV.

3.4 Data analysis

After the data had been gathered by means of the conducted interviews, the data had to be analysed. The process of data analysis contains: “organizing and coding the data, searching for patterns and modelling emergent frameworks” (Sinkovics & Alfoldi, 2012, p.122). In this study a template approach has been used to analyse the data. According to King (2012), template analysis entails the development of a coding template based on a subset of data, which is applied to further data, and is revised and reapplied.

In order to make the data ready for coding, first the research material that has been recorded had to be transcribed (Vennix, 2011). Additionally, analysis of the transcripts had to be conducted. Template analysis made it possible to develop categories or themes based on existing theory with regard to moral awareness and formal and informal systems, and new data that had been gathered. According to King (in Symon & Cassel, 2012), this approach allows to define a limited number of themes in advance that concerned key concepts and perspectives for the study. However, these themes had to be used tentatively and could be redefined or removed. At the start of the analysis, based on existing theories the following themes were defined: ‘moral awareness’, ‘formal communications systems’, ‘recurrent communication’, ‘formal surveillance and sanctioning systems’, ‘informal communication systems’ and ‘informal surveillance and sanctioning systems’. Also, categories within the themes have been defined based on theories before the start of the analysis. For example, the theme ‘formal communication systems’ contained the categories: codes of conduct, mission statements, written performance standards and training programs.

During analysis, parts of the dataset that were considered to be relevant with regard to the research question, were highlighted. Additionally, based on the developed template these parts were encoded. In addition to every code, an explanation was given to the code with regard to the highlighted
part. After the encoding of a few interviews, the codes with explanations were compared. On the basis of this comparison, the template was adapted. There have been added some themes, like ‘process-oriented work’ for example, since the existing themes were not able to cover all the data. However, also categories have been removed during analysis. For example, ‘extra-organizational sources’ as a category of informal surveillance and sanctioning systems has been removed by a lack of data. Based on the new template, the rest of the data was encoded. When all the data had been encoded, the codes with explanations were compared and the template was adapted to the ‘final template’. Then the whole dataset was again adjusted to the themes and categories based on the final template. An overview of the initial and final template that have been used during this analysis can be found in appendix V.

The coding structure of template analysis is flexible which made it possible to delve deeper into data that is most relevant to the research question. There is not a set sequence of coding levels or a fixed number of levels of coding hierarchy, but it is encouraged to more extensively develop themes for the richest data with regard to the research question (Symon & Cassell, 2012). During analysis some themes turned out to have more relevant data than others. Based on this, some themes have gained more levels of coding than others. The theme ‘recurrent communication systems’ for example, does not have any categories. Moreover, this type of analysis is efficient, since it performs an iterative process based on a sub-set of data to develop an initial template. Therefore, it is not necessary to perform each step of the analysis on every transcript (King, 2012).

3.5 Research ethics

When conducting this empirical research, ethical considerations have been made. In this study, a consideration had to be made with regard to the transparency of the research aim. On the one hand, informing participants about the research topic ‘moral awareness’ may increase the social desirability bias as business ethics have a high tendency to social desirability response bias due to the sensitive topic that is discussed (Randell, Fernandes, 1987). On the other hand, the ethical consideration requires the researcher to be open about the research aim to participants. The researcher has chosen to inform the participants beforehand about the aim of the research and the interview topic. An open approach by the researcher in which the intentions of the research are honestly communicated to the ones involved in the research, is preferred over a concealed intervention (Boeije, 2005). The participants have not been invited under false pretences, but were able to prepare themselves and make sure they did want to participate in this research. Informing the participants before the interview about the interview topic did not negatively influence the results. Even though this may have affected the moral awareness of the participants before the interview, this was not a problem since this study is not aimed at measuring moral awareness. It may even have helped to make participants aware of the subject ‘moral awareness’ and therefore become able to discuss it, since ethics it not an everyday topic.
Overall, the consent of the participants is essential. It is necessary to gain acceptance and consent from intended participants and coercion should not be used to ensure participants cooperate (Saunders, 2012). During the interview, participants have been free to refuse certain topics. Also, at the end of the interview, participants were asked their permission to use the interviews in the research. In addition, the transcripts of the recorded interviews have been sent to the respondents to make them able to view the transcripts. This has been done to ensure the respondents agreed with the content of the transcripts and to provide them the possibility to add comments or make adaptations to the transcripts. As Bell and Bryman (2007) argue, participants should be given the opportunity to make an informed choice whether to consent. Forms of deceptions are not acceptable in ethical codes (Bell & Bryman, 2007).

Furthermore, the anonymity of the participants have been ensured at all times. To enable respondents to talk openly during the interviews and to share confidential information, this anonymity has been pledged to respondents. In addition, when referring to the interviews in this Master thesis, numbers have been used for respondents instead of names. Also, the organization in this research has been informed about the fact that this study is a Master thesis and that this will be read by supervisors. Moreover, the organization has been notified of the fact that this Master thesis will be accessible in an online database. Therefore, in accordance with the organization has been chosen to anonymize this Master thesis and use a pseudonym for the organization.

3.6 Quality Criteria

To evaluate qualitative research, a set of criteria formulated by Guba and Lincoln (1989) can be used. These criteria are: credibility, transferability, dependability and confirmability.

The first criteria ‘credibility’ entails the creation of a good fit between the realities that are constructed by respondents and the attribution of reconstructions to them (Symon & Cassell, 2012). By means of peer debriefing, this study has tried to achieve this credibility. Peer debriefing took place with the supervisor of this Master thesis. During these discussions, research practices in field were discussed and reflexivity of the researcher was encouraged (Symon & Cassell, 2012).

‘Transferability’ refers to enabling the reader to judge if the findings may be applied to other contexts (Symon & Cassell, 2012). Therefore, this research has provided extensive information about the empirical case in this study by describing the issues and obligations INFOMED is dealing with.

‘Dependability’ entails the demonstration of methodological changes that have occurred during the process and making them available for evaluation (Symon & Cassell, 2012). In this study, the methodological decisions have been described and changes in methodological choices have been captured in the reflection. This way the reader is able to understand how the understanding of the
research situation has been achieved and can judge the decisions that have been made (Symon & Cassel, 2012).

As last, ‘confirmability’ aims to make clear where the data came from and how these data have been analysed and transformed into the research findings. By providing coded transcripts of the interviews in this study, it is shown how the data have been interpreted to result in the present findings.
4. Results

In this chapter the findings of the interviews will be presented. This will be done based on themes found in the literature that refer to elements of an ethical infrastructure that influence ethical behavior. These themes are: (1) formal communication systems, (2) recurrent communication, (3) formal surveillance and sanctioning systems, (4) informal communication systems and (5) informal surveillance and sanctioning systems. Formal systems of an ethical infrastructure, including formal communication, recurrent communication and formal surveillance and sanctioning, have a positive impact on moral awareness (Rottig et al., 2011). Moreover, recurrent communication and formal surveillance and sanctioning are needed to reinforce the formally communicated ethical codes to increase moral awareness and encourage ethical decision making ultimately (Rottig et al., 2011). Thereby, the informal systems, including informal communication and informal surveillance and sanctioning, are also important because the conjunction of informal and formal systems in an ethical infrastructure is crucial (Tenbrunsel et al., 2003).

In the findings will be discussed which formal and informal systems of an ethical infrastructure are present at the organization and in what way they are related to moral awareness of employees. The discussion of the way in which formal and informal systems are related to moral awareness will be done, based on the influence of these systems on ethical-decision making. This has been done since moral awareness has been a difficult construct to study empirically, which will be further explained in the discussion section of this research. Ethical decision making can be distinguished by the following components: moral awareness, judgement, intent and behavior (Rest, 1986). Based on several kinds of research, it can be stated that moral awareness functions as a condition for ethical decision making (Tenbrunsel & Smith-Crowe, 2008; Hunt & Vittel, 1986). Therefore, it can be concluded that moral awareness is the initial step in the process of ethical decision making and must be present in order to establish ethical behavior. Because of that, moral awareness will be discussed in the light of the influence of informal and formal systems on ethical decision making. Based on the findings of the influence of formal and informal systems on ethical decision making, the way in which these systems are related to moral awareness will be discussed. Moral awareness has been defined as one’s realization that he or she can act in a way that it would affect someone else’s interests, welfare or expectations (Rest, 1986). In order to achieve this moral awareness, one has to be able to make an interpretation of the situation in terms of the actions that are possible, who would be affected by each course of action, and how these parties would regard such effects on their welfare (Rest, 1986).

4.1 Formal communication systems

Within the theme ‘formal communication systems’, systems that officially communicate ethical values and principles are presented (Tenbrunsel et al., 2003). In this section, codes of conduct, mission
statements, written performance standards and training programs are discussed as formal communication systems that are present at INFOMED. With regard to these communication systems, it will be discussed in what way they are related to ethical decision making and specifically moral awareness of employees.

4.1.1 Codes of conduct

Codes of conduct communicate a company’s philosophy toward business ethics with a frame of expectations or guidelines for employees regarding a variety of issues (Rottig et al., 2011). According to Weaver & Treviño (1991), codes of conduct are positively associated with moral awareness. Codes of conduct are reflected at INFOMED in an interaction-agreement. This agreement provides guidelines for behavior in the organization, but employees are personally responsible for compliance with the agreement. In the interaction-agreement, ethical principles of INFOMED are reflected but this agreement especially entails codes for intern interaction between employees. The interaction-agreement contains, inter alia, arrangements about the desirable behavior of employees in the organization, arrangements about the set-up of meetings and arrangements of email use by employees. An interaction arrangement is for example: ‘address one another in a respectful way in case of undesirable behavior’. This agreement is explained to employees upon entry of the organization and is available for employees on an online platform.

The interaction agreement is recognized by many respondents, however, employees do not always comply with it actively. A number of respondents argues that they know about the existence of this agreement, however, it does not influence their behavior. When asked about the interaction agreement, the HRM assistant answers:

“I think that if you will ask the average employee, that he does not how to find it. No, I know that they have been made and that is it. I do not think that people think about it. It is something that is not, yes, it is not in your system” (Respondent 2, HRM assistant)

Also, when during the interviews vignettes were discussed in which respondents could make an ethical decision based on the interaction agreement, respondents did not mention the agreement. Additionally, when the researcher mentioned the interaction agreement, respondents were not sure whether this agreement provided guidelines for these ethical situations. This displays that employees are not aware of codes of conduct in the interaction agreement.

Several respondents claim that codes of conduct are not relevant with regard to the ethical behavior of employees in the organization. According to one respondent, codes of conduct are only explained during the selection process and the training period as it has never been deemed needed to
communicate more about ethical behavior since he has not experienced any conflicts in that area. When questioned if there is a need for more codes of conduct in the organization, he answers:

“There also has not really been a necessity for it. There actually have not been any conflicts in that area. So then the reason to write down something at some point, in this field or to communicate about it or to take a position on it by the management board, that is not there. . . that necessity” (Respondent 8, Compliance Risk Officer)

Another respondent argues codes of conduct in general point to normal behavior. Furthermore, he argues that codes of conduct become less relevant the higher in the hierarchy: “the higher you go in that hierarchy, the fewer codes of conduct you actually have, but you basically just base your choice on who you are as a person, what is important to you, what you think the company stands for. That you make your choices based on that.” (Respondent 1, Product owner). In contrast, one respondent points to the relevance of codes of conduct. She argues that at the department Support & Administration there is great attention for codes of conduct and ethical behavior during the training period. During this period, it is shown what they stand for and why.

In conclusion, some employees think that codes of conduct do not influence ethical behavior in the organization and are therefore not needed within the organization. The interaction agreement reflects codes of conduct at INFOMED, but many employees do not actively live up to the interaction agreement. Rest (1986) argued, to achieve moral awareness one has to be able to interpret a situation with possible actions, parties that would be affected by each course of action and how these parties would regard such effects on their welfare. Therefore this agreement does not influence the moral awareness of employees as it does not help them to interpret situations and possible actions and consequences for different parties. At department Support & Administration, there has been paid more attention to codes of conduct than at other departments. Because of this attention, employees at this department will be more morally aware as they get more insight in situations with regard to these codes of conduct. Therefore, they will be better at interpreting situations and taking actions on this interpretation, taking into account different parties, in accordance with the interaction agreement.

4.1.2 Mission statements

Mission statements as a form of formal communication in the organization can promote ethical behavior in the organization. These statements can help employees to behave ethically as the statements make the employees focus their attention and provide guidance and tools in case of ethical dilemmas (Tenbrunsel et al., 2003). The mission statement of INFOMED entails that with their services as digital communication point they want to play an important social role in cost control in the Dutch healthcare sector. Although respondents were not able to name the mission literally, multiple respondents are aware of what INFOMED stands for. One respondent states: “INFOMED originally stands for safe
communication in healthcare and people are permeated that you will need to ensure that it remains safe” (Respondent 2, HRM assistant). With regard to the mission, several respondents claim that safe communication concerning personal data is essential for the existence of INFOMED. One respondent claims: “if safety is compromised or whatever. Then, no, that just really cannot be, that is our right to exist...” (Respondent 4, Functional manager).

A few respondents do believe that employees behave according to the mission of INFOMED, which is in line with the statement of Tenbrunsel et al. (2003), that a mission provides guidance in case of ethical dilemmas. One respondent claims that at her department it is: “just in your genes” to act according to safe communication exchange. Another respondent argues that the mission of INFOMED to reduce healthcare costs, influences the behavior of employees as they lack commercial core values. He argues:

“We find it more important that we are a reliable partner and that we can exchange that data for a very long time. Because it is estimated to save a billion or maybe even more per year in healthcare costs and therefore has a direct positive effect on your health insurance premium, because otherwise it would be significantly higher. And yes I think that we want that, with those thoughts, that we simply want to do our work well.” (Respondent 6, Jurist).

Here can be clearly seen that a mission statement focuses attention as Tenbrunsel et al. (2003) stated, because the respondent argues that because of the mission of INFOMED, he focuses on reliability instead of commerciality. In addition, a few respondents mention the mission statement as a motivator for the behavior of employees. Another respondent states the following about the mentality in the organization:

“One really has the feeling that we are doing, something good, something social. And yes, everybody just wants to do his best for that.” (Respondent 6, Jurist).

This illustrates that employees are aware of the role of INFOMED for society and the consequences their work has for others. Another respondent argues that the mission of INFOMED is the objective of the organization which functions as motivation for employees. Furthermore, the respondent connects culture to the mission and ethical behavior as he asserts that culture is connected to the objective of the organization. Thus, the mission determines the culture in the organization. Moreover, he states that the culture in an organization determines the ethical behavior: “you also have a very different culture and therefore also different ethical behavior” (Respondent 1, Product owner). According to Craft (2013), research findings show that an organizational culture can be related to ethical decision making, however, this impact of organizational culture on ethical decision making is complicated.

In contrast, several respondents also do not think that mission statements influence their behavior. Respondent 8 argues that most employees recognize the mission but face a challenge of
translating the mission into practice. Employees find it difficult to carry out the mission in practice because there is a lack of process-oriented working as he argues: “that you do not work process-oriented and therefore have captured tasks, powers, responsibilities insufficiently” (Respondent 8, Compliance Risk Officer). He also argues that task and responsibilities of employees need to be controlled: “So not just say on paper like ‘well you are here, these are your tasks and your responsibilities’, but also if you find someone else who does not act in accordance with this, to correct him on this, to steer” (Respondent 8, Compliance Risk Officer). The lack of process-oriented working seems to make the interpretation of situations difficult for employees as they cannot get a good overview of possible actions and who are involved in actions or are affected by different actions. In addition, a few other respondents point to the relevance of an established process to promote ethical behavior. As one respondent claims, processes that are elaborated provide insight into who are responsible and must be included in the decision making process to make an ethical decision. This is in accordance with Deshpande (2009), who also argued that it is important as an organization to possess processes in addition to codes of ethics, that make sure ethical considerations are part of the decision making process used by employees.

Thus, the mission statement of INFOMED makes employees aware of the role of INFOMED in society and makes them realize that their work has consequences for other parties. In this sense, the mission statement contributes to the moral awareness of employees as it helps the employees to realize that they can affect someone else’s interests, welfare or expectations (Rest, 1986). In addition, the mission statement provides a focus and guidance to employees in their work and functions as a motivator for employees to fulfil their job. This guidance can help employees to better interpret situations and achieve moral awareness. Also, the mission statement as a motivator can help by interpreting situations as it provides some focus in interpreting situations. However, the mission statement may not influence the behavior of employees because of a lack of process-oriented working in which tasks and responsibilities of employees are clearly divided and controlled. Rest (1986) argued that one has to be able to make a good interpretation of the situation with possible actions, parties that will be affected by each course of action and how these parties would regard such effects on their welfare, in order to achieve moral awareness (Rest, 1986). In that sense, employees may not be able to make a good interpretation of the parties that will be affected by each course of action by the lack of established processes and, therefore, cannot achieve moral awareness.

4.1.3. Written performance standards

Messages about ethics are also formally communicated by means of written performance standards. As has been debated in the theory section, these messages can help employees to behave ethically by focusing attention and providing guidance and tools in case of ethical dilemmas (Tenbrunsel et al., 2003). Employees at INFOMED have been assigned written performance standards in the form of
competences that they need to comply with. These competences are connected to core values of the organization. Core values of INFOMED are: safety & reliability, customer- & result-orientation and dynamic & progressive. Each employee has three general business competences and five competences that have been associated with the job profile, which differ for each function. In the competence-library it has been made visible which core values cover the competences that the function requests. ‘Accurate’, for example, is a function competence and ‘reliable’ is a general business competence, which both belong to core values ‘safety and reliability’ (INFOMED, competentie-bibliotheek). In addition, guidelines with regard to the core values are presented to employees in the competence-library. For the core values ‘safety and reliability’, for example, the following guideline is presented: ‘I only provide information to authorized people’. Employees are assessed on their performance with regard to their competences in evaluation- and performance appraisals and therefore are indirectly assessed on their compliance with the core values of the organization. In addition, employees set up personal goals every year in their Personal Development Plan - form, which contains competences that they wish to develop. One respondent, a supervisor, even asked her employees specifically to include, next to their regular activities, particular activities with regard to improvement of safety in their Personal Development Plan-form. This shows that attention is focused on the core value ‘safety’ in the organization.

According to the data, all respondents know about the existence of the core values of INFOMED, but they do not all know what they exactly entail. Numerous respondents are aware of the importance of the core values ‘safety and reliability’. Several respondents consider ‘working reliably and safely’ as the core business of the organization that should be secured. According to respondents 6 and 7, core values communicate the norms of ethical behavior within the organization. Respondent 7 claims that core values show employees what INFOMED stands for and provide a clear direction: “those core values provide people with a certain direction, of where we want to think about going” (Respondent 7, Quality staff member). When during the interviews the vignette about the listening in on phone calls (see appendix IV, vignette 2) was discussed for example, respondents also relied on the competences. Although respondents did not know the guidelines of the management of INFOMED in the case of this vignette, they argue that INFOMED would want them to communicate openly about this listening in as the competences ‘transparency’ and ‘integrity’ are important in the organization. When asking one respondent why he would choose for transparency in this situation, he answered: “because either way, that integrity, that is in our DNA anyway and that transparency” (Respondent 6, Jurist). The statement of respondents that performance standards provide direction in ethical dilemmas is in accordance with Tenbrunsel et al. (2003). They argued that messages about ethics, mission statements or performance standards help to focus employees’ attention and provide guidance and tools in case of ethical dilemmas (Tenbrunsel et al. 2003). In addition, a few respondents claim that the communication of core values has more impact on the behavior of employees than the mission statement as these are easier to appoint.
Several respondents argue that competences of their profile are related to their behavior. According to respondent 2, competences determine behavior in a function as it states how to do a job to meet expectations. Also, respondent 4 and 5 acknowledge that it is important to possess these competences in order to properly execute a function and do a good job. Respondent 4 states that competences are conditions in order to perform well within a function: “it will be difficult if people do not confirm to certain competences, because then in the case of functional management, they just cannot perform within their function properly” (Respondent 4, Functional Manager). In addition, respondent 6 claims that he feels supported in his behavior when faced with an ethical dilemma when he acts in accordance with the core values and competences of his job profile. He argues:

“Well it is, when I think that I act very correctly to the core values and the content of the core values of my job profile. Then I also feel supported because certain things are also set in the job profile.” (Respondent 6, Jurist)

This argumentation is in accordance with Tenbrunsel et al. (2003) who argued that performance standards can provide guidance and tools in case of ethical dilemmas and help employees to behave ethically. Performance standards, in form of competences in this sense, communicate behavior that is promoted and guide employees in making the right decisions. In case management of INFOMED wants to deliver a new service for customers, for example, but the jurist detects a large legal risk for the organization, he would refuse this demand by management. Since he has to choose between customer service and safety, he will choose safety as this is required from him as a jurist. Therefore he argues that competences of his job profile drive his behavior in making the right decisions. In contradiction, another respondent argues that employees like security officers and jurists are very careful with acting in accordance to their function and making hard decisions since INFOMED operates as a pivot in healthcare. Services of INFOMED are seen as essential for healthcare organizations to operate and therefore INFOMED cannot afford to counteract these demands of healthcare organizations on behalf of other values.

There have also been raised some other critical comments about the development of competences of employees during the interviews. One respondent argued that employees look at the competence-library only for their performance appraisal but are not working on their competences regularly. She states:

“So for people, or employees then, it is like 'oh yes I do have a job profile, there are five competences on it, what is under it again?' Then they go look there. And not to start thinking in advance ‘oh maybe I can develop that competence’ or something. I do not think that employees think about it so deeply.” (Respondent 2, HRM assistant)
She further argues that the competence-library provides examples of competences that have been assigned to an employee. According to her, it is a guideline, but employees do not always have to follow up all points that are prescribed under an assigned competence.

In conclusion, employees possess written performance standards in the form of competences in their job-profile that are related to the core values of the organization. These competences influence ethical behavior of some employees as these competences provide guidance to employees in their behavior and give support in making the right decisions. Therefore, this increases moral awareness because these competences provide help in evaluating possible actions and Rest (1986) argued that in order to achieve moral awareness: one has to be able to make an interpretation of the situation with the actions that are possible, who would be affected by each course of action and how these parties would regard such effects on their welfare. In addition, employees are especially made aware of the importance of the core values ‘safety and reliability’. They consider it as the core business of the organization to secure this safety and reliability and these values provide a clear direction in the behavior of employees. This suggests these core values influence moral awareness of employees as they realize it can affect others if they do not work safely and reliably and moral awareness can be seen as the realization that one can act in a way that it would affect someone else’s interests, welfare or expectations (Rest, 1986). However, some employees may not look at the competence-library in order to comply with those competences and develop them, which does not help them to achieve moral awareness. Moreover, sometimes employees find it difficult to comply with the competences of their job profile since INFOMED functions as a pivot in healthcare. This also shows that the employees are morally aware because they realize that with their actions they can affect interests, welfare or expectations of others in the healthcare section. This suggests that the mission statement, which entails the role of INFOMED in society, influences moral awareness of employees even more than the competences that employees have been assigned as written performance standards.

4.1.4 Training programs

Ethical values and principles can also be formally communicated by means of training programs (Tenbrunsel et al., 2003). INFOMED has introduced the training program: ‘compliance program’ last year to communicate about ethical behavior in the organization. This compliance program consists of presentations, information sessions, work meetings and quizzes on an online platform called ‘KIK’. INFOMED has introduced this compliance program in order to ensure that the organization adheres to appropriate laws and regulations, as one respondent states. He describes that this program is aiming to provide insight into laws and regulations which are of importance and the consequences these involve for behavior at INFOMED. The ‘compliance program’ is a compliance-based ethics program that focuses on the prevention of unlawful conduct (Paine, 1994). According to respondent 7, by means of
this internal program employees are made aware of how to deal with private data. The compliance program aims to increase moral awareness of employees in their behavior and make them act compliantly.

The extent to which employees have undergone the compliance program varies. A few respondents state that the compliance program did not influence their moral awareness or behavior, whereas others claim that employees have been influenced by the compliance program. One compliance measure that all respondents have been aware of is ‘the screen locking’ requirement which entails that employees have to lock their screen when they leave their workplace. When discussing the vignette about screen locking (see appendix IV, vignette 1), several respondents mentioned that locking their screen is important with regard to the safe handling of personal data. They argued that unauthorized people may get access to their data when they do not lock their computers. This shows that these employees are aware of the consequences of their actions in such situation. Furthermore, they stated that this requirement of screen locking was communicated regularly, not only by the compliance program, but also in several meetings. They also mentioned that colleagues address one another on screen locking and sometimes tease someone who has not locked his or her screen.

Respondent 6 argues that in the beginning there was not much attention for moral awareness in the organization, but with the arrival of jurists and compliance officers, this has gained attention. Also, respondent 7 states that the introduction of the department ‘Compliance and Risk’ in combination with communication efforts about core values have contributed to the awareness of employees of safety and reliability. She describes that employees have been busy with compliance last year as they ask themselves to everything: “is it really compliant?”. She argues that employees are aware of the requirement of compliance even though they don’t know what it exactly entails. Although employees could not totally pinpoint whether something was compliant, they knew: “at least it must be compliant” (Respondent 7, Quality staff member). Another respondent claims that the compliance program has made employees aware of compliance as it made clear what compliance includes, that it is important and that it is possible to work effectively with it. He argues that employees notice that different parties demand compliant behavior of the organization. According to him, laws and regulations affect every employee and this has been noticeable in the organization. The supervisors and shareholders steer on compliance and employees should act on that. The supervisor and shareholders: “want to have security from INFOMED of ‘guys have you done something with that, with that legislation and regulation? And you just prove that you are compliant’” (Respondent 8, Compliance and Risk Officer). Another respondent claims that the compliance program has contributed to the moral awareness of employees because in this program it has been indicated that employees have to collaborate and that actions have consequences for others. This is in accordance with the definition of moral awareness from Rest (1986) that moral awareness describes as one’s realization that one’s action could affect the interest, welfare or expectations of other people.
A few respondents claim that the compliance program is more at issue for functions that are directly involved with the program. In the compliance program, the departments of Functional Management, and Support & Administration have been highly involved with compliance. The Coach of Support & Administration points to the importance of explaining the relevance of existing compliance measures in order to improve moral awareness of employees:

“That by communicating these kinds of issues and also explaining why, so do not only say ‘this is the way’, but also ‘why this is the way’. And I think it really contributes to moral awareness, so that you’re not like ‘it is not allowed’, but ‘it is not allowed because..’” (Respondent 3, Coach Support & Administration).

This explanation of compliance measures contributes to the understanding of employees of the reasons behind the measures and makes them aware of the consequences of their actions. This makes them aware of the need for compliance and promotes their moral awareness as it makes them realize that their actions can affect other’s interests, welfare or expectations (Rest, 1986). She further argues that employees that do not understand why the compliance instructions should be followed are stuck in the past. These employees do not want to look further and do not realize there are reasonable grounds for the compliance instructions. Another respondent states that employees that have worked at INFOMED for a long time are not used to being morally aware and need time to let changes with regard to compliance sink in. Also, a number of employees thinks they do not have much to do with compliance or ethical issues.

Thus, the compliance program at INFOMED, as compliance-based ethics program, has contributed to the awareness of employees regarding compliance. This compliance program has made employees aware of the importance of working safely and reliably and adhere to appropriate laws and regulations. A lot of employees realize they have to act compliantly, even though they do not exactly know what compliance entails. This shows that employees at least are morally aware as they notice the relevance of compliance because it can have consequences for others. Furthermore, in order to be morally aware, employees have to make an interpretation of the situation and the actions that are possible, which parties would be affected by each course of action and how these parties would regard such effects on their welfare (Rest, 1986). Thus, employees are aware of the importance of compliance in choosing their actions but are not totally aware which actions would best meet compliance demands for affected parties. In addition, the explanation of compliance measures is seen as crucial for making employees aware of the importance of compliance. Explaining the reasons behind these codes contributes to moral awareness as this can make employees able to better interpret situations with regard to compliance issues. Moreover, the compliance program is more at issue at department Support & Administration and Functional management as they are directly involved with the compliance program. Additionally, the compliance program has less effect on moral awareness of employees that think they do not have to deal with compliance issues or on employees that have been employed for a long time.
4.2 Recurrent communication

In addition to formal communication systems, recurrent communication of ‘appropriate conduct’ is important to increase moral awareness of employees (Rottig et al., 2011). Therefore the recurrent communication of formally communicated ‘appropriate conduct’ in the organization is illustrated here. Additionally, the way in which this recurrent communication relates to moral awareness will be discussed.

With regard to codes of conduct, several respondents argue they do not often reappear during work. Documents with regard to codes of conduct have been communicated to employees upon entry of the organization, but are not recurrently communicated afterwards. This is not in line with the way Rottig et al. (2011) prescribe recurrently communication of codes of conduct because they argued that these codes have to be available and visible to employees on a regular basis. This recurrent communication may start open discussion about ethical issues among employees, which reinforces ethical guidelines and communicates the importance of these regulations. Although codes of conduct are available through intranet, they are not seen recurrently by employees and are not reinforced during discussions, as one respondent argues: “I am guilty of that too, ..I am not going to look constantly if changes are made there and whether I act in fact conform those codes of conduct, if I act accordingly to that. So it exists, those documents, and they are also available somewhere, but I think not much is done with it” (Respondent 8, Compliance and Risk Officer). He argues the reason to not regularly communicate these codes is probably because there is no necessity for it. According to this respondent, it is up to employees themselves to act within the framework that has been sketched once upon entry and to make use of mechanisms as counsellors and HR-procedures. However, at the department of Support & Administration, codes of conduct are communicated more regularly. At first upon entry, at which employees receive documents of codes of conduct, in which the reason behind the codes is explained. Subsequently, codes of conduct are communicated recurrently, especially when these are not well adhered to. These codes of conduct are mentioned at day starts, for example, according to the supervisor of the department Support & Administration.

Furthermore, cartoons are put up at INFOMED that communicate core values and interaction codes of INFOMED. According to one respondent, core values and interaction codes communicated by means of cartoons are the most visible ethical codes of conduct. However, he claims they become less visible over time as they are always displayed and employees stop noticing them after some time. This is in contrast to the stated ‘repetition-affect effect’ (Zajonc, 1986) that underlies the theory of Rottig et al. (2011) that recurrent communication is likely to increase the likelihood that ethical issues are recognized. According to participant 2, communication about core values and competences is built into other topics and are pointed out in presentations during team development days and information
sessions. She argues: “if we have an information session they also come forward. Yes so there is communication about it, but not very specific only about core values.” (Respondent 2, HRM assistant).

One ethical principle that is frequently communicated is that employees need to work safely and reliably. This principle is reflected in the written performance standards by core values and competences and in the compliance program of INFOMED. Subjects ‘safety and reliability’ are communicated verbally on a regular basis by presentations or work meetings, according to multiple respondents. The compliance program which is related to the requirement of ‘safely and reliably working’, also uses quizzes and certificates to give attention to compliance. During meetings, the relevance of compliance is explained and directions on working safely and reliably are provided to employees. This contributes to moral awareness according to Rottig et al. (2011) as the frequency of communication regarding ‘appropriate conduct’ influences moral awareness. Also, to encourage the compliant acting of employees at the Support & Administration department a ‘top 5-topper’ question which entails a compliance issue, is weekly introduced. By means of these questions, appropriate behavior of employees is discussed. It seems like some employees at Support & Administration are more involved with compliance than other employees. This may be due to the fact that they have to communicate with external parties directly and that they have to deal with private data.

Moreover, several respondents point to the relevance of explanation of compliance measures to make employees morally aware and act compliantly. Also, Rottig et al. (2011) found providing an explanation important, as they argued discussions about ethical issues reinforce ethical guidelines and communicate the importance of these regulations in the organization. Respondent 3 states that upon the compliance program, especially in the beginning, there were negative reactions because employees thought they were not allowed to do anything anymore. Therefore, she argues much explanation has to be given to make employees understand that these measures are installed to secure safety and reliability. She explains: “by giving a lot of explanation ‘it is not that it should not, it is just more that it is not possible’. So then you try to explain what is the reason then and so that it impairs the safety and reliability when you do so.” (Respondent 3, Coach Support & Administration). Also, respondent 7 refers to the relevance of communicating why compliance is needed to make employees behave compliantly. She further states that the reason behind compliance procedures should be clear, as it has to be avoided that the organization gets bogged down in procedures:

“’Compliance’ does not mean that you should have a whole building filled with procedures. Because it is more about the procedures by then than about the whole happening of compliance. They do want to remain close to the ‘why’: Why it is necessary and they are really willing to take big measures for that.” (Respondent 7, Quality staff member)

In conclusion, at INFOMED some ethical principles are more regularly communicated than other ethical principles. Codes of conduct are not recurrently communicated in the organization and
therefore employees are not aware of these codes and do not live up to it. Moreover, it is likely that these codes are less effective to the realization of employees that their actions can have consequences for others and thus, do not influence moral awareness. Cartoons that communicate core values and codes of the interaction agreement may be the most visible ethical norms within the organization. However, they also become less visible over time. If this happens, these codes can also no longer influence moral awareness of employees. In contrast, the importance of compliance is recurrently communicated by different systems and thereby directions are provided to employees to act safely and reliably. This contributes to employees’ realization that their actions have consequences and that compliance issues should be taken into account. Therefore, the awareness of compliance contributes to their moral awareness. In addition, explanation of compliance measures is relevant to make employees aware of the need to secure safety and reliability. This contributes to the moral awareness of employees because it improves realizations of employees that their actions have to be compliant as it involves consequences if they do not adhere to appropriate laws and regulations. Rest (1986) argued that in order to achieve moral awareness employees have to be able to make an interpretation of the situation and possible actions, whereby they can tell who would be affected by each action, and how they would regard that effects on their welfare. Employees will be able to better interpret situations and possible actions and consequences if they understand the reasons behind measures. In addition, at the department Support & Administration, more attention has been given to codes of conduct and compliance. This suggests these employees have been made more morally aware.

4.3 Formal surveillance and sanctioning systems

In this theme, formal surveillance and formal sanctioning systems are discussed based on the data that has been found. Formal surveillance systems are official policies, procedures, and routines that aim to monitor and detect ethical and unethical behavior. Formal sanctioning systems associate these behaviors with formal rewards and punishments (Tenbrunsel et al., 2003). These systems contribute to employees’ moral awareness because the presence of formal surveillance and sanctioning systems in the organization makes employees more sensitive and alert to ethical situations (Rottig et al., 2011). The following systems have been found in the organization: performance appraisals, procedures to report ethical and unethical behavior and formal punishments and rewards. With regard to these subthemes, it will be discussed in what way they are related to moral awareness of employees.

4.3.1 Performance appraisals

With regard to performance appraisals, multiple respondents indicate that employees of INFOMED are assessed on the competences that are linked to their profile in evaluation- and performance appraisals. According to one respondent, it is important that the core values ‘safety and reliability’ are included in
the performance appraisal. One respondent claims that the performances of employees concerning their competences are the most important in the performance appraisal. This because competences are constant, while results can be influenced by circumstances. Therefore, competences provide the best insight into someone’s performance. Employees are also assessed on the personal goals that they have set for themselves which also contain the development of competences. By means of this valuation on competences, employees are indirectly assessed on their ethical behavior.

Some respondents claim that performance appraisals influence the behavior of employees. As one respondent argues, when employees are addressed on their reliability, they really should act upon that. In the case of undesirable behavior, supervisors will discuss expectations that are held by the employee and possibilities to improve, according to a few respondents. A few respondents argue that supervisors try to encourage employees to reflect on their behavior and become aware of the consequences of their behavior for themselves and for others. This suggests that supervisors want to stimulate the moral awareness of employees. When asking one respondent how the performance appraisal on competences influences her behavior, she answers:

“Well, yes, if there is a potential for improvement and it is indicated by the supervisor, it is expected of you to work on it next year. So then you make a new learning objective for yourself which you will be reviewed on again.” (Respondent 7, Quality staff member)

When feedback is discussed between an employee and supervisor in the form of an open dialogue, this is also associated with positive feedback, according to one respondent. According to this respondent, employees gain confidence by positive feedback to face an ethical dilemma. They earn the trust that they are not alone, but that they do it together. Also, the jurist points to the importance of trust for his behavior. According to him, a supervisor who supports you to live up to your function and gives you trust to act according to your function is an important factor. Because of the support and trust of his manager, he is able to perform within his function well in difficult situations:

“She is also someone who stays behind you when the heat is really on and .. yes if you have the feeling that you may tread on toes of other managers or maybe do things where you doubt about then she is the one that can simply support you mentally and. Yes, that is really nice”. (Respondent 6, Jurist)

However, there are also respondents who do not think the performance appraisals on competences influence the ethical behavior or moral awareness. One respondent argues that employees are barely reviewed for their compliance with core values. He states that these core values are only discussed in performance appraisals if the supervisor finds that they are insufficiently present in the behavior of employees. According to him, ethical behavior is not structurally controlled in the organization. When employees act within a certain range of core values, nothing is done with it. He further argues that the lack of assessment of ethical behavior provides a certain freedom to employees to act within a broad range. He argues:
“Because if you are my supervisor and you do not examine me on my behavior or my ethics or whatever, manners, yes so then I think ‘okay so then I do well’. So then I have a range, then I just go there, within that range, I am just going to do my thing, I am going to move. As if you would return that in your assessment, then I know as employee that you examine me on that constantly, that you guard, that you also monitor. And then I may be more likely to act within certain ranges.” (Respondent 8, Compliance and Risk Officer)

This is in accordance with the statement of Rottig et al. (2011) based on the deterrence theory (Lee & Lee, 2002) that someone is less likely to engage in illicit behavior when there is a high probability that this will be detected by others and consequences will follow. Because there is a lack of surveillance on ethical behavior, in this case, unethical behavior will not be suppressed. More respondents indicate that there is not much surveillance on ethical behavior within the organization. One respondent claims there is only attention for ethical behavior when bad choices have been made. Another respondent claims that ethical behavior is important in the performance appraisal, but these ethical norms are difficult to evaluate. In addition, one respondent is critical about the competence ‘reliability’ because this competence only stands out when it is insufficiently present and then it must be improved. However, when it is sufficient, this competence is invisible. This may not stimulate employees to act in accordance with competences, as the extent to which the competence is respected is not recognized in the organization. As Treviño, Butterfield & McCabe (1988) claim, organizations can reinforce the ethical behavior of employees by utilizing surveillance and sanctioning systems to reward ethical behavior. A few respondents argue that ethical behavior is monitored and controlled depending on the function as ethical behavior is more relevant for employees with external customer contact.

Some respondents mention the Security Officer as one who supervises whether employees work safely with the data. As one respondent mentions, the audit of security ensures that employees will be reminded that it is important to handle the date properly. One respondent states that the surveillance of supervisors on the behavior of employees is an extra stimulator to act compliantly as he argues: “that is just another additional confirmation that you must do the right thing or that you really need to pay attention” (Respondent 5, IT staff member). This is in line with Rottig et al. (2011) who claimed that the presence of formal surveillance systems makes employees more sensitive and alert to ethical situations. They further argued that this alertness promotes moral awareness.

In conclusion, some employees are influenced by performance appraisals on core values and competences and act upon that. These employees are aware of the importance of these core values and competences and realize that their ethical behavior should comply with those competences. Supervisors try to steer the behavior of employees and make them aware of the consequences of their behavior for themselves and for others, which contributes to moral awareness that can be described as one’s realization that one can act in a way that it would affect someone else’s interests, welfare or expectations.
In addition, support of supervisors in performance appraisals is essential for employees to perform within a function well and make difficult decisions concerning ethical dilemmas. By having this support, employees are able to interpret the situations and choose the best action with regard to different parties, based on their competences. When employees rely on the support of supervisors in their decisions, this means they are morally aware, because they know different parties are affected by their actions. However, other employees claim they are not influenced by the performance appraisal on competences in their behavior. The assessment on core values may be insufficient and, therefore, employees are less controlled in their ethical behavior. Therefore, employees may be less morally aware as the framework within they must act is unclear. This does not contribute to moral awareness because this makes employees incapable of making a good interpretation of the situation with the actions that are possible. Rest (1986) argued that a good interpretation of the situation in terms of the actions that are possible, the ones who would be affected by each course of action and how these parties would regard such effects on their welfare, must be known to achieve moral awareness. Since employees do not know when they act ethically, they have less insight into the situation and could hardly judge how different parties would regard different actions on their welfare. Also, the Security Officer that supervises employees functions as a reminder that employees have to work safely with the data. This contributes to moral awareness of employees as it helps them realize that they can affect others with their actions and, therefore, need to work safely.

4.3.2 Procedures to report ethical and unethical behavior

Other formal surveillance systems mentioned by Tenbrunsel et al. (2003) are procedures to report ethical and unethical behavior. By means of communication channels, such as an ethics hotline and an ethical ombudsperson, ethical concerns of employees can be expressed (McDonald, 2000). At INFOMED, a counsellor and hotline are present for employees to report ethical concerns and several parties are available to report ethical dilemmas. INFOMED does not have a so-called ‘ethical ombudsperson’, but it has two counsellors, one internal and one external, to whom employees can turn for confidential matters and report undesirable behavior in the organization. According to the counsellor, employees can let off steam with her, but from her role as a counsellor she can only help with not work-related issues. With regard to the hotline, several respondents mention the existence of this hotline where employees must report data leaks or incidents that potentially lead to data leaks. Jurist argues that employees are very keen on reporting incidents and are even proud when they detect something:

“Yes, they just have a need to keep quality high also. One is also proud if they detect something that has impact or which is really big abuse” (Respondent 6, Jurist)

This is in line with Rottig et al. (2011) who stated that such formal surveillance system make employees more alert and sensitive to ethical situations. In case of INFOMED, this hotline promotes alertness of
ethical situations with regard to data-leaks. According to Rottig et al. (2011) this alertness promotes moral awareness. Furthermore, this alertness to report incidents prevents leaking of incidents to the public domain, because a hotline encourages whistleblowing of issues before they get to the public domain (McDonald, 2000). In addition, second-line employees at INFOMED even take action on reported incidents. Previously, paralegals dealt with reported incidents, but other employees also liked to act on this. So this has been pulled into the line and monitoring certificate abuse has been gained greater range by this.

Next to reporting incidents with regard to data leaks, in the case of decision making in an ethical dilemma, employees have several possibilities. Respondents mention colleagues, coaches, supervisors, and management as places to report problems and dilemmas in their work. Several respondents argue that employees approach other colleagues before they confront their supervisors with their dilemma. Several respondents argue that employees turn with their dilemma sometimes to colleagues with other functions in the organization. Employees of the department Support & Administration, for example, possess clear work instructions which prescribe when employees should turn to second- or third-line employees. Another example is given by the product owner, who always makes use of the expertise of legal affairs in the development of products. He obtains advice somewhere else and translates this to the development teams in order to make a legally acceptable product.

Although supervisors encourage employees to initially solve their problem with their direct colleagues, they are very accessible, as several respondents claim. According to one respondent, employees can always confront supervisors or even management with their dilemma, as she states: “that door to you, to top management, is always open for you” (Respondent 7, Quality staff member). This encourages employees to express their ethical concerns and, therefore, promotes whistleblowing of concerns before it gets to the public domains as McDonald (2000) argued. Furthermore, she argues that supervisors and management respond in a neat manner concerning approaching employees for help and acknowledge that there should be a better structural approach for these dilemmas. Management recognizes: “we need to tackle this structurally better” (Respondent 7, Quality staff member). According to her, INFOMED has grown so extensively that solutions have to be established to constructively solve dilemmas that employees encounter. In the case of major ethical dilemmas, the product owner and the jurist shift the decision up to a higher level in the hierarchy by writing memos to the management team. The product owner makes the conflicting values in the dilemma insightful and then moves it to the management team:

“And then the management team may decide which of the two choices we will choose. In that sense, I made the range of those two things clear, and then I will hear it from there.” (Respondent 1, Product owner)
Also, the jurist claims he has to write memos to the Management Team for the big dilemma’s as he states: “we do not have the authorization to make that kind of decisions” (Respondent 6, Jurist). According to the product owner, it is up to the employee to decide whether he or she reports the dilemma. Based on work experience and competences these employees are hired and considered to be suitable to make these considerations. He argues that the following is communicated when hiring employees:

“You are just responsible for your own services, and so that also means that it is up to you to judge when you need management and when you do not need management” (Respondent 1, Product owner)

With regard to undesirable behavior of colleagues, many respondents indicate that colleagues should initially be addressed directly, before this is formally reported. One respondent states that employees must report the problem with the one who is responsible for it to make an improvement of quality possible. According to one respondent, reporting unethical behavior of colleagues is determined by the lack of established processes in the organization, the high workload and the role of INFOmed in healthcare chain. Employees raise the alarm when the behavior of colleagues disrupts the relations between colleagues, because they are dependent on their colleagues. He argues that, because of the lack of established processes in the organization, employees need to collaborate well in order to achieve production. Therefore, he argues:

“But if you do not have that process, then I am dependent on my colleagues. Then you need to, that relationship, you need to keep that good, because otherwise I will not get something done with you. So if someone transgresses the norms and values within that group, yes then you will raise the alarm” (Respondent 8, Compliance Risk Officer)

In the case of an extreme disruption in the relations, a supervisor, management or HR will be reached out to. At the same time, the degree of workload can play a role in reporting the undesirable behavior of colleagues. Since the workload at INFOmed is very high and colleagues depend on one another, employees want to prevent that someone is suspended. Therefore, employees are less likely to make formal reports about undesirable behaviors of colleagues. This respondent argues about formal reporting:

“There people do not benefit from either because the workload is already so high. So when you at one point are put on inactive, yeah that does not help me. We will get an even bigger problem, because the work still has to be done” (Respondent 8, Compliance Risk Officer)

In addition, employees are aware of the function of INFOmed as a pivot in healthcare and, therefore, cannot afford it when work is not being done. He argues that being a party in healthcare has the following consequence for the communication: “this communication should always go ahead. So, therefore, we might accept even more of each other”. (Respondent 8, Compliance Risk Officer). Only in very extreme situations, employees will report the undesirable behavior of colleagues. According to him, this is shown
very clearly: “the behavior of people which is more easily accepted or not adhering to procedures or bypassing things or whatever, is all yeah maybe accepted too easy, because you are and dependent of your colleagues and you are positioned in healthcare chain”. (Respondent 8, Compliance Risk Officer)

In conclusion, employees are very alert on detecting incidents with regard to data leaks and report these incidents at the hotline, which increases moral awareness of employees as they watch out for incidents. Alertness of employees on incidents makes them able to better interpret situations with regard to possible actions and the effects for different parties on their welfare. Yet, there is no hotline or ombudsperson in the organization at which ethical work-related issues must be reported, other than incidents with regard to data leaks. This does not help in achieving moral awareness, as it does not make employees alert to these ethical issues and, therefore, they do not take them into account when interpreting situations and possible actions and consequences of different parties. However, employees can report ethical issues to colleagues, coaches, supervisors and management. Employees do shift their ethical dilemma to other colleagues higher within the hierarchy when they do not have the authorization to make these decisions. This shows that these employees do realize that their actions can affect other interests, welfare or expectations and, therefore, they are morally aware (Rest, 1986). Furthermore, undesirable behavior of colleagues is formally reported when this disrupts the relation between colleagues. Because of the lack of established processes in the organization, employees are dependent on colleagues to achieve production and, therefore, will report undesirable behavior to secure the collaboration. This points to moral awareness as employees are aware that undesirable behavior of a colleague can affect others, as it disrupts relations. However, the workload and the role of INFOMED in the healthcare chain make employees less likely to formally report undesirable behavior because they do want to achieve production. This also shows moral awareness of employees because they realize their actions have consequences for the production of the organization and furthermore for parties at the healthcare sector.

4.3.3 Formal punishments and rewards

According to Treviño (1986), the organization can influence ethical behavior by clarifying to employees what behavior will be punished and what will be rewarded. However, based on the data, multiple respondents could not mention any formal rewards of punishments with regard to ethical or unethical behavior in the organization. One respondent argues that there is a lack of consequences for the behavior of employees regarding ethical situations. On the question if there are any consequences for employees in response to the acting in an ethical situations, she answers:

“Do not think so, no and that is also, I think what happens too little. So there is looked at, but it is not, think the decisive may be not there.” (Respondent 3, Coach Support & Administration)
This indicates a lack of controlling the desirable behavior of employees in the organization, as theories of reinforcement of Skinner (1953) and the agency theory of Fama (1980) suggests behavior have to be monitored and accordingly rewarded or sanctioned to create desirable behavior. Also, employees are not made alert to ethical situations by a lack of sanctioning systems. Rottig et al. (2011) argued that formal surveillance and sanctioning systems make employees more sensitive and alert to ethical situations.

A few respondents claim that only in the case of very disruptive behavior of an employee or structural malfunctioning, an employee will be fired. In addition, one respondent claims it is more likely that sanctions will be given to unsafe and unreliable behavior, than behavior that stresses failing on other competences. Since employees should act safely and reliably in order to secure the existence of INFOMED, she states: “if you are not safe and reliable then I think it just really means exit at some point” (Respondent 7, Quality staff member). This suggests that employees will avoid failing on these competences, because Rottig et al. (2011) stated, based on the deterrence theory (Lee & Lee, 2002) that someone is less likely to engage in illicit behavior when there is a high probability that this will be detected and consequences will follow. The focus on safe and reliable behavior indicates a compliance-based ethics program in which unlawful conduct is punished (Paine, 1994).

With regard to rewards for ethical behavior, only a few respondents could mention a formal one. One respondent states that a good performance appraisal at higher positions could yield more salary. At the department Support & Administration, a trophy is handed out to the top five topper every week, who has formulated the appropriate action to a hypothetical customer question with a compliance issue as fastest. With the trophy, they aim to implement and get support for this top five and promote compliant behavior of employees. This is in line with Treviño, Butterfield & McCabe (1998), who claimed that ethical behavior can be reinforced by rewarding ethical conduct. However, here the magnitude of consequences which is a key factor in influencing ethical behavior (Tenbrunsel et al., 2003) should be taken into account, as receiving a trophy might have less impact on ethical behavior than an increase in salary.

In conclusion, there exists a lack of controlling ethical behavior in the organization by missing formal punishments and rewards. Therefore, this does not contribute to achieving moral awareness as employees are not made alert to ethical situations by means of sanctioning systems. However, it is most likely that sanctions will be given to behavior that stresses failing on competences ‘safe and reliable’ than at behavior that stresses failing on other competences. This suggests that employees are made alert of ethical situations with regard to unsafe and unreliable behavior. This increases their moral awareness with regard to these ethical principles, as moral awareness can be described as one’s realization that one can act in a way that it would affect someone else’s interests, welfare or expectations (Rest, 1986). Furthermore, the trophy for the top-five topper at the department Support & Administration may
increase moral awareness of employees of that department. By means of the trophy, it is aimed to implement and support compliant behavior as employees are made aware of compliance issues by this trophy. By presenting these compliance issues, employees are better able to interpret situations, possible actions and consequences for different parties with regard to compliance. This contributes to moral awareness because according to Rest (1986), one has to be able to make an interpretation of the situation and the actions that are possible, who would be affected by each course of action, and how these parties would regard such effects on their welfare, in order to achieve moral awareness.

4.4 Informal communication systems

Next to the formal systems, informal systems play a significant role in sending signals to employees of what appropriate behavior and ethical principles are valued (Tenbrunsel et al., 2003). Tenbrunsel et al. (2003) mentioned a few representations of such informal mechanisms. Based on the data, the following systems have been found: ‘informal “hallway” conversations’ and ‘verbal and nonverbal behaviors of individuals in the organization’. With regard to these informal communication systems, it will be discussed in what way they are related to moral awareness of employees.

4.4.1 Informal ‘hallway’ conversations

Informal conversations about ethics in the organization convey ethical norms in an unofficial manner. Based on the data, it can be stated that employees at INFOMED do not discuss topics with regard to ethical principles with colleagues very often. One respondent argues that within INFOMED there are not many work-related ethics talks. This indicates that conversations between employees do not contribute to framing business situations in ethical terms as Butterfield, Treviño & Weaver (2000) argued that the use of moral language in day-to-day discussions can reinforce framing of business situations in more ethical terms. In addition, one respondent states that there were some negative comments about the interaction agreement because employees found this was unnecessary. She argues: “some people found it was quite exaggerated that it was made, because they thought it was more a naturalness what we had recorded on paper” (Respondent 4, Functional manager). This suggests conversations between employees convey the interaction agreement as negative.

However, some respondents claim that employees do have conversations about ‘compliance’, which are compliance-based ethical principles. At the department Support & Administration, compliance has been discussed often, as it is a hot topic and has brought many changes to the work environment of employees. The supervisor of this department argues that employees discuss among each other how to deal with customer experiences with regard to compliance issues. Also, she noticed some comments of incomprehension as employees do not understand why the work has to be more
difficult than before. Another respondent also claims that ‘compliance’ has been a much-discussed topic: “that has just been really, certainly over the last year, the keyword in absolutely everything” (Respondent 7, Quality staff member). In addition, employees discuss topics as ‘safety and reliability’ in hallways and link this to their daily work. According to her, it is necessary to connect these themes to daily reality. The comments about compliance are mixed according to her, but always constructive, because everyone wants to improve. She argues that if people whine, it is because they want to go to a next level and come close to the core of certain matters. These mentions of ‘compliance’ in day-to-day discussions reinforce framing of a daily business situation in more compliance-based ethical terms, as Butterfield, Treviño & Weaver (2000) argued about moral language in day-to-day discussions.

In conclusion, on the one hand, employees do not often have informal conversations with their colleagues about ethics. This does not contribute to framing business situations in more ethical terms and therefore does not contribute to the moral awareness of employees because it does not contribute to the interpretation of situations. As Rest (1986) argued, in order to achieve moral awareness, one has to be able to make an interpretation of the situation and the actions that are possible, who would be affected by each course of action, and how these parties would regard such effects on their welfare (Rest, 1986). On the other hand, employees do have conversations about compliance-based ethical principles. With regard to this, employees discuss safety and reliability and connect this to their daily reality, which contributes to framing a business situation in more compliance-based ethical terms. This contributes to moral awareness as it makes employees aware of the compliance issues when interpreting situations and possible actions and consequences for different parties.

4.4.2 Verbal and nonverbal behaviors of individuals in the organization

Another mechanism that informally communicates ethical principles in the organization is ‘verbal and nonverbal behaviors of individuals in the organization’ (Tenbrunsel et al., 2003). Multiple respondents indicate that organizational leaders have an exemplary function to the behaviors of others in the organization. This is in accordance with Treviño, Hartman, and Brown (2000), who argued that visible actions of organizational leaders influence ethical behavior of employees in the organization as they function as role models. Organizational leaders at INFOMED are aware of their function as role model and try to utilize it. The product owner is very aware of the influence of his behavior on others, for example, and claims that the behavior of a supervisor must correspond to the behavior he or she requires of colleagues. Also, another supervisor claims that she attempts to control the behavior of employees by presenting a good example herself. The jurist argues that as a trained risk-thinker, it is his responsibility to propagate these risks to colleagues in exemplary compliant behavior. He also points to the management, who also has an exemplary function and really stimulates compliant behavior and the work that jurists perform to make the organization compliant. This indicates that management conveys to the
rest of the organization that compliance is really important. This influences employees, as Treviño, Hartman, and Brown (2000) argued that employees notice the behaviors of organizational leaders and consider these actions as an example of what is important and what is not. Therefore, these actions that reflect the importance of ethics determine whether employees take formal systems seriously (Tenbrunsel et al., 2003).

Furthermore, the behavior of colleagues influences the behavior of employees as colleagues imitate one another, according to some respondents. The product owner and the IT staff member, for example, deal with ethical dilemmas the same way as their colleagues do. When during the interview the vignette about the ethical situation of a product owner (see appendix IV, vignette 7) was discussed, the product owner argued that he would choose for the action with the highest business value and perform this well. He argued that he chooses to handle the dilemma the same way as his colleagues are dealing with these dilemmas. Another respondent claims that he is stimulated to act according to codes of conduct and work policy, as he also appreciates it when other colleagues comply with those.

To conclude, organizational leaders function as role models to other colleagues in their ethical behavior and attempt to give a good example themselves. In addition, management conveys that compliance is really important and shows the importance of this compliance-based ethical behavior to employees through this. This behavior of organizational leaders influences the moral awareness of employees as they make employees aware of the importance of certain ethics in situations. Rest (1986) argued that in order to achieve moral awareness, one has to be able to make an interpretation of the situation and the actions that are possible, who would be affected by each course of action, and how these parties would regard such effects on their welfare. Employees take the ethical principles into account by interpreting situations and possible actions and consequences for different parties when they are aware of the importance of the ethical principles. Also, ethical behavior of colleagues can influence moral awareness of employees as this behavior can also convey the importance or unimportance of ethical issues. Employees that imitate colleagues take ethical issues into account based on these signals when interpreting situations.

4.5 Informal surveillance and sanctioning systems

In this theme, informal surveillance systems that monitor and detect ethical and unethical behavior beyond channels of the formal surveillance system (Tenbrunsel et al., 2003) are discussed. The channel that is used for informal surveillance that has been found in the data is: ‘personal relationships’. Also, informal sanctioning systems, which go beyond channels of the formal sanctioning systems to directly associate ethical and unethical behavior with rewards and punishments (Tenbrunsel et al., 2003), are discussed. Based on the data, informal rewards and punishments are presented as informal sanctioning
systems. With regard to these informal surveillance and sanctioning systems, it will be discussed in what way they are related to moral awareness of employees.

4.5.1 Personal relationships

Informal surveillance can be done by means of channels of personal relationships (Tenbrunsel et al., 2003). With regard to personal relationships, all respondents in this research claim that employees monitor and address colleagues on their behavior. According to one respondent, ethical behavior is only communicated at the intake procedure and after this employees indicate acceptable behavior to each other. This can be seen as informal surveillance as employees do not report unethical behavior to the management, but the behavior of employees is observed and reported via an informal chain of command, as Tenbrunsel et al. (2003) argued. Within the organization there exists a culture in which colleagues can be addressed properly on undesirable behavior, according to several respondents. It is seen as something positive to address colleagues and provide feedback to one another as employees learn from it and it contributes to the improvement of quality in the organization. The organization tries to stimulate employees to provide feedback to colleagues, according to several respondents. They mention team and development training days in which attention is paid to providing and receiving feedback. Furthermore, management and coaches control this providing and receiving of feedback, according to one respondent.

Although addressing colleagues on behavior is seen as positive, some respondents indicate that employees do not dare to appeal to colleagues after they detected undesirable behavior. This indicates informal surveillance by means of personal relationships is hindered. According to the coach of the department Support & Administration, the organization wants everyone to express feedback, but: “for one this is easy and for the other it is difficult. Scared of reactions I also think.” (Respondent 3, Coach Support & Administration). According to one respondent, employees are rarely criticized by colleagues, because colleagues are dependent on one another to achieve production due to a lack of established processes. He argues that employees are scared to criticize colleagues because the atmosphere must stay good as colleagues are the only resource they have to achieve production. Therefore, employees will not take disciplinary actions against a disruptive employee. Only when behavior of an employee is disruptive in the collaboration of employees to achieve production they have shared responsibility for, colleagues are addressed. Then more mutual correction between colleagues will take place:

“So you have to collaborate and if there is a disturbing element in which, or in any way whatsoever. Then yes, then you mention that.. and then it will be resolved within that group, most likely”. (Respondent 8, Compliance and Risk officer)

In conclusion, employees address each other on their behavior and indicate acceptable behavior to each other, which contributes to moral awareness, as employees are made aware of their behavior and the consequences this involves for others. This suggests moral awareness, as Rest (1986) describes moral
awareness as one’s realization that he or she can act in a way that it would affect someone else’s interests, welfare or expectations. Since the organization tries to stimulate providing and receiving feedback on the behavior of colleagues, employees will be able to better interpret situations and the consequences of their actions. According to Rest (1986), in order to achieve moral awareness someone has to be able to make an interpretation of the situation in terms of the actions that are possible, who would be affected by each course of action and how these parties would regard such effects on their welfare. Employees that point each other on their behavior, make clear to one another that their actions may have undesirable consequences and how they regard the actions of that colleague on their welfare. However, some employees do not dare to address colleagues on undesirable behavior because they are scared or because they do not want to deteriorate the relationships, as they are dependent on colleagues by a lack of established process. This causes that employees are not made aware of their actions and their undesirable effects on others. Therefore, this does not contribute to achieving moral awareness like Rest (1986) stated.

4.5.2 Informal punishments and rewards

Informal sanctioning systems directly associate ethical and unethical behavior with rewards and punishments by unofficial organizational channels (Tenbrunsel et al., 2003). These sanctioning systems can include group pressures to make employees act in a certain manner (Tenbrunsel et al., 2003). Punishments that can result after unethical behavior can be isolation from group activities or ostracism (Tenbrunsel et al., 2003). According to the data, gossip has been mentioned as informal punishment after undesirable behavior of employees, by several respondents. This can be seen as a light form of ostracism, because one employee is being ostracized by the group by means of gossiping about that person. According to Feldman (1984), this reminds other group members to the framework of behavior that is acceptable, because enforcing group norms makes clear to the group what the ‘boundaries’ are with regard to deviant behavior.

Also, employees can punish someone by ostracizing the one that has engaged in ethical behavior, for example whistleblowing (Tenbrunsel et al., 2003). In the data, one respondent suggests that his ethical behavior had been punished by colleagues that gossiped about his action. He explains that a team that had committed a misstep was the victim of gossip in another team. When he decided to confront both teams in order to stop the gossip and promote transparency and openness, this also caused gossip. He was aware of the reaction this would cause: “because I know that I, at the moment I will do that, other people will say behind my back, so to speak half of them would say 'good action' and the other half would say 'well I think it is so exaggerated that he has done that'” (Respondent 1, Product owner). According to him, the decision to set up a confrontation despite the negative reactions it could
bring is dependent on work experience, function, and personality. Other respondents also state that gossip of colleagues is present, but one adds that colleagues always talk about each other.

Next to gossip, employees experience informal, more symbolic, punishments after unethical behavior shaped as a funny gesture. The discussion of the vignette about screen locking (see appendix IV, vignette 1), for example, showed that employees are confronted with such informal punishments when they do not lock their screen and fail a compliance measure. After employees fail to lock their screen, sometimes they are asked to bring a treat for their colleagues. Also, screensavers are changed by colleagues when employees do not lock their screen while they have left the workplace. One respondent argues that some colleagues can appreciate jokes, but others prefer to be addressed seriously. In addition, the general consequences of actions contribute to the moral awareness of employees as one respondent argues: “because it creates a kind of precedent for future situations... if it still will occur frequently. That you know then ‘well we have dealt with it this way by then’, ‘oh fortunately that feels quite nice’ or ‘that was exactly quite unpleasant’” (Respondent 7, Quality staff member). Furthermore, she states that consequences of actions can provide rest and security if employees know it went well last time and know to whom they can turn to for help. In addition, as mentioned before, she also argues that employees receive trust by positive feedback to deal with a next ethical dilemma.

With regard to informal rewards, a few respondents mention ‘compliments’ as a kind of informal rewarding for ethical behavior. Also, one respondent claims that when an employee takes the right action after an incident positive feedback is given: “I also give that feedback then: I think it is really good that you have already taken those steps because that is what we expect” (Respondent 4, Functional manager). Another respondent mentions pleasant collaboration as an informal reward for his behavior. He argues that when he takes the departments Legal affairs and Compliance seriously in his decisions in order to act compliantly, this fosters a pleasant collaboration with them in the future. This indicates that in contrast to ostracism as punishment (Tenbrunsel et al., 2003), involvement in the group is seen as a reward for ethical behavior.

In conclusion, employees can be ostracized after undesirable behavior, by means of gossip by other colleagues. This contributes to the realization of employees of the framework of deviant behavior and increases moral awareness, because employees are made aware by the gossip that their behavior does not match the expectations of the rest of the group. Therefore, as Rest (1986) describes moral awareness as one’s realization that one can act in a way that it would affect someone else’s interests, welfare or expectations, this increases moral awareness. However, also ethical behavior as whistleblowing is punished with gossip, which makes the framework of deviant behavior unclear, but also contributes to moral awareness. Namely, the gossip makes employees aware of their behavior and the fact their actions have consequences for others. Also, Rest (1986) argued that in order to achieve moral awareness one has to be able to make an interpretation of the situation in terms of the actions that
are possible, who would be affected by each course of action and how these parties would regard such effects on their welfare. Gossip makes employees aware of who are affected by the action and how other employees regard such effects on their welfare and, therefore, gossip contributes to moral awareness. Furthermore, general consequences of previous actions contribute to moral awareness, as these experiences make employees able to better interpret future situations and the possible consequences of different actions for different people. In addition, compliments make employees aware of the good actions that they have done and help to interpret further situations based on this experience. In addition, employees are made morally aware by the willingness of collaboration of other parties after they made an ethical decision. When employees do not take these parties seriously they do not want to collaborate anymore, which make employees aware of the consequences of their actions.
5. Conclusion & discussion

In this section, a conclusion of the research will be formulated by answering the research question: *Which formal and informal systems are present at INFOMED and in what way are they related to moral awareness of employees?* In addition, the limitations of this research will be discussed in the light of the research objective. Furthermore, recommendations for future research will be provided and managerial recommendations will be given to the management of INFOMED.

5.1 Conclusion

In this research has been studied which formal and informal systems are present at INFOMED and the way in which they are related to moral awareness of employees. Formal communication systems that are present at INFOMED are: codes of conduct, mission statements, written performance standards and training programs. It can be stated that different formal communication systems make employees aware of the need for compliance, and acting safely and reliably. The focus of the organization has been on compliance-based ethics, in which employees are made aware of the importance of adhering to appropriate laws and regulations and securing safety and reliability. This has been communicated by means of the mission statement, written performance standards and a training program. Employees are made aware of the importance of these issues in order to fulfil the mission as a pivot in healthcare and realize that their actions can have consequences for other parties. The communication of written performance standards as competences and core values and the training program of compliance, provide guidance to employees in their behavior and make them aware of these compliance principles. Based on this awareness, employees interpret situations with possible actions and consequences for different parties with attention for compliance issues which increases their moral awareness.

However, employees seem to be less aware of other ethical principles next to compliance-based principles. Codes of conduct that are communicated by the interaction agreement are not used by employees to interpret situations and thus, do not contribute to their moral awareness. The difference between the adherence to compliance-based ethical principles and other ethical principles on moral awareness can be explained by the regularity of communication. The compliance-based ethical principles are communicated recurrently to employees by different systems. Additionally, explanations of the reasons underlying compliance measures are provided to employees. This contributes to the understanding of employees of the compliance measures and, therefore, it makes them able to better interpret situations and possible consequences for different parties. Other ethical principles are not regularly communicated or explained and because of that, employees do not take these principles into account when interpreting situations. Moreover, at the department Support & Administration, more attention has been given to ethical principles than at other departments. This may be explained by the fact that employees at this department have contact with external parties on a regular basis and often
have to deal with sensitive data. Therefore, the importance of compliance-based ethical principles is stressed at this department.

Furthermore, formal surveillance and sanctioning systems that are present at INFOMED are: performance appraisals, procedures to report ethical and unethical behavior and formal punishments and rewards. These systems are not sufficiently decisive to promote ethical behavior that has been communicated in the organization. Although employees are assessed on their competences in performance appraisals, employees are not convinced that their ethical behavior is monitored. By means of a lack of surveillance on ethical behavior, the framework of acceptable behavior is unclear for employees. Because of the unclear framework of acceptable behavior, it is hard for employees to interpret situations with possible actions and consequences for different parties and, therefore, it is difficult to achieve moral awareness. However, supervisors may also discuss expectations that are held by the employee according to their job profile and make them aware of the consequences of their behavior, which does help employees to become morally aware. Furthermore, support and trust of supervisors to employees is essential for employees in order to interpret situations and choose the best action based on their assigned competences. Furthermore, the lack of formal sanctioning in the case of ethical or unethical behavior, decreases the control of the behavior of employees. Because formal punishment and rewards are missing, employees are not made aware of the boundaries for acceptable behavior which makes it hard to make a good interpretation of situations. However, violation of safe and reliable behavior will be sanctioned rather than violation on other competences. Therefore, employees have been made aware of the importance of these issues.

With regard to procedures to report ethical and unethical behavior, INFOMED offers a hotline to report incidents with regard to data leaks. Employees are very alert to detect incidents and report these incidents. Because of this alertness, moral awareness is encouraged as employees watch out for incidents when interpreting situations. This stimulates moral awareness as employees interpret situations while taking into account consequences with regard to compliance issues. However, there does not seem to be a hotline to report other work-related ethical and unethical behavior in the organization, which does not make employees morally aware of other ethical issues. Additionally, established processes are very important as these clarify who have to be involved in decisions with regard to ethical dilemmas. The lack of established processes in the organization keeps employees from making a good interpretation of situations which makes it hard to achieve moral awareness. Also, the extent of established processes and thereby the dependence on colleagues determine whether the undesirable behavior of colleagues is formally reported. The lack of established processes and the high workload can undermine formally reporting of undesired behavior of colleagues. Employees do not want colleagues to get suspended as a consequence of the reporting because these colleagues are needed to fulfil the job. Moreover, the role of INFOMED as pivot in healthcare makes employees aware of the importance that their work is continued and may restrains them to formally report undesirable behavior.
With regard to informal communication systems, ‘informal “hallway” conversations’ and ‘verbal and nonverbal behaviors of individuals in the organization’ are present. These systems reinforce formal communication of ethical behavior partly. There are not many informal conversations in hallways about ethical issues, but topics with regard to ‘compliance’, and ‘working safely and reliably’ are discussed among employees. These conversations help to frame business situations in more compliance-based ethical terms and contribute to achieving moral awareness of employees as they help them to take these principles into account when interpreting situations. Furthermore, organizational leaders at INFOMED function as role models in their ethical behavior and convey the importance of ethical principles by their own behavior. These leaders are aware of their role and provide good examples themselves with regard to ethical behavior. In this case, management conveys in particular that the compliance-based ethical principles are important with less attention to other principles. The moral awareness of employees is influenced by organizational leaders who communicate the importance of these ethical principles. Employees will take these principles into account when interpreting situations. Additionally, colleagues convey the importance of ethical principles to other employees as employees take the behavior of colleagues as an example and imitate colleagues.

Informal surveillance and sanctioning that are present at INFOMED are: personal relationships and informal punishments and rewards. These systems reinforce the formally communicated ethical principles partly. By means of personal relationships, employees address colleagues on their behavior and indicate acceptable behavior to one another. This contributes to moral awareness as colleagues are made aware of the consequences of their behavior for others. It is also encouraged by the organization to provide and receive feedback to one another. However, some employees do not dare to address colleagues after they have detected undesired behavior. Furthermore, the lack of established processes makes employees careful to criticize colleagues as they do not want to disturb collaborations that are needed to fulfil the job. This may withhold employees to address each other and keeps employees from getting morally aware as they do not receive feedback of the effects of their undesired behavior on others. Informal sanctioning happens by means of ostracizing when colleagues gossip about the one that has engaged in ethical or unethical behavior. This gossip contributes to moral awareness as it makes employees aware of who are affected by the action and how parties regard such effects on their welfare. Also, jokes, positive feedback and compliments remind employees of the framework of acceptable behavior and make them better able to interpret future situations.

Additionally, the consistency between the elements of formal and informal systems is important to influence ethical decision making and increase moral awareness of employees. In one way these different systems correlate with each other as several formal communication systems communicate compliance-based ethical principles. Furthermore, the recurrent communication is carried out for compliance-based ethical principles. However, other ethical principles are only communicated upon entry by codes of conduct but are not recurrently communicated afterwards. Also, formal surveillance
and sanctioning systems do not fully correlate with these communicated ethical principles, as they are not sufficiently present and decisive. Also, in this sense, more attention is provided to the compliance-based ethical principles, but this is still not enough to reinforce the ethical behavior and moral awareness. Furthermore, the informal systems, show some communication about compliance-based ethical principles which are consistent with the formal communicated compliance-based ethical principles. Therefore these compliance principles are strengthened by the congruence between formal and informal communication systems. However, there is not much attention to other ethical principles in informal communication systems. This is in line with the formal systems in which there is not much attention to other ethical principles as well. Additionally, the informal surveillance and sanctioning systems do reinforce the ethical principles partly, however, these can also be more strengthened. Next to compliance-based principles, other ethical principles are communicated by informal surveillance and sanctioning systems which is not in line with the formal systems. The informal systems may have filled in a gap of ethical principles that have not been communicated formally.

5.2 Limitations of the research

This research has been conducted in order to gain insights in the way in which formal and informal systems are related to moral awareness by studying which formal and informal systems are present at INFOMED and the way in which they are related to moral awareness of employees at INOFOMED. With regard to this study, limitations have to be taken into account by interpreting the presented results.

First of all, the concept of ‘moral awareness’ has been difficult to study due to a couple of methodological difficulties. First of all, it has been difficult to study ‘moral awareness’ solely in the context of ethical decision making, even though Rest (1968) argued that all steps in the process of ethical decision making, including ‘moral awareness’, are conceptually distinct (Jones, 1991). When discussing ethical decision making, employees could not always mention the role of moral awareness. This displays that not all respondents are aware of their moral awareness which makes it difficult to study the way in which systems are related to this construct. Therefore, by interpreting the data, based on the influence of formal and informal systems on ethical decision making, statements have been made about the way in which these systems are related to moral awareness. This could be done since moral awareness has been seen as a condition for ethical behavior (Tenbrunsel & Smith-Crowe, 2008; Hunt & Vittel, 1986). As Tenbrunsel et al. (2003) claimed that formal and informal systems impact ethical decision making by promoting ethical behavior and controlling unethical behavior, the influence of systems on ethical decision making, could be related to moral awareness.

Furthermore, it has been hard to study ‘moral awareness’ as respondents found it hard to discuss their moral awareness and influencers on moral awareness. This decreases the credibility of this research (Symon & Cassell, 2012) as it is hard to create a good fit between the realities that are constructed by
respondents and the attribution of reconstructions to them, when employees have difficulties with discussing the realities with regard to this research topic. It seems like respondents could not always discuss ‘moral awareness’ as this is a really abstract concept to discuss (Randell & Fernandes, 1987). In addition, the extent to which respondents were able to discuss ‘moral awareness’ differed along the respondents. This was probably depending on the function of employees and the extent to which these functions require them to think abstractly. Managers higher in the hierarchy, for example, could better discuss topics with regard to compliance issues and systems that are related to moral awareness than employees who work more executively.

Moreover, this topic is hard to study empirically because the sensitive topic that is discussed has a high tendency to the social desirability response bias (Randell, Fernandes, 1987). This bias is a common problem in the data gathering process where respondents are more declined to respond in a socially acceptable manner and therefore provide more morally correct answers than true answers (McDonald, 2000). McDonald (2000) argued that ethical instruments have been criticized by this social desirability response bias, as this bias is more present in ethics research than in other attitudinal research. Although an attempt was made to reduce this bias by guarantying respondents that they will remain anonymous in the research, this bias may have influenced the data and decreased the credibility of the research.

As has been debated in the section about the research method, vignettes that illustrate ethical situations for employees have been used during the interviews. By using these vignettes has been tried to make the research topic less abstract and easier to discuss and additionally has made an attempt to overcome the social desirability bias. The vignettes put ethical situations in a real-life context and promote evaluations of employees (Alexander & Becker, 1978). This may have helped employees to discuss ‘moral awareness’ and increased the credibility of the research. Also, these vignettes could have helped to overcome social desirability response bias according to McLeod et al. (2016). By not asking respondents directly about their perceptions of organizational systems but by means of hypothetical vignettes employees in this study may overcome this bias. These vignettes turned out to be a useful steppingstone to discuss ethical situations and make the topic less abstract. By introducing vignettes, respondents were sometimes better able to discuss ethical decision making and moral awareness. Nevertheless, the vignettes did not provide much help with discussing the formal and informal systems as employees found it hard to mention the role of such systems in those particular situations. Therefore, vignettes functioned as a good starting point, at which follow-up questions could be asked and could be switched to a more abstract level.

Furthermore, the measurement of moral awareness has some implications. Even though this study was not aimed at measuring the level of moral awareness at the organization, it was aimed at studying the way in which formal and informal systems are related to moral awareness and therefore
moral awareness had to be investigated. The results of this study can be influenced by the fact that the respondents have been made morally aware during the interviews by the questions that were asked to them. Tenbrunsel & Smith-Crowe (2008) argued that when respondents are asked about possible ethical dilemmas in issues, this may focus respondents on moral dimensions which they would not have perceived when these were not asked (Reynolds, 2006b; Treviño et al., 2006). However, as debated in the section about research ethics, this research has made the ethical consideration to choose for transparency and openness to respondents with regard to the research aim.

Also, the personal interpretation of the researcher on answers of respondents can create unreliable and biased results (McDonald, 2000). According to McDonald (2000), respondents have the tendency to resort to their own private situational examples or set of circumstance when answering questions with regard to ethical issues. This causes the risk that researchers impose their own cultural based ethics on responses without concern for the perspective of the respondent underlying the responses. This way, questions are subject to a personal interpretation which undermines consistency across circumstances (Ferrell et al., 1983). This personal interpretation of the researcher may have decreased the credibility of the research. However, by means of in-depth interviews, this has been tried to prevent by asking about underlying reasons for answers in order to reveal the thoughts of respondents underlying the responses. Additionally, vignettes that have been used in this study, may have contributed to revealing the perspective of the respondent. According to McDonald (2000), vignettes that illustrate specific ethical issues, are used to illustrate ethical perceptions of constructs under study of respondents and provide the perspectives of the respondents well.

Moreover, this research did not include ‘organizational climate’ as one of the elements of an ethical infrastructure. Due the limited time and resources, not all elements of the ethical infrastructure could be included in the investigation. It has been preferred to study formal and informal systems over the organizational climate as this study is aimed at gaining more insights in the organizational factors that are related to moral awareness. Formal and informal systems can be applied and mobilized by the organization as these are tangible objects and events. Organizational climates however, consist of perceptions of individuals (Tenbrunsel et al., 2003) and cannot be directly adjusted by the organization. Nevertheless, the organizational climate is an important element of the ethical infrastructure as Tenbrunsel et al., (2003) argue that formal and informal systems are embedded in the organizational climate. Therefore, this study is insufficient to gain a full understanding of the relation between the ethical infrastructure and moral awareness in the organization. However, this study provides a first indication with regard to the support of formal and informal systems for moral awareness in the organization. By means of these systems, the organization may be able to influence the organizational climate indirectly as Tenbrunsel et al. (2003) argue that the interrelationships between systems are crucial and the consistency between them is important. According to them, next to formal systems, informal systems and organizational climates are equally imperative (Tenbrunsel et
Finally, with regard to the external validity of this research can be stated that this is limited since this case study has only been conducted in one organization. Therefore, the results on the way in which formal and informal systems are related to moral awareness cannot be generalized. Because of that, this research has aimed to improve the transferability. Transferability refers to enabling the reader to judge if the findings may be applied to other contexts (Symon & Cassell, 2012). This research has provided a large amount of information about the empirical case in this study by describing the issues and obligations INFOMED is dealing with. That way, this research attempts to increase the transferability of these results to other organizations in comparable contexts.

5.3 Recommendations for future research

Based on the results and limitations above, some recommendations for future research can be provided. First of all, it is recommended to use mixed methods given the methodological difficulties of research on ethics. By using experimental methods, more insights can be provided in moral awareness of employees with regard to ethical situations and the role of informal and formal systems. This method may reduce the social responsibility bias of ethics topics, as respondent are not directly asked about these issues by experiments. During these experiments questionnaires can be used to measure moral awareness of employees. After these experiments, by means of in-depth interviews can be discussed why individuals were morally aware when making certain decisions and what role different systems had in it. Also, the use of experiments may improve the ability to discuss ‘moral awareness’ as the topic of moral awareness is made less abstract when employees can refer to a certain situation. This way, more insight can be provided in the way in which formal and informal systems are related to moral awareness. Another option is to make use of a survey that includes vignettes with several ethical situations in which different systems are present. By means of this survey, an overview can be provided of ‘moral awareness’ of employees in different situations and the influence of different systems. Also, after this survey, in-depth interviews should be conducted to gain more insight in the role of different systems for ‘moral awareness’. The vignettes can be used to make the topic less abstract as these specific situations can be referred to during the interviews. By using the results of the survey, specific relevant questions about ‘moral awareness’ and the role of different systems in certain situations can be asked during the in-depth interviews. This way, more insights can be provided in the way in which formal and informal systems are related to moral awareness.

Furthermore, since respondents were not always aware of their moral awareness and found it hard to discuss this topic, it could potentially be interesting to further study the type of process moral awareness entails. Rest’s (1986) model of ethical decision making is a cognitive model that attempts to
understand what employees think when making ethical decisions (Reynolds, 2006). Comparable to what Tenbrunsel & Smith-Crowe (2008) have discussed, most research assumes that the process underlying ethical decision-making is reason-based. However, the role of emotions, subconscious and intuition is ignored in that sense. Additionally, when managers talk about ethical issues they often use words like ‘intuition’ and ‘gut-feelings’ which suggests that employees are not always thinking about ethical issues, but behave according to another mechanism (Reynolds, 2006). Therefore, it could be interesting to further study under what circumstances ethical decision making is a more deliberate or more intuitive process. Based on these insights, formal and informal systems can be adapted to better influence moral awareness.

Moreover, in order to reduce the biased results due to personal interpretations of the researcher on answers of respondents, researcher triangulation could be used. By means of this triangulation, the inter-rater reliability is pursued (Boeije, 2005). Especially during the analysis part, research triangulation can be useful to prevent that data is interpreted based on feelings and views of only one researcher. In case of triangulation, different researchers can comment on one’s interpretation of the data and discuss the validity of it (Boeije, 2005).

5.4 Managerial recommendations

The results of this research provide insights in which formal and informal systems are present at INFOMED and the way in which they are related to moral awareness of employees at INFOMED. Based on these insights, some practical recommendations can be provided to the management of INFOMED in order to support moral awareness of employees.

First of all, the consistency between elements of the ethical infrastructure is crucial in order to promote ethical decision making in the organization (Tenbrunsel et al., 2003). This consistency of elements between the different systems can be improved by the organization. First of all, there is a lot of attention for compliance based ethical principles in the formal communication systems, however there is a lack of attention to these principles in formal surveillance and sanctioning systems. Management can improve compliant behavior and awareness of employees by intensifying the formal surveillance and sanctioning systems with regard to these ethical principles. Surveillance and sanctioning systems can be more decisive which will reinforce the moral awareness of employees. By a lack of surveillance and sanctioning, the framework of acceptable behavior is unclear, which makes it hard for employees to interpret situations and achieve moral awareness. Supervisors could monitor more strictly and assess employees on their ethical behavior in performance appraisals. When the framework of acceptable behavior is clear for employees, their ability to interpret situations and possible actions increases. Furthermore, the attention to these principles by formal surveillance and sanctioning systems will
reinforce the messages that employees receive by means of formal communication systems. Also, the informal surveillance and sanctioning systems could be strengthened with regard to the formally communicated principles. There has already been attention for compliance-based ethical principles in the informal systems but the organization can encourage employees to address colleagues on their behavior. The organization can stimulate this, by continuing to provide trainings days to employees about providing and receiving feedback to one another.

Moreover, abundant attention has been paid to the compliance side of ethics in the organization. However, the emphasis has been minor towards other ethical principles. INFOMED seems to have a more compliance-based approach to ethics instead of an integrity approach. Like Weaver & Trevino (1999) argue, an effective ethics program focuses on compliance with a strong value-orientation and thus, both approaches are needed. Therefore, more attention should be given to the organization’s values and patterns of thought and conduct underlying the laws and regulations that employees must adhere to. Treviño et al. (1999) argue that a value-based cultural approach to ethics/compliance requires: “the sincere commitment of leadership at all levels, including ongoing attention to key issues such as fair treatment of employees, rewards for ethical conduct, concern for external stakeholders, and consistency between words and actions” (p.149). Therefore, organizational leaders at INFOMED fulfill an important role in supporting ethical behavior as their commitment is required to achieve a more value-based approach to ethics in the organization. Organizational leaders at INFOMED are already aware of their function as role models in ethical behavior and convey the importance of ethical principles. However, these principles are mostly compliance-based and more attention should be given to other ethical value-based principles. Organizational leaders must convey that these ethical principles are important in order to integrate these values into the organization. When these values and patterns are integrated into the organization, employees can act based on these principles instead of following laws and regulations. This will make employees better able to cope with unknown situations as not everything can be captured with rules.

In line with the recommendations to increase the consistency between elements of systems and to focus on a more integrity approach, the value-based principles should be implemented in all elements of the ethical infrastructure to be effective. Especially the recurrent communication of these value-based principles seems crucial. Employees have been made aware of the need for compliance with laws and regulations and safe and reliable behavior, by means of several formal communication systems. The recurrent communication of these principles and the explanation of the reasons behind these principles contribute to interpreting situations and possible actions with regard to compliance issues. Thus, management should continue to recurrently communicate and explain compliance principles. Additionally, in order to encourage the value-based ethical approach, other ethical principles should also be communicated recurrently. Furthermore, explanation of these ethical values is essential in order for employees to understand the values and patterns of thought and conduct underlying organizational
actions. When these companies’ values and patterns of thought and conduct are integrated in the organization this prevents ethical lapses and supports moral actions (Paine, 1994).

Moreover, although employees are aware of compliance, they do not always know what compliance entails exactly and what decisions should be made based on this awareness. This shows that employees are not able to make moral judgements with regard to compliance issues. Management can improve this by providing codes of conduct based on ethical situations that employees can face during work. There is already a code conduct available in the organization in the form of an interaction agreement, but this one focuses on internal interaction and does not provide strict guidelines. A code of conduct for ethical issues can provide clear expectations and guidelines to employees with regard to ethical issues in their work, which makes them better able to make a moral judgement about the possible actions. The vignettes that have been used in this study can be used to develop codes of conduct focused on specific ethical situations of employees. Furthermore, the Compliance-workgroup could set up meetings to discuss cases with regard to ethical issues. By means of discussing such cases, employees can provide insights in which actions are most appropriate and become better able to judge situations. Also, discussing these cases may increase moral awareness of employees as discussing cases makes them better able to interpret situations and possible actions and consequences.

Furthermore, management can introduce a new hotline to report ethical concerns. At this moment, there is a hotline to report incidents with regard to data leaks and a counselor to whom confidential non-work-related issues can be reported. However, there is no hotline to report ethical concerns, other than data leaks. Management could facilitate such a hotline to encourage whistleblowing of ethical issues as an hotline encourages whistleblowing of issues before they get to the public domain (McDonald, 2000). In addition, this may contribute to the moral awareness of employees as it makes them also aware of such ethical issues when interpreting situations.

Finally, an important recommendation is to continue formally mapping of processes in the organization as this can improve moral awareness and ethical decision making. When processes are clear, employees know who are responsible and must be included in the ethical decision making process and thus, are better able to interpret situations. Furthermore, established processes can provide employees the opportunity to formally report the undesirable behavior of colleagues in the organization, because they are less dependent on others but can rely on employees that are established in processes. The reporting of undesirable behavior should be encouraged as it gives the organization the possibility to tackle such problematic issues before it gets worse or before ethical issues become a public domain.
References


INFOMED. (2014). *Omgangsspraken*. 


## Appendix I: Operationalization

<table>
<thead>
<tr>
<th>Concept</th>
<th>Dimension</th>
<th>Sub-dimension</th>
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</thead>
<tbody>
<tr>
<td>Formal systems</td>
<td>Formal communication systems</td>
<td>Codes of conduct</td>
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<tr>
<td>(Tenbrunsel et al., 2003)</td>
<td></td>
<td>Mission statements</td>
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<td></td>
<td></td>
<td>Written performance standards</td>
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<td></td>
<td></td>
<td>Training programs</td>
</tr>
<tr>
<td>Recurrent communication</td>
<td></td>
<td>Performance appraisals</td>
</tr>
<tr>
<td>(Rottig et al., 2011)</td>
<td></td>
<td>Procedures to report ethical/unethical behavior</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Punishments</td>
</tr>
<tr>
<td>Informal systems</td>
<td>Informal communication systems</td>
<td>Informal ‘hallway’ conversations</td>
</tr>
<tr>
<td>(Tenbrunsel et al., 2003)</td>
<td></td>
<td>Verbal and nonverbal behaviors of individuals in the organization</td>
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<td></td>
<td></td>
<td>Promotions and firings that are inconsistent with performance criteria</td>
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<td></td>
<td></td>
<td>Informal trainings in which employees are told what to do in their job</td>
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<td></td>
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<td>Personal relationships</td>
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<tr>
<td></td>
<td></td>
<td>Extra-organizational sources</td>
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<tr>
<td></td>
<td></td>
<td>Informal punishments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Informal rewards</td>
</tr>
<tr>
<td>Moral awareness (Rest, 1986)</td>
<td>The realization that his or her actions at work would affect the interests, welfare or expectations of others</td>
<td></td>
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</tbody>
</table>

## Appendix II - Overview of respondents

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Gender</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>Product owner</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>HRM assistant</td>
</tr>
<tr>
<td>3</td>
<td>Female</td>
<td>Coach Support &amp; Administration</td>
</tr>
<tr>
<td>4</td>
<td>Female</td>
<td>Functional manager</td>
</tr>
<tr>
<td>5</td>
<td>Male</td>
<td>IT staff member</td>
</tr>
<tr>
<td>6</td>
<td>Male</td>
<td>Jurist</td>
</tr>
<tr>
<td>7</td>
<td>Female</td>
<td>Quality staff member</td>
</tr>
<tr>
<td>8</td>
<td>Male</td>
<td>Compliance Risk Officer</td>
</tr>
<tr>
<td>9</td>
<td>Female</td>
<td>Administration staff member</td>
</tr>
</tbody>
</table>
Appendix III: semi-structured interview questions

Opening

- Voorstellen
- Wat is uw functie?
- Hoe zien uw dagelijkse werkzaamheden eruit?

Doel onderzoek: kijken hoe maatregelen van de organisatie het gedrag van mensen in de organisatie beïnvloeden. Hierbij wordt vooral gekeken naar ethisch gedrag en het morele bewustzijn van werknemers. Dit wil zeggen in hoeverre medewerkers situaties herkennen waarin zijn/haar beslissing gevolgen heeft voor anderen.

Ethisch gedrag

- Hoe wordt bij INFOMED ethisch gedrag bevorderd?
  - Communicatie
  - Toezicht
  - Straffen/belonen

- Op wat voor manier word je moreel bewust gemaakt binnen de organisatie?
  - Communicatie (compliance programma)
  - Toezicht
  - Straffen/belonen

- Welke maatregelen zijn er de laatste jaren genomen om ethisch gedrag te bevorderen (moreel bewustzijn)
  - Compliance programma
  - Omgangsafspraken

- Hoe werken deze maatregelen in de praktijk?

Communicatie

- Hoe wordt door INFOMED over ethisch gedrag gecommuniceerd?
  - omgangsafspraken
  - Training programma’s

- In hoeverre zie je de communicatie terug in de praktijk?
  - Terugkerende communicatie
  - Gedrag collega’s
  - Ethisch taalgebruik
Toezicht en sanctionering

- Hoe wordt toezicht gehouden op je handelen in een situatie met een ethisch dilemma?
  - Supervisor
  - Collega’s
  - Ombudsman
  - hotline
- Op wat voor manier ondervind je consequenties van je handelen in een situatie met een ethisch dilemma?
  - Straffen/belonen
- In hoeverre zie je dit toezicht en de sanctionering terug in de praktijk?
  - Groepsuitsluiting

Concreet werksituatie

- Wanneer heb je in je werk te maken een ethisch dilemma?
- Wat doe je dan? En waarom?

Scenario’s

- Wat vind je van het handelen van de werknemer?
- Welke belangen spelen in deze situatie een rol?
- Wat zijn de consequenties van het handelen van de werknemer?
- Wat denk je dat de organisatie zou willen dat je doet?
**Appendix IV: Vignettes**


2. Voor alle medewerkers: Een medewerker voert een telefoongesprek. Zijn collega luistert mee via de telefoon omdat hij dan ook gelijk op de hoogte is. Die collega voegt verder niks toe aan het gesprek dus het is niet nodig om de gesprekspartner te vertellen dat er iemand meeluistert. In het verleden heeft de medewerker dat wel eens gedaan maar dat levert vaak veel lastige vragen op van de gesprekspartner, terwijl het helemaal niet uitmaakt of er iemand meeluistert.

3. Voor alle medewerkers: Een medewerker heeft een vraag aan een collega en stelt deze. Er ontstaat een discussie over de kwestie. Dit gesprek wordt gevoerd op de werkvloer.

4. Voor alle medewerkers: Een medewerker ergert zich al een tijdje aan collega A. Ze besluit het met een collega B hierover te hebben omdat ze er erg mee bezig is. Het lucht erg op. In het vervolg gaat bespreek je ze haar irritaties over collega A met collega B en kan ze er wel om lachen.

5. Voor functioneel beheerders: Een zorgverzekeraar vraagt een medewerker om declaraties opnieuw te versturen. De medewerker kijk in het systeem en ziet dat de declaraties al verstuurd zijn. De zorgverzekeraar geeft aan dat het erg urgent is. De medewerker verstuurt de declaraties opnieuw omdat de zorgverzekeraar ze niet meer heeft. Het was snel gedaan en de medewerker heeft klantgericht gehandeld.

6. Voor supportmedewerkers: Een medewerker wordt gebeld door een huisarts die bepaalde informatie wil hebben. Echter is de persoon die de medewerker van INFOMED aan de telefoon heeft, niet de contactpersoon van INFOMED. De persoon aan de telefoon wordt erg dwingend en geïrriteerd en beweert dat hij de leidinggevende is van de contactpersoon van INFOMED. De medewerker besluit toch maar mee te werken en te doen wat de huisarts vraagt.

7. Voor product owners/functioneel beheerders: Een medewerker heeft te maken met hoge werkdruk om een applicatie die in ontwikkeling is, op tijd af te krijgen. Ondertussen komen er weer nieuwe productvoorstellen aan die ook gemaakt moeten worden. De applicatie waar de werknemer mee bezig is, is in principe goed, maar zou nog verbeterd kunnen worden als er meer tijd ingestopt wordt. De medewerker besluit de applicatie die goed is aan de klant (zorgaanbieder) te leveren om vervolgens verder te gaan met de volgende opdrachten.

8. Voor supportmedewerkers: Een diëtiste wil zich aansluiten bij INFOMED en gebruik maken van de diensten. Echter voldoet deze zorgaanbieder niet aan alle VGA. Het gaat om een diëtiste die net haar eigen praktijk is begonnen en nog niet aan deze voorwaarden voldoet. Het gaat om een klein aantal declaraties wat door INFOMED gedaan moet worden voor deze partij. Het is erg veel moeite voor de diëtiste om aan deze VGA te voldoen. Hierom kan voor de diëtiste een uitzondering worden gemaakt en kan ze zich aansluiten bij INFOMED.

10. Voor medewerkers IT/systeembeheer/functioneel beheer: een medewerker is druk met het beheren van applicaties van diverse ketenpartijen. Tevens wordt van de medewerker verlangd dat hij advies geeft aan collega’s over het aanpassen en inzetten van applicaties. De medewerker redt het net om naast het uitvoeren van het technisch applicatiebeheer, de vragen van collega’s te beantwoorden. Hierdoor heeft hij geen tijd om de adviserende rol in te nemen en collega’s te ondersteunen en verbeteringen aan te geven. De medewerker redt het op deze manier net, dus blijft zo doorgaan.

11. Voor product owners: er is een nieuwe medewerker in dienst. Deze medewerker is erg ijverig en wil graag veel applicaties/diensten/producten verschaffen aan de zorgaanbieders. Om dit te realiseren overdrijft hij de waarde van het product of laat hij wat informatie achterwege. Er is geen sprake van fraude of bedrog bij zijn gedrag, hij is gewoon erg ijverig. Zijn leidinggevende is op de hoogte van zijn gedrag, naar hij heeft niks gedaan om dit te stoppen.
### Appendix V – Template

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<tr>
<th>Initial template</th>
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<tr>
<td><strong>1. Formal communication systems</strong></td>
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<td>1.1 Codes of conduct</td>
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<td>1.2 Mission statements</td>
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<td>1.4 Training programs</td>
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<td><strong>2. Recurrent communication</strong></td>
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<td><strong>3. Formal surveillance and sanctioning systems</strong></td>
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<td>3.1 Performance appraisals</td>
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<td>3.2 Procedures to report ethical and unethical behavior</td>
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<td>3.4 Rewards</td>
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<td><strong>4. Informal communication systems</strong></td>
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<td><strong>5. Informal surveillance and sanctioning systems</strong></td>
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<td>5.2 Extra-organizational sources</td>
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<td>5.3 Informal punishments</td>
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<td><strong>7. Ethical behavior</strong></td>
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<td><strong>7.1 ethical behavior: compliance</strong></td>
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<td><strong>11. Function</strong></td>
<td><strong>10. Personal values</strong></td>
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