The Influence of Organizational Structure on Ethical Decision-Making

A Qualitative Study into the Effects of Decentralization and Formalization on Moral Awareness

Rik van Summeren
S4322126

Organisational Design and Development

Supervisor: drs. L.G. Gulpers

Second examiner: dr. M. Moorkamp

Abstract

There has been a considerable amount of ethical scandals in the financial industry in the previous years. These scandals have had negative consequences for both the organizations as well as society, thereby showing the necessity of promoting ethical behavior amongst employees. This study focusses on the effects of organizational structure on moral behavior of employees. The purpose of this study was to gain insights into what effect the degree of decentralization and formalization have on the moral awareness of employees. In order to gain these insights a qualitative study, consisting of ten semi-structured interviews and with the help of vignettes, has been conducted at Viisi, a mortgage consulting firm.

The results of this research suggest that assigning a high degree of decision-making rights, responsibility and having a low hierarchy have a positive effect on the moral awareness of employees as they incentivize thinking about the consequences accompanied with different courses of action. Furthermore, this study indicates that regulations inhibit thinking about consequences and that guiding principles guide the thought process of employees. The results seem to indicate that guiding principles can promote thinking about consequences accompanied with decisions, thereby increasing moral awareness. Lastly, this study found that the fit between the formalization and decentralization at Viisi contributed to a culture in which employees correct each other's behavior and are willing to discuss issues amongst each other.

Key words: Moral awareness, Decentralization, Formalization, Ethical decision-making, Organizational structure

Contents

1. Introduction

A research conducted by Gurschiek (2006) showed that a third of the working adults in the United States have witnessed immoral behavior at work. A research conducted by KPMG (2008) amongst United States employees showed that 74% of those employees observed misconducts at their workplace in the preceding 12 months. 46% of the respondents observed behavior which would cause "a significant loss of public trust if discovered." In the banking and finance sector this percentage was 60% (KPMG, 2008). The finance sector has had many examples of immoral behavior by employees in the previous years, such as Wells Fargo employees opening up fake accounts for their customers (CNN, 2017) or ABN Amro employees signing documents in name of their customers (NRC, 2017). These examples illustrate the prevalence of immoral behavior in the finance sector.

Immoral or unethical behavior within organizations can be defined as: "any organizational member action that violates widely accepted (societal) moral norms" (Kish-Gephart, Harrison, & Treviño, 2010, p. 2). Besides immoral behavior within organizations being undesirable because it is unethical, it can also have a negative effect on the organization. For instance, immoral behavior can result in customers having a negative attitude towards the firm (Folkes & Kamins, 1999). Furthermore, immoral behavior by employees costs organizations significant sums of money. The Association of Certified Fraud Examiners estimate that 5% of annual revenues is lost due to fraud (Association of Certified Fraud Examiners, 2016). This raises questions regarding how immoral behavior arises within organizations and what factors influence the moral behavior of employees.

In order to gather knowledge regarding ethical behavior within organizations this study will look into the effect of organizations' structural characteristics on the moral behavior of employees. More specifically, this study will examine the effect of the degree of decentralization and formalization on the moral awareness of employees at Viisi. Viisi is an organization which operates within the finance sector.

This chapter will start by outlining the current state of research regarding moral decision-making, followed by stating the research objective and research question. Thereafter the methodology of the study will be discussed and the case, Viisi, will be further elaborated upon. Theoretical and practical relevance will be provided and lastly the layout of the study will be presented.

1.1 Current state of research

One of the most used frameworks regarding ethical decision-making is the four-component model of Rest (1986). This framework distinguishes moral awareness, moral judgement, moral motivation and moral action. Moral awareness is defined as "a person's determination that a situation contains moral content and legitimately can be considered from a moral point of view" (Reynolds, 2006, p. 233). Within Rest's model moral awareness is seen as a precursor for moral decision making (Jones, 1991). The potential disastrous effects of not being aware of a moral component in decision-making is best illustrated by a classic example of Gioia (1992). In the 1970's Ford introduced the Ford Pinto. During the crash tests it became clear that there were problems with its gas tank, possibly resulting in the gas tanks explosion during a collision. Gioia, a recall coordinator at Ford, and his colleagues decided not to recall the Ford Pinto, as this was most beneficial according to a cost-benefit analysis. The fact that their decision would lead to numerous deaths and injuries was not taken into account. Gioia discusses the overlooking of ethical components during his decision-making process and prescribes this in part to the fact that the scripts guiding his decision-making process did not include ethical dimensions (Gioia, 1992). As such, Gioia was not aware of a moral component, which lead to the death and injury of multiple people as well as reputational damage to the Ford brand.

When promoting ethical behavior of employees, managers can either focus on individual or organizational aspects (James, 2000). Focusing on organizational aspects derives from the idea that the main factors influencing individual behavior are external ones (James, 2000) such as ethical culture, ethical climate and organizational structure. Research into the organizational structure influencing moral behavior is, as of yet, limited. Scholars such as Ferrell and Skinner (1988), James (2000) and Vriens, Achterbergh and Gulpers (2018) have linked structural characteristics of organizations to the moral behavior of employees. These authors themselves stress that research in this area is limited and that further research is necessary. The need for further research is underlined by authors such as Beadle and Knight (2012), Kish-Gephart et al (2010), Craft (2013) and Treviño et al. (2006) who call for further research into structural characteristics influencing moral behavior.

Therefore, this study will look into the effect of structural characteristics on the moral behavior of employees in the finance sector. It will do so by studying the effects of certain structural characteristics, decentralization and formalization, on the moral awareness of the employees of Viisi. Decentralization is defined by Mintzberg (1980) as "the extent to which

power over decision making in the organization is dispersed among its members" (p.326). Formalization is defined as "the degree to which a codified body of rules, procedures or behavior prescriptions is developed to handle decisions and work processing" (Pierce & Delbecq, 1977, p. 31).

There has been extensive research into the causes of immoral behavior of employees within organizations, for which two distinctive domains can be found, individual characteristics influencing behavior and organizational characteristics influencing behavior (Craft, 2013; Treviño, Weaver & Reynolds, 2006). Research into the individual characteristics influencing moral behavior is extensive and dates back many years. Research regarding the influence of individual characteristics on moral behavior has been done in the domain of cognitive moral development (Kohlberg & Kramer, 1969; Treviño & Youngblood, 1990; Greenberg, 2002; Ashkanasy, Windsor, & Treviño, 2006; Ambrose, Arnaud, & Schminke, 2008), moral philosophy (Forsyth & Berger, 1982; Forsyth, 1992; Henle, Giacalone, & Jurkiewicz, 2005) and demographical characteristics such as gender and age (Ambrose & Schminke, 1999; McCabe, Ingram, & Dato-on, 2006; Fumagalli, et al., 2010; Dalton & Ortegren, 2011; Singhapakdi, Vitell, & Franke, 1999). In recent years the scope of research has shifted, resulting in studies regarding the propensity to morally disengage (Detert, Treviño, & Sweitzer, 2008; McFerran, Aquino, & Duffy, 2010; Moore, Detert, Treviño, Baker, & Mayer, 2012), moral attentiveness (Reynolds, 2008) and moral identity (Aquino & Reed, 2002; McFerran, Aquino, & Duffy, 2010; Aquino et al., 2009).

Regarding the influence of organizational characteristics on moral behavior, research has been done in the areas of ethical climate (Ambrose, Arnaud, & Schminke, 2008; Bulutlar & Öz, 2009; Mayer, Kuenzi, & Greenbaum, 2010), ethical culture (Schaubroeck, Hannah, Avolio, Kozlowski, Lord, Treviño, Dimotakis & Peng, 2012; Kaptein, 2011; Campbell & Göritz, 2014), ethical codes and programs (Helin & Sandström, 2007; Kaptein, 2011; Shu, Mazar, Gino, Ariely, & Bazerman, 2012) and leadership (Mayer, Aquino, Greenbaum, & Kuenzi, 2012; Schaubroeck, et al., 2012) among others.

1.2 Research objective

By focusing on decentralization, formalization and moral awareness the scope of the research will be narrow so as to contribute to creating a rich image regarding the phenomenon. The structural characteristics decentralization and formalization have been shown to influence ethical decision making (Ferrell & Skinner, 1988; Tenbrunsel et al., 2003) yet the magnitude of these effects and to which degree they are applicable to multiple firms remain unclear.

Therefore the goal of this study is to gain insight in the degree in which an organizations' degree of decentralization and formalization has an effect on the moral awareness of employees by researching the effects of decentralization and formalization on the moral awareness of employees at Viisi.

1.3 Research question
The research question which will be addressed in this research is: *"What effect do the degree of decentralization and formalization at Viisi have on the moral awareness of its employees?"* In order to answer this question serveral sub-questions are formulated. These are: *"What is the degree of moral awareness at Viisi?"*, *"What is the degree of decentralization at Viisi?"*, *"What is the degree of formalization at Viisi?"*, *"What is the effect of the degree of decentralization at Viisi on the moral awareness of its employees?"* and *"What is the effect of the degree of formalization at Viisi on the moral awareness of its employees?"*. These questions will be answered in order to answer the main research question.

1.4 Methodology
In order to answer the main research question a qualitative study will be performed at Viisi. Through the means of in-depth, semi-structured interviews and with the help of vignettes the phenomena will be researched. In-depth interviews will be conducted with several employees of Viisi, in which the role of Viisi's organizational structure in relation to their moral awareness will be discussed. During these interviews several vignettes will be presented to the employees, which will be followed by questions related to these vignettes in order to measure the employees' moral awareness. Combining these different forms of research should contribute to creating a rich image of the researched phenomena.

1.5 Viisi
This reseach will be conducted at Viisi. Viisi has 34 employees and its main office is located in Amsterdam. Viisi is specialized in mortgage consulting, meaning they give independent advise on mortgage related issues and aid customers with issues such as insurances, taxation and quotation regarding mortgages. Viisi's organizational structure is structured according to the holacracy principle. Designing an organizational structure according to holacracy principles entails dividing the organization in cirlces, in which each represent a self-managed team with its own purpose, roles and accountabilitites and authority to define and assign those roles and accountabilities (Robertson, 2007). Self-managed teams are characterised by being able to autonomously make decisions about tasks and work methods and have a relatively high amount of control of their own task behavior and are subsequently subject to relatively

little external control (Cummings & Worley, 2014). This suggests that there will be a high degree of decentralization present at Viisi. Furthermore according to holacracy pricinples employees do not have job titles, but are assigned certain roles (Robertson, 2007). Viisi has defined each teams' purpose, policies, domains and accountabilities. Furthermore it has defined and codified each role in each team and subsequently each role in the organization.

Viisi has been established in order to make the financial sector better, more sustainable and more long-term oriented. Viisi acknowleges the importance of corporate social responsibility and tries to set itself as an example for the financial sector. They try to achieve this in part by applying holacracy principles, which result in certain structural characteristics. Those structural characteristics in combination with the moral dillemas the financial sector is struggling with make Viisi a relevant and interesting case to study.

1.6 Relevance

The findings of this research will contribute to current literature by providing new insights into the relationship between the degree of decentralization and formalization on the moral awareness of employees. Adhering to holacracy principles results in an exceptional way of organizing, resulting in extreme degrees of decentralization and formalization. These extreme parameters should make their effect on other factors, in this case moral awareness, more prevalent. The insights gained about the effects of decentralization and formalization on moral awareness will contribute and add on to the existing literature regarding the effect of the organizational structure on the moral decision-making process. By doing so it responds to the call for further research by for instance Vriens et al. (2018) and Kish-Gephart et al. (2010)

This study will provide additional insights to the existing body of literature regarding holacracy and dynamic organizing. In order for organizations to be dynamic they should be designed in a flexible manner (Galbraith, Downey, & Kates, 2002). Dynamic methods of organizing, such as through the means of self-managing teams, started out as a way to combat traditional bureaucratic structures, which were seen as inhibiting creativity and innovation through its inflexible and rigid hierarchical structure (Barker, 1993). Holacracy can be seen as a dynamic way of structuring organizations. This study will contribute to literature regarding holacracy as it will generate in-depth information regarding the effects of the configuration of formalization and decentralization according to holacracy principles, on the moral awareness of employees. By doing so this study contributes to a better understanding of the effects of structuring organizations according to holocratic principles. The findings will also contribute to the overlapping domain of dynamic organizing as this study generates insights regarding

the effects of a certain configuration of certain structural characteristics associated with dynamic organizing on the moral awareness of employees. Furthermore, this study will add onto the existing literature regarding the effects of external factors on the ethical behavior of employees. It will contribute to a better understanding of the effect of structural characteristics on moral awareness, thereby increasing the understanding of the effect of external characteristics on ethical behavior of employees.

The study will provide practical relevance in the sense that the findings can aid managers, consultants and organizational change agents in general with insights regarding how they should or could structure an organization in such a way that the employees are more likely to produce the desired behavior. Graafland and Van de Ven (2011) found that banks in the build up of the financial crisis of 2008 did not act in accordance to the moral standards they set themselves, which resulted in politicians suggesting that "a renewed sense of the importance of ethics is necessary to prevent a future crisis" (Graafland & van de Ven, 2011, p. 605) in the financial sector. The findings will provide insights into the moral behavior of employees in the financial sector and will provide a contribution in tackling the ethical issues currently present within the financial sector. Therefore the study contributes to society in two ways. By contributing to a better understanding of the effects of certain structural characteristics on the moral behavior of employees organizational change agents will be better equipped to make a conscious choice between different structural configurations in order to achieve the desired behavior of employees. Furthermore, this study will provide insights into how organizations in the financial sector could structure their organization in order to improve moral awareness, and subsequently moral behavior, amongst employees. These findings contribute to the prevention of damages to society by organizations in the financial sector.

1.7 Layout

The research will first discuss relevant literature and create a theoretical framework in chapter two. Literature on moral decision-making and organizational structure influencing moral behavior will be discussed. Furthermore the concepts decentralization, formalization and moral awareness will be discussed in depth. In the following chapter the methodology will be elaborated upon by discussing the applicability of the used methods, the relevance of the sample, and the combination of the sample and the used methods. Chapter four will consist of the data analysis, as it will provide an overview of the found data. This will be followed by the conclusion, in which the main research question will be answered. After the conclusion

the results and limitations of the research will be discussed and recommendations for further research as well as practical recommendations will be provided.

2. Theoretical Framework

This research aims to gain insights into the effect decentralization and formalization have on moral awareness. Therefore, the concepts 'decentralization', 'formalization' and 'moral awareness' will be discussed. To fully grasp the concept of moral awareness, its role in ethical decision-making will be discussed. Likewise, to fully grasp the concepts of decentralization and formalization their role in organizational structure must be discussed. This will be done by elaborating on the broader areas organizational structure and moral behavior before the concepts will be discussed in-depth. The discussion of the theory will create a theoretical framework of the field of ethical decision-making and organizational structure. A conceptual model will be presented based on the theoretical framework. This conceptual model will be presented at the end of the chapter.

2.1 Ethical decision-making

Literature on moral or ethical decision-making seems to be divided in a prescriptive and a descriptive approach. The prescriptive or normative approach is aimed at arguing how people should act (Tenbrunsel & Smith-Crowe, 2008). It contributes to actors' decision-making process, providing them with the tools to make ethical decisions (Treviño & Nelson, 2014). As illustrated by examples in this study, individuals do not always make morally just decisions. The descriptive approach is aimed at studying the actual actions of individuals (Tenbrunsel & Smith-Crowe, 2008). In doing such it acknowledges individual and environmental factors influencing moral behavior. This study uses a descriptive approach with regard to moral decision making, as it tries to link external factors to individuals' actual moral awareness.

One popular framework which gives insight into an individual's ethical decision-making process is the four-component model of Rest (1986). The four-component model of Rest is commonly used to study ethical decision-making, as is illustrated by the reviews of O'Fallon and Butterfield (2005), Treviño et al. (2006) and Kish-Gephart et al. (2010). The framework distinguishes moral awareness, moral judgement, moral motivation (later coined moral intention by Jones (1991) and Treviño et al (2006)) and moral action or moral behavior. Rest argues that the four components influence each other, yet are distinctive components (Rest, 1986). What is meant by this is that being aware of the moral component of an issue can influence a person and contribute to the person acting in a morally just way, but does not

guarantee moral action in itself. Individuals merely pass through the stages of the model during the ethical decision-making process (Kish-Gephart, Harrison, & Treviño, 2010).

Rest (1986) defines morality as: "a particular type of social value, that having to do with how humans cooperate and coordinate their activities in the service of furthering human welfare, and how they adjudicate conflicts among individual interests" (p.3). This definition is rather vague and does not define the concept well. According to Tenbrunsel and Smith-Crowe (2008) the field of moral decision making lacks a clear definition. Jones (1991) defined an ethical decision as: "a decision that is both legal and morally acceptable to the larger community. Conversely, an unethical decision is either illegal or morally unacceptable to the larger community" (Jones, 1991, p. 367). This definition states that ethics consists of a legal and moral component. Treviño and Nelson (2014) do not make the distinction between ethics and morals, seeing ethics as the study of morality. They argue that there is an overlap between law and morality, yet legal action can be considered immoral and illegal action can be considered morally right (Treviño & Nelson, 2014). They illustrate this by referring to the financial crisis of 2008, contributing this partly to unethical, yet legal behavior. Likewise, they refer to historical racial discrimination laws as an example to show the potential discrepancy between law and ethics. Treviño and Nelson (2014) 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.21). This study uses the definition of moral behavior in organizations by Treviño and Nelson (2014) as it can be consistently applied and encompasses the concept well.

2.2 Moral awareness

Moral awareness is defined by Butterfield et al. (2000) as "a person's recognition that his/her potential decision or action could affect the interests, welfare, or expectations of the self or others in a fashion that may conflict with one or more ethical standards" (Butterfield, Treviño, & Weaver, 2000, p. 982). Reynolds (2006) criticizes this definition on the fact that often only after an issue is identified as a moral issue the need for a decision becomes apparent. What is meant with this is, for example, that when employees always take the same course of action and fail to be aware of a certain moral issue, they do not make a decision, as they take the same course of action they always do. This discrepancy seems to derive from Reynolds viewing "potential decisions" as an explicit choice between multiple options, whereas Butterfield et al. (2000) seem to intent "potential decisions" as the mere possibility of an employee to influence a course of action. The second criticism of Reynolds (2006) refers to

the part "conflicts with one or more ethical standards" according to Reynolds this "requires an analysis of how the decision compares against standards of moral behavior" (Reynolds, 2006, p. 233) which inherently requires moral judgement. He argues that moral awareness merely requires the recognition that a moral comparison should be made. Reynolds (2006) defines moral awareness as "a person's determination that a situation contains moral content and legitimately can be considered from a moral point of view" (Reynolds, 2006, p. 233). Moral awareness as defined by Reynolds (2006) will be used in this research as this definition provides a better distinction between moral awareness and moral judgement, which is necessary to understand the influences of organizational structure on moral awareness.

The first stage of Rest's (1986) model is moral awareness. Moral awareness is a critical component of ethical decision making as classifying an issue as a moral issue helps set up ethical decision making and therefore makes behaving in an ethically sound manner more likely (Treviño, Weaver, & Reynolds, 2006). Moral awareness is often seen as a precursor for moral decision making (Jones, 1991), yet it should be noted that an individual showing moral awareness does not definitively lead to a moral decision. It merely entails that morality has been taken into consideration during the decision-making process (Tenbrunsel & Smith-Crowe, 2008). However, research has found a positive relationship between moral awareness and moral judgement and moral awareness and moral intention (Rottig, Koufteros, & Umphress, 2011). Rottig et al. (2011) stress the importance of moral awareness as it is unlikely that an individual will "energize his/her cognitive evaluation process" (p. 189) when that individual is not aware of an issue which requires moral judgement. This stresses the importance motivating moral awareness amongst employees.

Research into moral awareness is generally done into either individual or environmental factors. Research into individual factors influencing moral awareness has been done in the field of age (Singhapakdi, Vitell, & Kraft, 1996; Chan & Leung, 2006), cognitive moral development (Reynolds, 2006; Herington & Weaven, 2008) and philosophy/value orientation (Singhapakdi, Vitell, & Kraft, 1996; Chan & Leung, 2006; Valentine & Bateman, 2011). Research into environmental factors influencing moral awareness has been done in the field of competitiveness (Butterfield, Treviño, & Weaver, 2000), ethical infrastructure (Tenbrunsel, Smith-Crowe, & Umphress, 2003; Rottig, Koufteros, & Umphress, 2011) and ethical culture (VanSandt, 2003; Moberg & Caldwell, 2007; Zhang, Chiu, & Wei, 2009). Furthermore, there has also been research into the lack of moral awareness or unintentional amoral awareness (Tenbrunsel & Smith-Crowe, 2008). Factors such as moral disengagement (Bandura, 1999) or

the use of non-moral decision frames (Butterfield, Treviño, & Weaver, 2000; Tenbrunsel & Smith-Crowe, 2008; Dedeke, 2015) have shown to facilitate unintentional amoral awareness. This overview shows that moral awareness is not determined by a single factor or several factors, but that many factors influence the moral awareness of individuals. These factors can be both internal and external factors. This overview of literature demonstrates the complexity of researching moral awareness as it is subject to multiple factors.

2.3 Organizational structure

As mentioned before, literature on the influence of organizational structure on the moral behavior of employees is scarce. Moreover, authors address structure of organizations in different ways. Ferrell and Skinner (1988) focus on formalization, centralization and control, James (2000) focusses on the reward system, evaluation, monitoring and control processes, and decision-making rights and responsibilities and Vriens et al. (2018) focus on unit grouping, decentralization, job specialization and formalization. Although there is some overlap between these concepts, further elaboration on organizational structure is required for understanding how these concepts relate to the organizational structure. In this study organizational structure will be defined as "the sum total of the ways in which [an organization] divides its labor into distinct tasks and then achieves coordination among them" (Mintzberg, 1979, p. 3).

One of the first papers addressing the influence of organizational structure on moral behavior is Ferrell and Skinner (1988). They found a strong relationship between formalization and the existence of an ethical code on ethical behavior and found a relationship between centralization and ethical behavior in one of their samples (Ferrell & Skinner, 1988). Their research showed a relationship between certain structural characteristics and the ethical behavior of employees. By doing such they laid the groundwork for authors such as James (2000) and Vriens et al. (2018), who either disputed or added onto these findings by looking into structural characteristics influencing the moral behavior of employees.

James (2000) argues that the reward system of an organization should reward ethical behavior and punish unethical behavior. He argues that reward systems rewarding unethical behavior will not promote ethical awareness and ethical behavior amongst employees. Furthermore he argues that the performance and evaluation system, consisting of "the methods by which the performances, actions, or decisions of individuals or groups of individuals are defined, measured, and evaluated" (James, 2000, p. 49), should be designed with ethical principles in mind. Moreover James (2000) argues that ethical decision-making within organizations can

be promoted by delegating decision-making rights to those employees whose decisions have ethical consequences and subsequently are responsible for those decisions.

James (2000) addresses the formal organizational structure as a "factor in softening negative incentive problems and in mitigating the conflicting ethical tensions" (James, 2000, p. 55), whereas Vriens et al. (2018) derive from a different perspective in which they theorize how organizational structures should be designed in order to support the development of moral character. They argue that a structure should facilitate three types of context: a teleological, deliberative and social context (Vriens, Achterbergh, & Gulpers, 2018). The teleological context of a structure concerns the ability of the organizational members to "see and reflect on the goals and output of the organization in relation to its societal contribution" (Vriens, Achterbergh, & Gulpers, 2018, p. 6). The teleological context should provide the organizational members with the ability to see how their own acting within the organization relates to the goals and output of that organization (Vriens, Achterbergh, & Gulpers, 2018). The deliberative context enhances "organizational members to see the (possible and actual) moral consequences of their (potential and actual) actions and [...] provide them with the opportunity to devise and implement virtuous actions so as to be able to bring about the desired moral consequences" (Vriens, Achterbergh, & Gulpers, 2018, p. 7). Employees should be aware of the potential and actual consequences of their actions and be assigned enough operational variety and regulatory potential to influence those actions (Vriens, Achterbergh, & Gulpers, 2018). Butterfield et al. (2000) agree on this, stating that the awareness of moral issues is an element in an individuals' ethical decision-making process. This can be problematic however, as employees often do not take ethics into consideration when performing an act (Ashforth & Anand, 2003).

Lastly the social context "should provide members of organizations with the opportunity to be an active part of a social network." (Vriens, Achterbergh, & Gulpers, 2018, p. 8). This derives from the fact that our moral awareness is influenced by our perceived social context (Butterfield, Treviño, & Weaver, 2000). This is supported by Moore and Gino (2013) who state that a large component of individual behavior regarding social norms is influenced by observation and modeling of other individuals.

While Vriens et al. (2018) argue that the social context of structures contributes to the organizations development of moral character, there is also research suggesting the opposite. For instance, Umphress and Bingham (2011) suggest that positive social exchange relationships possibly contribute to unethical pro-organizational behavior through

neutralization. "Neutralization is a process by which the moral or ethical imperatives associated with an act are masked, over looked, or dismissed" (Umphress & Bingham, 2011, p. 626). Neutralization allows individuals to commit immoral acts without them taking into account the moral implications of their actions (Umphress & Bingham, 2011). This neutralization process is embedded into the socialization process. The socialization process is the process through which organizational goals and the way employees should achieve these goals are communicated (Moore & Gino, 2013). Even though socialization processes on itself are neither moral nor immoral, they can facilitate and even encourage employees in adopting immoral norms (Ashforth & Anand, 2003).

2.3.1 Decentralization

Decentralization is defined by Mintzberg (1980) as "the extent to which power over decision making in the organization is dispersed among its members" (p.326), for which decentralization increases when "decision-making discretion is pushed down to lower levels of the organization" (Lin & Germain, 2003, p. 1133). De Sitter and Den Hertog (1997) refer to the separation of performance and control functions. When the separation of performance and control functions is low, and thus decentralization is high, the regulatory tasks become part of the operational tasks (Achterbergh & Vriens, 2009). Assigning authority and control over the decision-making process promotes ethical decision making (James, 2000).

An organizational structure with a high amount of decentralization implies a flat organizational structure, and thus low hierarchy (Vriens, Achterbergh, & Gulpers, 2018). Hierarchies have been found to promote the absolving of responsibility by employees (Moore & Gino, 2013) through displacement of responsibility (Bandura, 1999). When employees are not able to participate in the strategic decision making process related to their tasks and do not have the authority to regulate their input, throughput and output they cannot be held responsible for the way their tasks are performed and subsequently their realization of goals due to the way those tasks are performed (Vriens, Achterbergh, & Gulpers, 2018). Being able to assign responsibility is important when it comes to moral decision making as a sense of anonymity can facilitate negative moral outcomes (Moore & Gino, 2013). This is supported by Ashforth and Anand (2003), who suggest that to combat corruption in organizations, individuals within an organization should be held accountable for both their actions as well as the outcomes of their actions. The increased responsibility should be paired with the ability of employees to choose the course of action they consider ethical (James, 2000). Therefore there should be a certain consistency between an organizations configuration of hierarchy, decision-

making rights and responsibility in order for it to have a positive effect on the moral behavior of employees.

Interestingly Ferrell and Skinner (1988) argue that centralization increases ethical behavior. They argue that centralization leads to more "opportunity to control ethical decisions" (Ferrell & Skinner, 1988, p. 104). Their reasoning for this being that centralization increases the legitimacy of authority due to the position in the hierarchy, making subordinates more likely to obey to aforementioned authority, increasing the possibility of top-management to steer behavior towards ethical behavior (Ferrell & Skinner, 1988).

Arguably, when lower level employees accept the authority of employees higher in the hierarchy, these higher level employees will be able to steer lower level employees' behavior. However, when hierarchy absolves or displaces employees' responsibility (Moore & Gino, 2013; Bandura, 1999) and a sense of anonymity can facilitate moral neglect (Moore & Gino, 2013), thus resulting in employees neglecting the moral component of a decision, possibly top management will not be notified and therefore not even be aware of the immoral behavior they should be steering towards moral behavior. Arguably, when a lower level employee is not aware of a moral component or subconsciously chooses to neglect it, top management will not be aware either, as they are not in direct contact with the moral issue and the lower level employee will not notify them of the issue. Therefore it is expected that by increasing the degree of decentralization employees will be more likely to be aware of a moral component within their tasks.

2.3.2. Formalization

Formalization is defined as "the degree to which a codified body of rules, procedures or behavior prescriptions is developed to handle decisions and work processing" (Pierce & Delbecq, 1977, p. 31). Furthermore, at organizations with high formalization, behavioral codes will be strictly enforced to increase the predictability of performance (Pierce & Delbecq, 1977). Vriens et al. (2018) argue that high formalization decreases the possibility of employees to influence their operational and regulatory tasks. Furthermore, they argue that low formalization encourages discussion regarding job-related ethical issues. Employees discussing ethics amongst each other has found to be a good predictor of ethical conduct within an organization (Treviño, Weaver, Gibson, & Toffler, 1999).

Moore and Gino (2013) state that behavioral expectations set by organizations through formal documents can facilitate moral neglect of employees, thereby showing the possible negative

effects of formalization on moral behavior. This is in line with argumentation by Tenbrunsel et al. (2003) about the ethical infrastructure. Tenbrunsel et al. (2013) argue that employees are guided by the organization if there is an ethical infrastructure present, and when this infrastructure is weak, consequently the employees' ethical standards will be low. Therefore, organizations should either have a strong ethical infrastructure or none at all in order for it to be effective (Tenbrunsel, Smith-Crowe, & Umphress, 2003).

Taken these arguments it is to be expected that a low degree of formalization would lead to an increased moral awareness. However, research into the effect of formalization on moral awareness is limited and lacks empirical validation. For example, no research has been done into the separate components of formalization and how these relate to each other.

2.4 Conceptual model

Based on the goal of this study and the existing literature a conceptual model is created. The conceptual model is presented in figure 1. The conceptual model gives an overview of the expected relationship between decentralization and moral awareness, as well as the expected relationship between formalization and moral awareness. Furthermore, it presents an overview of the concepts encompassing decentralization and formalization.
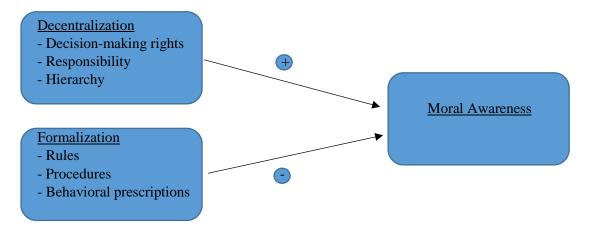

Figure 1: Conceptual model

3. Methodology

The following chapter will elaborate on which methodological methods have been applied in order to answer the research question, and argue why these methods have been chosen. This will be followed by discussing the sample, data sources and measures as well as providing an operationalization of the main concepts of the study. Furthermore, the data analysis procedure will be discussed and the research ethics will be elaborated upon. Lastly, the quality criteria of this study will be discussed.

3.1 Research design

This research addresses the effect of decentralization and formalization on moral awareness of employees. This has been studied by conducting a qualitative research. Qualitative research methods can be defined as: "strategies for the systemic collecting, organizing and interpreting of textual material obtained through interviews or observations with the aim to develop concepts which help to understand social phenomena in their natural context, which emphasises on meaning, experiences and perspectives of respondents" (freely translated from: Boeije, 2014). As stated before, this research derives from a descriptive approach regarding moral decision-making. As such, this study derives from a theoretical understanding of certain phenomena and their effects, and wants to gain insights into how these phenomena occur in their natural context, thereby creating a rich image of the researched phenomena. Qualitative research methods provide the researcher with the possibility to derive from an existing theoretical framework, while still discovering additional insights during the data collection and analysis (Corbin & Strauss, 2008).

Moral awareness as a construct has been shown to be difficult to measure as it part of a thought process of an individual. Moral awareness is a certain subjective "determination that a situation contains moral content and legitimately can be considered from a moral point of view" (Reynolds, 2006, p.233). As such, moral awareness is a complex concept which is subject to an individual's interpretation. Qualitative research methods fit with studying concepts such as moral awareness as qualitative research methods allow the researcher to study complex concepts which in part will remain ambiguous (Corbin & Strauss, 2008). By allowing the respondents to elaborate on their thoughts regarding certain situations they are able to provide information which could not be extracted using different methods.

3.2 Research methods

3.2.1 Semi-structured interviews

In terms of data collection, in-depth interviews provide the most detailed information regarding the researched phenomena (Boyce & Neale, 2006). Furthermore, interviews can provide useful information when wanting to explore phenomena in-depth or gain insights into an individual's thoughts or behaviour (Boyce & Neale, 2006). The interviews have been conducted in a semi-structured manner. An interview protocol and an interview guide have been developed prior to the interviews. The interview protocol and guide can be found in appendix II.

An interview protocol is "the rules that guide the administration and implementation of the interviews" (Boyce & Neale, 2006, p. 5). The interview protocol is developed to ensure consistency between the different interviews, which increases the reliability of the study (Boyce & Neale, 2006). The interview protocol consists of the introduction and the conclusion of the interview, which includes addressing consent and confidentiality towards the respondent.

The interview guide consists of predetermined, open-ended questions and topics which will be discussed during the interview (Boyce & Neale, 2006). These predetermined questions aim to explore the relevant concepts of the research: decentralization, formalization and moral awareness. The interviews have been conducted in a semi-structured manner. Therefore, the researcher maintained the possibility to delve into topics which came up during the interviews. This ensured the possibility to gather information about concepts or topics related to the topic at hand, for which no predetermined questions were formulated. As research into the effects of decentralization and formalization on moral awareness is limited, it was assumed that existing literature possibly did not cover every aspect of the researched phenomena. Semi-structured interviews provided the possibility to address those aspects.

3.2.1.2 Interview guide

During the process of conducting the interviews the interview guide was deemed insufficient to gather the necessary data. Therefore, several changes have been made to the interview guide to be able to better explore the concepts. Three interviews have been conducted with the initial interview guide, while the rest has been conducted with the final interview guide. The initial interview protocol and guide can be found in appendix III.

3.2.2 Vignettes

During the semi-structured interviews vignettes have been deployed. "Vignettes are simulations of real events depicting hypothetical situations" (Wilks, 2004, p. 80). The vignettes were used to measure if respondents were aware of the moral content within the vignettes and to measure if they consider the situation from a moral point of view. Vignettes are commonly used to measure moral awareness and ethical behaviour in general. O'Fallon and Butterfield (2005) found in their review that vignettes are the most used method for research into ethical/unethical behaviour. Roughly 55% of the studies into ethical decision-making used vignettes (O'Fallon & Butterfield, 2005). The vignettes can be found in appendix IV.

Researching ethical decision-making is complex as respondents tend to deliver social desirable answers and conceal information when reporting about oneself (Fisher & Katz, 2000; O'Fallon & Butterfield, 2005). Delivering social desirable answers or concealing information can be problematic for a study as it affects the validity of a study. This phenomenon is called social desirability bias. In order to prevent social desirability bias the vignettes were formulated in such a way that the respondents were asked to reflect on hypothetical persons, instead of themselves. As the vignettes depicted hypothetical situations, the self-image of respondents was not affected by answering the questions, thereby decreasing the chances of respondents answering in a social desirable way. Therefore, the vignettes contributed to lowering the chances of social desirability bias. Furthermore, the questions prior to the vignettes, as well as the vignettes themselves, did not mention morality or ethics, as this could prime moral awareness (Butterfield, Treviño, & Weaver, 2000).

During the interviews respondents were asked to read the vignettes, after which several questions regarding the vignettes were asked. All of the vignettes within the study contained moral content in order for them to be able to measure moral awareness. After reading the vignettes the respondents were asked what according to them is happening in the scenario, in order to see if they were aware of the moral content present in the vignettes. The vignettes were based on the tasks performed at Viisi. Vignettes were constructed for different circles in order for the vignettes to be applicable to every respondent. Constructing the vignettes in such a way that they were applicable to every respondent also increased the chances of respondents providing valuable information regarding the situation and how decentralization and formalization affect these situations. Prior to conducting the interviews the vignettes have been send to an employee of Viisi in order to determine if they depicted realistic situations, as

well as receive general feedback on the vignettes. Afterwards, adjustments have been made to the vignettes. This has been done to ensure that the vignettes were realistic and applicable to the tasks and roles at Viisi.

3.3 Sample

The research has been conducted at Viisi. In order to form a rich image regarding the researched phenomena a researcher wants to gather as many perspectives as possible. Due to the size of Viisi and the available time for this research not all employees could be included. Therefore, a selection has been made. Purposely choosing samples to be studied is called purposive sampling (Boeije, 2014). As this research investigates the effect of certain structural characteristics of an organization on the moral awareness of its employees it is relevant to obtain as many perspectives as possible regarding the phenomena. Therefore, respondents from different circles have been interviewed in order to be able to draw a general image regarding the decentralization and formalization present at Viisi and its effect on the moral awareness of its employees.

This study conducted interviews with ten respondents in order to gather the necessary data. The selection of the respondents has been done by the contact person of the researcher at Viisi. The selection was based on the aforementioned criteria. Interviews have been conducted with three employees from the circle realising dreams, which is tasked with giving mortgage advice to customers. Two respondents work in the circle people first, which is similar to what a traditional organization would call its human resources department. Two respondents work in the growth circle, which is tasked with marketing and website optimisation activities. Furthermore, two of the respondents work in the circle smooth operations. These respondents were mainly tasked with accepting and processing the mortgage documents. Lastly, one respondent did not work in a specific circle, but was tasked with multiple overarching tasks. In a traditional organization his function title would be CEO.

3.4 Operationalization

In order to be able to measure the effect of decentralization and formalization on moral awareness the concepts have been operationalized. Operationalizing the concepts was necessary to develop appropriate interview questions which properly measure the constructs. Operationalizing of the concepts was done with the help of the information presented in the theoretical framework.

Decentralization has been defined as "the extent to which power over decision making in the organization is dispersed among its members" (Mintzberg, 1980, p. 326). Within this study

decentralization has been defined as the extent to which power over decision-making at Viisi is dispersed among its employees by means of roles and circles. In the theoretical framework three dimensions of decentralization have been distinguished. These were decision-making rights, responsibility and hierarchy. Decision-making rights are the opportunity or ability to act independently and take decisions without authorization encompassed in a certain task or job. Indicators for this dimension are 'taking decisions independently', 'taking decisions together' and 'not taking decisions independently or together'. The second dimension of decentralization is responsibility. Responsibility is the state or fact of being accountable or to blame for something accompanied with a certain task or job. Indicators for this dimension are 'accountability towards colleagues', 'accountability towards organization', 'accountability towards customers' and 'receiving blame'. The third dimension of decentralization is hierarchy. Within this study hierarchy was defined as a formal system in which members of an organization are ranked according to relative status or authority. Indicators for this dimension are 'having subordinates', 'having a manager/supervisor' and 'having same-level colleagues'. Examples of items used to study decentralization are "To what degree are you allowed to take decisions within your work?" and "If something is not done properly, who decides what will be done?" The figure below gives an overview of the concept decentralization and the dimensions and indicators used to study the concept.

Concept	Dimension	Indicator
Decentralization	Decision-making rights	Taking decisions independently Taking decisions together Not taking decisions independently or together
	Responsibility	Accountability towards colleagues Accountability towards organization Accountability towards customers Receiving blame
	Hierarchy	Having subordinates Having a manager/supervisor Having same-level colleagues

Figure 2: Operationalization decentralization

Formalization has been defined as "the degree to which a codified body of rules, procedures or behavior prescriptions is developed to handle decisions and work processing" (Pierce & Delbecq, 1977, p. 31). Within this study, formalization has been defined as the degree to which a codified body of rules, procedures or behavior prescriptions are developed and utilized to handle decisions and work processes. In order to study formalization this research has looked into the dimensions rules, procedures and codes of conduct. The codes of conduct represented the behavior prescriptions developed to handle decisions and work processes as

codes of conduct are "a community's attempt to communicate its expectations and standards of ethical behavior" (McCabe, Treviño, & Butterfield, 1996, p. 461). As such, the codes of conduct prescribe the desired behavior of employees.

The first dimension of formalization is rules. Rules were defined as one of a set of explicit or understood regulations or principles governing conduct or procedure within a particular area of activity. The indicators used to measure rules were 'presence of regulations', 'presence of principles', 'regulations dictating decisions', 'regulations dictating work processes', 'principles dictating decisions' and 'principles dictating work processes'. The second dimension of formalization is procedures. Procedures are a series of actions conducted in a certain order or manner. Indicators employed to measure procedures within the context of formalization were 'documents explaining work processes', 'procedures dictating decisions' and 'procedures dictating work processes'. The last dimension of formalization is codes of conduct. In order to measure codes of conduct this study used the indicators 'formal communication measures prescribing behavior', 'codes of conduct affecting decisions' and 'codes of conduct affecting work processes'. Examples of items used to research formalization were: "To what degree are you subject to rules set up by Viisi?" and "To what degree are the rules, procedures, and codes of conducts adhered to at Viisi?" An overview of the dimensions and indicators employed to study formalization is given in the figure below.

Concept	Dimension	Indicator
Formalization	Rules	Presence of regulations
		Presence of principles
		Regulations dictating decisions
		Regulations dictating work processes
		Principles dictating decisions
		Principles dictating work processes
	Procedures	Documents explaining work processes
		Procedures dictating decisions
		Procedures dictating work processes
	Codes of conduct	Formal communication measures prescribing behaviour
		Codes of conduct affecting decisions
		Codes of conduct affecting work processes

Figure 3: Operationalization formalization

Moral awareness is defined as "a person's determination that a situation contains moral content and legitimately can be considered from a moral point of view" (Reynolds, 2006, p. 233). Moral content has been added to the vignettes by increasing the moral intensity of the hypothetical situations. The term moral intensity is used to describe "the extent to which an issue, event, or act has characteristics that make it subject to moral consideration, moral judgment, and moral action" (Reynolds, 2006, p. 234). Initially Jones identified six

characteristics of a moral issue which influence moral intensity: concentration of effect, magnitude of consequences, probability of effect, temporal immediacy, social consensus and proximity (1991). However research found that moral intensity can be measured amongst two factors (Frey, 2000; May & Pauli, 2002). O'Fallon and Butterfield (2005) found in their review that those factors producing the most consistent result are magnitude of consequences and social consensus. Reynolds (2006) operationalized these concepts by looking into the perceived harm of an issue and if a violation of a behavioral norm is present. Therefore moral content was present in the vignettes as they displayed either harm towards someone or something, or a violation of a social norm.

Respondents showed determination that a situation contains moral content by indicating the moral content. Therefore, respondents showed moral awareness by indicating harm or violation of a social norm. Furthermore, respondents could display moral awareness by considering the issue from a moral point of view. Lastly, respondents showed moral awareness by passing judgement on a moral issue. By passing judgement respondents showed awareness of moral content and considered the issue from a moral point of view. The figure below gives an overview of the concept 'moral awareness' and its indicators. An overview of the operationalized concepts of this study and their dimensions and indicators can be found in appendix I.

Concept	Indicator
Moral awareness	Indicating harm Indicating violation of a social norm Considering issue from a moral point of view Showing moral judgement

Figure 4: Operationalization moral awareness

3.5 Data analysis

The conducted interviews have been recorded and transcribed verbatim. The resulting transcripts have been analysed through means of coding. Coding entails attaching so-called codes to the material, often based upon the theoretical framework (Vennix, 2011). The goal of coding was to find patterns in the gathered material (Vennix, 2011). These patterns were then used to give an overview of the findings and explain the found phenomena and their respective effects.

Due to the fact that this study uses a descriptive approach the codes have been derived from the operationalization of the concepts 'decentralization', 'formalization', and 'moral awareness'. However, the effects of decentralization and formalization on moral awareness were relatively unknown as research into the topics has been scarce. Therefore the interviews

have been analysed with the means of template analysis. "Template analysis is a style of thematic analysis that balances a relatively high degree of structure in the process of analysing textual data with the flexibility to adapt it to the needs of a particular study" (King, 2012, p. 427). As such, this way of analysis allowed the researcher to derive from the concepts of current research, whilst leaving open the possibility of finding additional themes found in the specific case. Because of template analysis only a select amount of a priori themes have been used, for which the researcher always considered the possibility that a certain theme should be redefined (King, 2012). Themes are recurrent views or features of respondents which summarize perceptions or experiences by respondents. Furthermore, themes should be somewhat distinctive from each other (King, 2012). During the analysis process codes have been clustered into themes. Certain codes were clustered into multiple themes. This is called parallel coding (King, 2012).

The analysis derived from the a priori themes developed beforehand. Codes found in the transcript were highlighted with a certain colour, for which each colour represented a certain theme. Whenever a piece of text was found which seemed to say something about the subject at hand, yet did not correspond with any of the a priori themes, it was assigned a new colour, representing a new theme. These a priori themes were then combined with the themes developed during the coding process into an initial template. This template displayed the themes and sub-themes found in the data which said something about the topic at hand. The initial template can be found in appendix V.

This initial template was then used during reanalysing and rereading the transcripts. Codes were assigned and reassigned during this process to fit the themes. The template was also subject to change. Whenever themes were shown to be unsatisfactory of representing the found information, or when possible new themes were found, the template was adjusted. This process of revision and adjusting continued until the researcher deemed the template satisfactory of displaying the found information. The final template can be found in appendix V.

3.6 Research ethics
Every research must take ethical considerations into account as ethical dilemmas and concerns are present when doing research (Guillemin & Gillam, 2004). Researchers should treat participants properly and guarantee confidentiality and anonymity. The following paragraph gives an overview of the measures taken in order to guarantee ethical treatment of participants.

Prior to every interview all respondents were asked if they agree with the interview being recorded. Furthermore, before any question was asked all respondents were notified of the fact that they did not have to answer the questions if they did not want to and that they were able to stop the interview at any time without providing the interviewer with a reason for doing so. At the end of the interview all respondents have been asked if they are interested in receiving a copy of the final report, in order for them to be informed about the results of the study.

The names of respondents were filtered out of the transcripts and within the final report all respondents have been anonymized in order to guarantee anonymity. As such, respondents have been referred to as respondent x, for which x represents a number which each respondent is assigned. In order to guarantee confidentiality no data has been shared unnecessarily. Moreover, the final report has been shared with the organization in order for them to determine to which degree the organization would want to be anonymous in the report, as was agreed upon with the organization. The organization had no objections with the study using the company's name.

Informing respondents of the fact that the objective of the research is to look into the effects of moral awareness can have an effect on their moral awareness as mentioning ethics or ethical issues can prime moral awareness (Butterfield, Treviño, & Weaver, 2000). In order to guarantee accuracy when measuring moral awareness the actual research objective has not been disclosed to the participants prior to the research. Instead, they were informed that the study concerns the effect of decentralization and formalization on the behaviour of employees. However, this raised certain ethical implications. Some researchers agree that deception should be allowed when it does not harm the participant and is necessary for objective and accurate measurement, whereas others see deception as misleading and therefore ethically wrong (Cheng-Tak Tai, 2012). Athanassoulis and Wilson (2009) discuss when deception is ethical and conclude that whenever deception is necessary due to methodological considerations and "the information withheld is not relevant to the decision that a reasonable person would make as to whether to participate in the research, deceptive information is permissible" (Athanassoulis & Wilson, 2009, p. 49).

Measuring the moral awareness of the participants was done by deploying hypothetical situations. These hypothetical situations consisted of fictional persons performing certain actions. Participants were then asked several questions regarding these situations and the actions performed in them. They were asked to reflect on the fictional characters' actions

rather than their own. This was done in order to make sure no harm was caused to the participants. Furthermore, the withholding of the research objective was deemed necessary in order to acquire reliable and accurate results. Moreover, as no harm was conflicted on the participants by withholding knowledge regarding the research objective it was concluded that a reasonable person would still participate in the research had that participant known the actual research objective. In order to make sure participants were aware of the actual research objective they were debriefed about the actual research objective after the questions concerning the vignettes had been conducted. They were explained the reason for withholding the information and were asked if they would still consent to conducting the interview. If they would not agree with continuing the interview, the interview would be stopped immediately and the gathered data would not be used. No participant showed objection to the withholding of the research objective and all consented to continuing the interview. Furthermore, it should be noted that two of the participants were aware of the research objective prior to the interviews due to the fact that there had been extensive contact between these two persons and the researcher in order to set up the study.

3.7 Quality criteria

The quality of scientific studies can be assessed according to multiple quality criteria. In order to assess the quality of this study the credibility, dependability, transferability and confirmability will be discussed as well as the measures taken in order to guarantee sufficient quality.

The criterion credibility represents the trustworthiness of the findings of a study (Onwuegbuzie & Leech, 2007). Qualitative studies do not lead to a dichotomous outcome in which the phenomena is either valid or invalid, but rather describe a phenomenon to a certain degree (Onwuegbuzie & Leech, 2007). Therefore, in order to assure internal validity this study looked into an organization which has exceptional degrees of decentralization and formalization. As such, the likelihood of the studied organization containing rich data regarding the studied phenomena increased.

Dependability refers to the degree in which future researchers obtain comparable results when repeating the study (Shenton, 2004). In order to increase dependability the research design was elaborated upon, as well as occurrences during the research process which might have had an effect on the outcomes of the study.

Transferability, or generalisability, refers to the degree in which the findings of the study can be applied to a larger population (Bleijenbergh, 2013). The findings of qualitative research are subject to its environment, thereby decreasing the applicability of the findings to other populations or contexts (Shenton, 2004). In order to assess the transferability of the outcomes of this study, this study elaborated on the study object and its environment. Furthermore, the researcher has provided contextual clues which contributed to a better understanding of the findings.

Conformability refers to the degree in which the outcomes of the data are subject to the researchers' objectivity (Shenton, 2004). The outcomes of a study should result from the information given by respondents and should not be influenced by subjectivity of the researcher (Shenton, 2004). The process of data analysis has been described and adhered to by the researcher in order to diminish the chances of bias by the researcher.

4. Data analysis

In this chapter the findings of the research into the effects of decentralization and formalization on moral awareness at Viisi will be discussed. This will be done by discussing the themes found in the interviews. The themes are based upon a review of the literature discussed in chapter two and upon findings which emerged from analysing the interviews. As such this chapter will give an overview of the moral awareness present at Viisi's employees, as well as an overview of the degree of formalization and decentralization and subsequently how these factors contribute to the degree of moral awareness at Viisi. Furthermore the gathered data indicates an additional effect in which the degree of formalization and decentralization reinforce each other's effect on moral awareness. This effect will be elaborated upon at the end of the chapter.

4.1 Moral awareness

Moral awareness is "a person's determination that a situation contains moral content and legitimately can be considered from a moral point of view" (Reynolds, 2006, p. 233). In order to assess moral awareness this study used vignettes. The vignettes were used to study the reaction of employees at Viisi to certain situations which contained one or several moral components. Most of the time employees at Viisi showed to be aware of the moral components in the presented vignettes.

One way of showing awareness of moral content within the vignettes was by indicating that a certain situation might lead to harm. For instance respondent 9 responds with: "*Maybe you will cause a lot of stress for that person, even though there is nothing wrong*" to a situation in which one employee wanted the advisor to confront a customer with information regarding lay-offs at the customers' employer. The stress is a direct consequence of telling the customer about the lay-offs. Another example is respondent 4 stating: "*And the moment you know that somebody has another financial burden and you will not take it into account, it might lead to certain consequences in the future*" in response to a customer holding back certain information. Even though the effects of not taking into account certain information are not fully clear, this person still indicates that it might cause harm in the future, thereby showing moral awareness. This indicates a high degree of moral awareness, as the possible harmful consequences are not that evident. Interestingly, several respondents reason from the company's perspective when stating certain actions cause harm. Examples are "*Such a problem can have big consequences for the company*" (Respondent 5), and "*Because it*

possibly damages the organization" (Respondent 1). These examples show that certain employees indicate harm from the company's perspective rather than the individuals' perspective. Arguably, reasoning from the organization's perspective can become problematic with regard to moral awareness when employees derive from a rather narrow perspective of harm, for instance only financial harm. When asked what respondent 1 meant when talking about harm to the company he responded: *"Well that can be anything. Revenue damage, negative publicity, in the sense of reputation damage, (…) Or turnover of personnel, people who leave, or something."* By having a broad definition of harm to the company employees will be more likely to display moral awareness, as they will be more likely to take into account multiple aspects of the organization which can be harmed.

Another way to show moral awareness is by showing awareness of the violation of a social norm. For example, when presented with a situation in which an employee shared sensitive information about a customer with a colleague in front of several other colleagues respondent 2 noted: *"That they are sharing sensitive information in front of a group. I don't know if that is okay to do as an advisor, I would do it differently."* When asked why she responded: *"Well if it is really sensitive information. I wouldn't like it either if that is said about me"* (Respondent 2). In this statement respondent 2 shows that she is aware of a certain moral component, as she states she would do it differently due to herself not wanting others to share such information about her, thereby indicating that she sees it as a social norm that individuals should not easily share sensitive information about other individuals. Furthermore she stated: *"I don't know if that is okay to do as an advisor"* by which she indicates that advisors might adhere to different norms as she does. Therefore respondent 2 is aware of a moral component, yet is uncertain if a social norm is violated as she is not part of the social group to which the social norm is referring.

Respondents had more ways in which they showed moral awareness besides being aware of possible harm or violation of a social norm in response to the vignettes. When respondent 8 was asked what is going on in a certain vignette according to him he started his response by elaborating on why the situation was a problem and what possibly happened for this to go wrong. Then he stated the following: *"Then you get to the ethical question: what should you do in [this situation]."* (Respondent 8). This shows that even though respondent 8 did not indicate moral awareness by indicating possible harm or violation of a social norm, he was still aware of a moral component in the situation. With this statement respondent 8 shows that according to him the issue can be viewed from a moral point of view.

Interestingly sometimes respondents showed moral awareness by passing judgement. This is for instance seen in the responses of several employees to a vignette in which two colleagues discussed a customers' private information in front of multiple colleagues. Respondent 8 acknowledges that in the situation "*sensitive information*" is being discussed but judges that "*It depends on what exactly is being discussed.*" He argues that discussing the issue in front of colleagues does not have to be a bad thing, as colleagues can learn from it. Regarding the same situation respondent 9 stated: "*But if diseases or something alike, or the personal situation between him and his partner are being discussed, that goes too far in my opinion.*" In these situations the respondents assess the severity of the issue at hand. By judging the situation they show awareness of a moral component without explicitly stating so. The fact that moral awareness cannot be easily distinguished from moral judgement when analysing the data and that there seems to be an overlap between certain components is in line with Rest's (1986) theory. As Kish-Gephart, Harrison and Treviño (2010) state: individuals pass through the moral awareness stage during the ethical decision-making process. The aforementioned examples show this in practice.

Another interesting finding regarding this phenomena is the difference in responses to previously mentioned vignette. Whereas respondents 4, 8 and 9, who are all advisors, judge this situation to be dependent on what information is being discussed and actually see advantages of discussing the situation with multiple colleagues, respondents 2, 6 and 10, who fulfil different roles, answer along the lines of "*Well this certainly should not be discussed with everybody*" (Respondent 10). Respondent 2 even indicates a possible difference in social norm by stating: "*I don't know if that is okay to do as an advisor.*" This shows that employees do not always agree on if a social norm is violated, even when realising there is a moral component present. The vignette simply noted that "sensitive information" is being discussed, not clarifying what this sensitive information exactly is. Therefore, a possible explanation for the discrepancy between the respondents might be that advisors have dealt with this issue actively and have gone through the ethical decision-making process regarding this issue, resulting in them distinguishing different types of sensitive information and thereby forming their opinion, whereas the other respondents have not dealt with this issue before and therefore do not distinguish between different types of sensitive information.

There were also instances in which respondents were not able to indicate a moral component present in the vignette. An example of this was the response of respondent 7 to the previously mentioned vignette. When asked about her opinion on the actions of the employee she

responded: *"Well, I think it is good that he discusses the issue with other colleagues if the cannot solve it himself."* In response to multiple questions regarding this vignette respondent 7 did not mention the discussing of sensitive information in front of colleagues. As such, she showed no awareness of moral content present in the issue. Another way in which respondents did not show moral awareness in response to the vignettes was by responding with courses of action to be undertaken in order to solve a non-moral issue present in the vignettes (Respondent 1, Respondent 4, Respondent 6). By doing such they showed no awareness of moral content and did not consider the issue from a moral point of view.

Besides the fact that respondents were able to indicate moral components when discussing the vignettes they also seemed to be aware of certain moral components within their work during the remainder of the interviews. When asked about in which ways their work has consequences for others respondents gave broad answers. All advisors underline the impact a mortgage has on the life of individuals, as showed by the following statement: *"It is the biggest loan somebody will close in his life, he'll be repaying it during his whole life. So it has to be financially responsible"* (Respondent 9). Respondent 10 answered: "*It depends on which roles I have, but I have roles which have to do with paying salaries and such, or an employment contract, in those cases quite a lot [of consequences]. And at the moment I also have roles which have to do with providing support"* and respondent 5 argued that if he does his work well this will lead to: *"A happy customer. Of course a happy advisor, but colleagues always try to do well for each other. And a pleasant collaboration with the loan provider."* The fact that the respondents are able to demonstrate that they are aware of certain consequences their actions have on others indicates they are aware of the moral issues present within their work. Furthermore, employees at Viisi show that they consider these moral issues to be legitimate issues which need to be taken into account from a moral point of view, for instance shown by *"So it has to be financially responsible"* (Respondent 9).

Even though employees at Viisi were not aware of, or did not explicitly mention, moral components in all the vignettes they were able to do so in most cases. Furthermore employees at Viisi showed to be able to indicate moral components they deal with, or are aware of, in their jobs and that they take these moral components into consideration when dealing with certain issues. Therefore it can be said that the employees at Viisi show a high degree of moral awareness. Furthermore it can be concluded that respondents being aware of a moral component do not necessarily lead to the respondents judging the issue in the same way.

Thereby indicating that moral action or moral judgement is not determined by moral awareness alone.

4.2 Formalization

Within this section the degree of formalization will be discussed. Formalization is "the degree to which a codified body of rules, procedures or behavior prescriptions is developed to handle decisions and work processing" (Pierce & Delbecq, 1977, p. 31). The section will show the analysis of the degree of formalization at Viisi and the effect of formalization on moral awareness by discussing the rules, procedures and codes of conduct separately, each followed by an analysis of their effects on moral awareness. This will be followed by an overview of the degree of formalization as a whole and what effect it has on moral awareness.

In order to understand the formalization at Viisi further elaboration on the organizational structure of Viisi is required. Viisi is structured along holacracy principles. As such, Viisi does not work with traditional functions, but assigns one or multiple roles to its employees. Multiple roles together form a circle, which represents a team. Furthermore, multiple circles could together form a larger, overlapping circle, which could be compared to a department in a traditional organization.

4.2.1. Rules

A rule can be defined as: "One of a set of explicit or understood regulations or principles governing conduct or procedure within a particular area of activity" (Oxford University Press, 2018). Rules can therefore be understood as the set of explicit or understood regulations or principles governing conduct or procedure within a particular area of activity, for which the area of activity in this case is all activities by Viisi.

The roles and circles at Viisi are subject to policies, accountabilities, domains and purposes in order to govern procedures within the organization. Policies are regulations. *"Within a circle, policies have to be accepted by all circle members. And once there is a policy, that policy cannot be broken"* (Respondent 1). The accountabilities define the responsibilities of certain roles or circles. They define what is expected of a certain role or circle, or as respondent 1 stated: *"There is text which states where a role is accountable for, responsible for, and if they [a colleague] do not execute it properly, then somebody can say something about it."* This statement indicates that the accountabilities not only function as guidance for what a certain role should do, but also make sure other employees can hold the person fulfilling the role accountable for fulfilling those accountabilities.

Furthermore, Viisi allocates domains to roles. When a domain is assigned a certain theme is allocated to a certain role, which means that others cannot make decisions regarding that theme without consulting the role which compromises the domain. Only one respondent mentioned the setting of domains, and was only aware of one domain in the whole organization. Therefore it can be concluded that Viisi sparsely applies domains. Lastly Viisi also defines purposes for each role and circle. A purpose is meant as a long term goal for which employees should aim. Employees should act in accordance with this purpose. As such, it limits their thinking and guides their acting. As respondent 5 puts it: *"Well see: We of course have, the holacracy story is, there is an upper circle, just to indicate, a purpose is defined there and whatever, that trickles down. And what important is, as a circle you get a lot of freedom, you may decide a lot, but always keep the purpose of a higher laying circle in mind, and of course also the one of your own circle."* These four measures could be classified as the regulations and principles governing the activities within Viisi.

Analysis shows a disagreement amongst employees at Viisi when looking at the degree of rules they are complicit to. A few respondents state that they are subject to a lot of rules, such as respondent 8: *"We have to deal with them a lot. They determine how we work."* Whereas others state they are not subject to a lot of rules, like respondent 7: *"Yeah not that much actually."* One respondent even noted that she is subject to a lot of rules, followed by her stating a few seconds later that there are not that many rules, just implicit rules. Later in the interview she provides a possible explanation herself: *"So yeah, I think the work structure brings a lot of explicit rules, but once you get used to those, it doesn't feel as such"* (Respondent 2). Another explanation might be that certain employees do not distinguish between rules set by Viisi and laws set by the government. As respondent 4 stated: *"So yeah, in that sense there are rules set by Viisi, but that is because it is mandated by law."* This is supported by for instance respondent 3, who stated: *"But the only rules to which we have to comply are nationwide rules."* When certain respondents do and others do not distinguish between rules set by Viisi and set by the government, this might explain the discrepancy in answers.

In general employees at Viisi are aware of relatively few rules. The rules are used to handle decisions and work processing. Respondents state that *"We comply with the rules"* (Respondent 8) and *"I think they are strictly followed"* (Respondent 6). At the same time, rules can be diverted from as long as *"It is not a hindrance to the rest of the organization"* (Respondent 4) or *"People will have talked about it"* (Respondent 6). Respondents indicate

that they tend to be guided by the rules, as they provide clarity on how to act and are intended to make things easier while still providing the employees with the necessary freedom to act as they see best. Respondent 8 described it best: *"You should see it as a kind of pilot sitting in a cockpit. And of course, he can determine a lot. But eventually the pilot should comply with a lot of rules imposed from the outside."*

When looking at the influence of the rules on the moral awareness of employees respondent 8 noted: *"They shape my morale, moral awareness too, correct. They enrich that, those rules."* At the same time respondent 8 stated: *"On the other hand, if those [rules] would not be there, then you could question in how many situations I would deviate from those rules. I don't think it would be that often."* This statement shows that employees are influenced by the rules and that they follow the rules. This indicates that employees can be guided by rules with respect to moral behaviour. Tyler and Blader (2005) discuss the importance of aligning the rules of the organization with the values of the employees in order to gain acceptance for aforementioned rules. The fact that respondent 8 indicates that he would not deviate from the rules often if those rules would not be present, is an indication that the rules are aligned with his values. This is a possible explanation for why respondent 8 lets himself be influenced by the rules of Viisi.

How employees are guided by rules with respect to taking into account moral aspects is best illustrated by the following situation. All advisors at Viisi tend to struggle with taking the student loans into account during a mortgage application as taking the student loan into account can be financially irresponsible for the customer. Respondent 8 illustrates this with a hypothetical situation: *"Let me give you an example where financially responsible has a conflict with if it is allowed by the rules. Say somebody has 10.000 euro savings on his account, and a student loan of 10.000 euro, just graduated. That person can, if he pays of his loan with those 10.000 euro saving, loan 20.000 euro more. (…) and say this person has a rent of 2.000 euro's per month, and if he has his own house 1.000 euro per month on monthly costs, in Amsterdam. So when he buys the house his monthly costs will decrease immensely, with 1.000 euro's per month. But then he has to use his savings to pay off his DUO, otherwise he can't buy the house. What is financially responsible? (…) Should I tell the person to use those 10.000 euro to pay of his DUO? But say he gets a leakage in his home, then he won't have money to stop the leakage."*

By law employees do have to take the student loan into account during the mortgage application. According to respondent 4 employees at Viisi comply with this law, as illustrated

by the following statement: *"We get feedback from the loan providers that we always properly register [the student loan]."* In specific situations employees are able to diminish the problems caused by the student loan due to certain exceptions in the law or due to differences in conditions for mortgage applications between loan providers.

These exceptions and differing conditions result in uncertainty for employees. This resulted in the employees saying: "*Make it mandatory. Then we won't have to think about it as advisors."* (Respondent 8) and "*Take for example a DUO loan [student loan], because that is always different, but if you simply set a stance as Viisi, like if you have this situation you have to act this way. That makes it way easier and then you know 'okay I am doing it according to protocol'"* (Respondent 9). These statements show that employees would rather have a strict rule, so they can act accordingly.

However, analysis has shown that not having this rule resulted in the employees having to think about the situation and thereby becoming aware of certain moral components. Respondent 4 reflected on a situation in which she chose to let the family of the customer guarantee that they will carry the costs if the customer would not be able to pay back the loan. Regarding the decision she stated the following: "*But yeah, in this situation I do deviate from the rule, because I can't do it differently. Well I can do it differently, I could tell the customer that I won't participate in this. He will have to pay back all the scans and costs he has made. That was the plan, but I made the decision to not do that."* In this situation respondent 4 showed to be aware of the financial harm caused by her not deviating from the rules. This example shows that having an ambiguous rule, rather than a strict rule, requires the employees to think about the implications of taking the student loan into account. This is in line with Schwartz (2011) who argues that excessively relying on rules and incentives demoralizes employees. He argues that relying less on rules allows employees to develop their moral skill (Schwartz, 2011). By taking into account the implications accompanied with certain decisions employees become aware of the moral components accompanied with each decision.

Interestingly, respondent 8 was the respondent who stated: "*Make it mandatory. Then we won't have to think about it as advisors"* even though this person showed to be capable of taking into account the possible consequences associated with each course of action, as illustrated by his hypothetical situation regarding how taking into account student loans can be financially irresponsible. This shows that not having strict rules results in employees thinking about the consequences of decisions and actions, thereby increasing their chances of being aware of a moral component. Respondent 8 shows that setting strict rules with regard to

the student loans would limit his thinking, thereby potentially neglecting moral aspects of an issue.

4.2.2. Procedures

Procedure is defined as: "A series of actions conducted in a certain order or manner" (Oxford University Press, 2018). Furthermore, procedures as understood in this study refer to procedures which are codified in for instance electronic documents or a guidance book.

Just as with the rules there is a large divide amongst the employees at Viisi regarding procedures used and applied in order to carry out decisions and work processes. Some employees note that they are not aware of any procedures used in order to influence their decisions or work processes, whilst others state they are subject to a lot of procedures. A possible explanation for this might be the fact that procedures are only applicable to certain roles or circles, as with rules.

In general, the respondents mentioning the procedures state that these should be seen as either a framework within which employees have to operate or as a stepwise plan which can be used as a check to verify if they addressed all necessary components of a certain task. This sentiment is best articulated by respondent 8, which stated: *"Well if I can give an example. Imagine you have a mortgage advisory conversation, and of course you are going to [use] a whole format, in which the conversation, how the conversation is going to go. That is how you get trained to do it. So you get a textbook with pictures in it, which you process with the customer. Afterwards you expatiate the conversation, for which we have a set format, with set themes which you have to use. (...) So of course you can word things as you like, but there are set things, it is a set framework in which you work."*

When looking at the degree in which these procedures are applied almost all respondents note that the procedures are guidelines or frameworks in which employees can operate. As respondent 9 stated: *"Of course we have some general procedures, like how should all customers be moved through the process. But how I communicate with customers, how I advise them, that is all personal. Of course according to all rules and all conditions."* Furthermore the procedures can easily be adjusted if necessary. This can be done either through so called "governance" meetings or by simply discussing the matter with colleagues. *"There are simply certain procedures and they are set up in such a way that you comply with everything and that it works for the whole organization. These get fine-tuned constantly and can be applied to our own insight"* (Respondent 4).

The procedures are not intended as a strict guide to execute work processes but are mainly used as a guide for either new employees or employees taking over certain tasks for a certain reason. Respondent 10 stated: *"should somebody else take over, that you can easily do it without it causing too much trouble."* and respondent 9 stated: *"So it are all protocols regarding how certain this should be done in that department, and that is to guarantee the quality of Viisi."* As such it can be concluded that Viisi deploys procedures mainly to ensure a smooth transition of work related tasks between employees. The procedures are deployed to ensure the correct steps are taken in order to derive at the desired outcome, whilst still providing the employees with enough potential to perform their tasks as they deem necessary.

What is interesting is the fact that none of the Viisi employees explicitly mentioned their structured meetings as a procedure. The meetings at Viisi are executed in a certain manner in which all the participants are subject to a lot of rules and a set structure on how to discuss all themes set on the agenda. A likely explanation for this is what respondent 2 stated: *"So yeah, I think the work structure brings a lot of explicit rules, but once you get used to those, that you don't feel as such."* A possible explanation could be that employees at Viisi are so used to their way of having meetings that they do not see them as a specific procedure.

Analysis showed that certain employees tend to have meetings often, some even daily. *"Well, we have daily meetings. And I think that because we practice honest and open communication that you are willing to put everything on the table"* (Respondent 10). These meetings have an effect on moral awareness in multiple ways. First they provide employees with the possibility to put so called "tensions" on the agenda. A tension is the gap between the current reality and a potential an employee senses with respect to their role (HolacracyOne, 2018). How it is applied in practice is best explained by respondent 1: *"So when you find that something is not done in the correct way, or not done at all, then you'll say 'hey, I have a tension'"*, therefore *"you will get tensions of colleagues if you do not do your work properly"* (Respondent 2). These tensions provide employees with a formal possibility to correct each other's behavior. Tensions are not always about moral behavior, in most cases they will not be. However by having these tensions and subsequently the discussion about these tensions integrated into their procedures, Viisi incentives its employees to correct each other and think about the effect others' actions have on themselves. As respondent 6 puts it: *"It is about how big the chance is that somebody has the possibility to put a theme on the agenda and discuss it with colleagues."* By having these tensions integrated into their meeting procedure this chance

increases. Furthermore by informing each other of certain tensions others might become aware of certain moral components they were not aware of before.

In general it can be concluded that procedures at Viisi are sparsely used to handle decisions and work processes. They seem to function as either a check or as a way to ensure a smooth transition of work tasks between employees. Analysis shows that the procedures are not applied strictly and that these can be edited at any time, which is often done by discussing the matter with colleagues first. As the procedures at Viisi are sparsely used to handle decisions and work processes no apparent effect on the moral awareness of employees has been found.

4.2.3. Codes of conduct

As with the rules and procedures there is also a big divide between employees regarding their knowledge about the codes of conduct present at Viisi. Codes of conduct are "a community's attempt to communicate its expectations and standards of ethical behaviour" (McCabe, Treviño, & Butterfield, 1996, p. 461).

Viisi has two different codes of conduct. Viisi has developed and distributed a document regarding the ten core values of Viisi. These ten core values consist of values such as be humble, be disciplined and be honest. Very little respondents seemed aware of these ten core values. The other code of conduct Viisi has developed is the golden rule, derived from the categorical imperative by Emmanuel Kant. *"The golden rule is, you could say, the overarching one. That is treat somebody else the way you want to be treated"* (Respondent 3). The rule is applied as it is a general rule which can be applied in all circumstances. Also, the ten core values which Viisi has developed derive from the golden rule, as mentioned by one respondent. Bowie (1999) discusses the golden rule with respect to business ethics. He argues that the categorical imperative aids the organization in acting in a morally responsible way, at the level of organization to its stakeholders, as well as from individual to individual within the organization. The golden rule helps the organizations to withhold itself from immoral actions such as cheating and lying, as well as moral actions such as treating each other with respect (Bowie, 1999).

Whereas certain respondents did not mention this rule when asked about the codes of conduct present at Viisi, those who did often emphasized the influence the golden rule has on either theirs or others' decisions and actions. Respondent 2 stated: "*Because the core values, treat others like you want to be treated, that is not just a slogan or something, but it is really adhered to."* Respondent 10 was perhaps the most explicit about the golden rule and referred

back to it a lot. This showed that the golden rule influenced her thinking and acting a lot, which is for instance expressed in the following statement: "*That is why you are constantly busy with treat somebody like you want to be treated. How does it come across on that person, and how can I deal with that, and what can I do best in order to give somebody satisfactory work*" (Respondent 10). This statement shows that this person puts in a continuous effort to keep in mind and apply the golden rule to circumstances within her work. This way of thinking has an effect on moral awareness as taking into account others, in the broadest sense, requires people to think about how their actions affect others. This increases the chances of a person being aware of certain moral components present with certain decisions or actions, thereby increasing the moral awareness of said person. This is in line with Bowie (1999) who argues that the golden rule contributes to organizational members acting in a morally responsible way.

What is interesting is that a relatively high percentage of respondents were not aware of the codes of conduct present at Viisi. For instance respondent 4 reported the following when asked about codes of conduct at Viisi: "*Not something explicit which I could recall, which would be codified.*" This is in line with literature by Somers (2001), who found that a significant percentage of employees are not aware of the codes of conduct in their organization.

Interestingly quite a few respondents which mentioned that they are not aware of any explicit codes of conducts at Viisi did refer to the golden rule during the interview. This indicates that even though certain employees are not aware of the code of conduct, it is present, either implicit or explicit, at Viisi. This is for instance shown with respondent 7, who was not able to explicitly recall a code of conduct at Viisi, yet when asked why her colleagues are good at recognizing moral issues she responded: "*You know how you want to be treated, and that is simply how you treat others.*" This shows how prevalent this attitude is within Viisi and how often, either implicitly or explicitly, employees apply the golden rule. As determined before, applying the golden rule has a positive effect on people's moral awareness as it encourages thinking about for instance the consequences certain decisions have on colleagues, partners or customers.

The reason for implementing the code of conduct is best described by respondent 6: "*We say there is one rule: treat others like you want to be treated, and use your common sense for the rest. If you have questions, then just ask your colleagues. Because you do not want people saying 'yeah but it is not written down anywhere.'*" This statement shows that Viisi

acknowledges that the golden rule does not stop organizational members from having questions or doubts. Therefore, the golden rule at Viisi can be seen as an overarching principle governing interaction between employees. Bowie (1999) argues that this provides the organization with flexibility with regard to ethics and is therefore more practical applicable as opposed to applying the golden rule in its categorical sense. Furthermore, this statement says a lot about the formalization at Viisi. It indicates that Viisi does not intend to control all decisions and work processes by applying rules, procedures and codes of conduct, but actively promotes employees to think about certain situations and to discuss those with colleagues.

In general it can be concluded that there are significant differences between employees' awareness of rules, procedures and codes of conduct within Viisi. Viisi uses rules and procedures as guidance for their employees as they set a framework in which employees can operate. The procedures are also used to ensure smooth transitioning of work. Furthermore the rules function as a way to hold people accountable for their actions and the procedures facilitate the possibility of holding people accountable. Lastly, the codes of conduct provide reference for how employees should act with regard to morality.

4.3 Decentralization

Within this section the degree of decentralization will be discussed, as well as the effect decentralization has on employees' moral awareness. Decentralization is defined as: "the extent to which power over decision making in the organization is dispersed among its members" (Mintzberg, 1980, p.326), in which a higher power over decision making rights at lower level employees imply a higher degree of decentralization. The degree of decentralization will be discussed by analyzing the degree of decision-making rights, degree of responsibility and hierarchy at Viisi, and subsequently their effects on the moral awareness of Viisi's employees.

4.3.1. Decision-making rights

A decentralized organization is characterized by assigning a high degree of decision-making rights to lower level employees. In its most extreme sense all decision-making rights are assigned to the lowest level of employees possible. Within this study, decision-making rights are defined as the opportunity or ability to act independently and take decisions without authorization encompassed in a certain task or job.

Employees at Viisi have a high degree of decision-making rights. When asked about the degree in which employees can make decisions within their job all answered something along

the lines of *"Within all the roles I have, I may do that for one hundred percent."* (Respondent 8) and *"Completely. In my own roles I am responsible for the work I do, so those decisions I can make myself"* (Respondent 10). As such employees at Viisi are not only able to, but actively encouraged to think and decide for themselves. *"And I don't have to wonder if it is okay to do so. I can simply decide myself. Okay, this is the way in which I want to fulfil this function or this role and I can do it that way"* (Respondent 3).

The decision-making rights at Viisi provide the employees with the possibility to act in the way they deem best. For instance, respondent 9 stated: *"So if you don't want to do something, or you don't want to help the customer for a certain reason, then you don't have to."* Likewise, this works the other way around too, as is demonstrated by respondent 9: *"If I compare my norms and values to those of Viisi for example, if mine would be less than Viisi's, than I would have to comply with those of Viisi. But until now my norms have been stricter than those of Viisi, in general. Therefore I derive from my own norms and values and what I think is responsible for a customer."* These statements show that employees at Viisi are able to act as they deem best. This is in line with James (2000) who argues that control over the decision-making process promotes ethical decision-making. He argues that authority and responsibility regarding decision-making should be assigned to the employee with knowledge regarding the issue. By aligning information possessed by employees and control over the decision-making process ethical decision-making is promoted (James, 2000).

Employees' decision-making rights are not unlimited though. Employees are only authorized to make decisions within their own roles. In those roles they are assigned certain accountabilities and are supposed to act with their roles' and higher circles' purposes in mind. Furthermore the employees at Viisi are not allowed to make decisions which lay in the domain of another role, as these decisions should be made by those fulfilling those roles. In practice this means discussing said topics with the person responsible as illustrated by respondent 8: *"Only some things which aren't [part of] my role, then I will have to ask, ask the role if, if I can or cannot."* and actively taking into account the roles of colleagues, as illustrated by respondent 1: *"In any case the roles which I have, in those you are within holacracy one hundred percent autonomous. So you do not have to ask permission from somebody unless you think that the thing you want to do results in a huge tension for the other role, but that seldom happens."*

Even though Viisi employees are subject to a high decision-making ability, they tend to prefer discussing their decisions and viewpoints before implementing them. For instance respondent

2 stated: *"I have the feeling that all my colleagues think: if I make an important decision I will ask at least two other people first, to see what they think of it."* This sentiment is shared by most employees. As respondent 5 stated: *"As long as they are not harmful I can take significant decisions. Often you do that in consultation. Not because somebody has different authority, but to see if your opinion or action is supported or if you might be acting too fast."* Discussing issues and viewpoints with colleagues will increase moral awareness amongst employees. By asking a colleague about his opinion this employee will be motivated to think about the issue, this increases the change of realising there is a moral component present in the issue. Furthermore by discussing employees possibly notify each other of a moral component within the issue, which raises awareness amongst the employees participating in the discussing. This will be further elaborated in section 4.4.

Interestingly, multiple respondents note that due to the fact that they have a large degree of decision-making rights they think more thoroughly. As respondent 5 stated: *"I think you'll think twice or three times about it. At least if you feel like it is an important decision, then you will think well."* or as respondent 10 stated: *"Of course you will think differently. Because you have to take the decision yourself."* Analysis shows that employees tend to think more thoroughly about issues they will have to take a decision on. Arguably, thinking more thoroughly about a decision results in the employees taking into account multiple viewpoints and perspectives. As such, they are more likely to become aware of the consequences, such as harm, accompanied by taking certain decisions. Therefore it is more likely that they will become aware of a moral component accompanied with a certain decision. This argument is in line with Kohlberg (1969) and Treviño (1992) amongst others, who discuss moral reasoning. They argue that moral decision-making has a cognitive base, implying that deliberate thinking results in moral decision-making. Ham and Van den Bos (2010) discuss the difference between unconscious and conscious thinking with regard to moral decision making. They distinguish moral reasoning and moral intuition. Moral reasoning derives from the idea that moral judgement is a conscious process of cognitive reasoning, whereas moral intuition derives from the idea that the moral judgement is an unconscious social-cognitive process (Ham & Van den Bos, 2010). They found that conscious, or deliberate, thinking leads to less utilitarian decisions (Ham & Van den Bos, 2010). The argument that conscious thinking leads to moral decisions is not undebated. Moore and Tenbrunsel (2014) discuss the relationship between reasoning and moral choices. They found a curvilinear relationship between reasoning and moral choices, where moderate complex reasoning is positively

associated with moral decision-making and low or complex cognitive reasoning negatively associated with moral decision-making. They argue that complex cognitive reasoning possibly results in the actor rationalizing the outcomes of a decision-making process (Moore & Tenbrunsel, 2014). This study adds onto these theories by showing that a deliberate and conscious thought process can increase the moral awareness of employees.

4.3.2. Responsibility

Responsibility within this study is defined as the state or fact of being accountable or to blame for something accompanied with a certain task or job. As stated before, a sense of anonymity can facilitate negative moral behaviour (Moore & Gino, 2013; Ashforth & Anand, 2003). By assigning employees with the ability to make decisions related to their tasks, they can also be assigned responsibility. It sets a clear framework for which tasks and outcomes certain employees are responsible.

As elaborated upon earlier the employees at Viisi do have a high degree of decision-making abilities. Analysis of the interviews has shown that employees at Viisi subsequently perceive a high degree of responsibility over their work. When asked to which degree respondents feel responsible over their tasks respondents answered along the lines of *"Yes, a hundred percent"* (Respondent 2), *"Actually everything, yes completely"* (Respondent 9) and *"Completely"* (Respondent 10). This shows that the employees at Viisi feel very responsible for their work. One important distinction to be made here is that certain employees reflected on both their teams' responsibility as well as their individual responsibility, whereas others only reflected upon their individual responsibility. For instance, when asked to which degree employees are responsible over their work a respondent answered: *"I myself find it to be one hundred percent. Because, some stuff is out of your control, but in my own work, yes everybody is always one hundred percent responsible, because it is your own work."* (Respondent 8), whereas another respondent answered *"Yes, we are simply a team, so then you are responsible together over everything you do"* (Respondent 7). This distinction can be explained by looking at the departments respondents operate in. Acceptors were more likely to reflect on their team as a whole than for instance advisors.

Analysis found several effects accompanied with the high degree of responsibility employees at Viisi perceive. Respondents stated that having more responsibility results in them being "*thorough*" (Respondent 4), "*thinking about the consequences*" (Respondent 1) and "*automatically study [the issue] more*" (Respondent 8). Most respondents echoed this sentiment. It shows that employees put in more effort and work more thoroughly once they

feel they are responsible for the outcome of their work. As respondent 1 puts it: "*So because you are 100% autonomous, and 100% responsible, you want to do well in each case. And because of that you will unconsciously be forced by yourself to think really well about what you are doing, and what the consequences are of what you do.*" By being more thorough or thinking about the consequences employees will be more likely to take into account moral aspects of the issue.

4.3.3. Hierarchy

Hierarchy is "a system in which members of an organization or society are ranked according to relative status or authority" (Oxford University Press, 2018). Structural hierarchy arises when certain employees become responsible for other employees performing their tasks. By doing such they take on a part of that person's decision-making authority and responsibility. Furthermore hierarchy might result in the person allocated higher in the hierarchy deciding on what actions his subordinates should undertake, for instance when mistakes have been made and need to be fixed or when deciding on the goals of the coming quarter.

At Viisi there is no certain person who has authority to decide on what course an employee should take. For instance respondent 10 stated: "*But it is not that another person imposes on me that I should fulfil a role in such and such way",* or respondent 2 stated: *"Because we do not hold accountability to anybody, only to ourselves."* These statements show that there is no difference amongst employees at Viisi with regard to an employee having authority over another one. As no employee has authority over another one, employees cannot be ranked amongst each other because of authority. Therefore it can be concluded that Viisi has no structural hierarchy.

In a traditional organization lower level employees are controlled and reviewed by their superiors. As Viisi does not have any structural hierarchy they use other control mechanisms to make sure everything is of sufficient quality. For most tasks employees tend to be reviewing and passing judgement on their own work. They are responsible for its quality and no other person will look into their produced work. This is not sufficient for all tasks though. As respondent 10 stated: "*Well for example for people who have certain roles we have decided that there at all times must be a four eyes principle. Even though that doesn't fit within holacracy. But we have decided ourselves that in those cases we always look at it with multiple people. So that your co-role fulfiller must approve before we can allow certain things."* Another control mechanism, which only applies to mortgage advisors, is that Viisi

has a compliance officer. This role is assigned due to specific knowledge regarding the law and clients of Viisi, which can be consulted at any time.

As such, no employee is directly responsible for the work of any other. This has the effect that employees cannot divert blame or responsibility for fixing mistakes to somebody else. As illustrated in the following statement by respondent 4 in which she is referring to certain tasks not being carried out properly: *"It is not like it will be assigned to somebody else who has to fix it or something."* Because employees are fully responsible of their output and for fixing it when something goes wrong, they will be more likely to think about the process as a whole, and their input in that process. This thinking again leads to more moral awareness amongst employees. Perhaps it is better said the other way around. As respondent 1 noted: *"I think that in that case it will be easier to hide behind the manager or something. Or if the manager says something it will be way easier to adhere to that (…) if somebody imposes something on you, and you carry that out, then I can imagine you would think less about what consequences it has, than when you would have to think about that yourself."* Respondent 8 said something similar: *"But if you do not have to take that decision, then you will feel a bigger distance. Then you'll put down whatever you have to do at the person who has to make the decision, and then you won't have to think about it."* These statements show that when employees do not have any ranking in which another person has authority over them they will think more about the consequences of their decisions and about their decisions in general. This subsequently has a positive effect on a person's moral awareness, as thinking about for instance consequences increases the likelihood of realizing certain issues have moral components.

It can be concluded that the decentralization at Viisi is very high as all employees have very high decision-making rights, are responsible for their tasks and no structural hierarchy is present, meaning that employees are not ranked according to authority. Having a high degree of decentralization has positive effects on employees' moral awareness as it facilitates increased thinking amongst employees. Due to more decision-making rights, increased responsibility and no structural hierarchy employees think more thoroughly about issues and are more likely to take into account the possible consequences accompanied with each course of action.

4.4. Additional findings

In the previous sections an analysis of the degree of formalization and decentralization, as well as their influences on employees' moral awareness, at Viisi have been given. Analysis of

the data has resulted in several additional findings. These findings concern the consistency between different structural elements at Viisi and the effects of the combination of the degree of formalization and decentralization at Viisi on the moral awareness of employees. Therefore this section will discuss the consistency between structural elements at Viisi and how the degree of formalization and decentralization at Viisi led to correcting behavior and increased discussion amongst employees and how these influence moral awareness.

4.4.1. Consistency

The responsibilities of employees at Viisi are largely defined by the accountabilities of roles and circles. In this way it is clear for each employee what is expected of them and what they are responsible for, as mentioned by respondent 3: "B*ecause it is clearly assigned who is responsible for what that you know what has to happen."* The fact that the responsibilities of employees are defined by the accountabilities of roles and circles shows consistency between the formalization and decentralization at Viisi. Tenbrunsel et al. (2003) discuss the importance of consistency between different organizational elements. They argue that if congruence between different organizational elements is missing, employees receive mixed messages, which has a negative effect on the effectiveness of formal systems (Tenbrunsel, Smith-Crowe, & Umphress, 2003). Arguably, Viisi has a consistent fit between different aspects of its organizational structure. Having relatively few rules and procedures fits with assigning a high degree of decision-making rights to employees and assigning accountabilities fits with assigning a high degree of responsibility towards its employees. These elements fit and reinforce each other, providing employees with a clear message on how to act. Furthermore, the structural elements should fit the organizational climate in order to be most effective (Tenbrunsel, Smith-Crowe, & Umphress, 2003). Consistency between what the organization communicates to be of importance and how employees act is a crucial factor in moral decision-making (Tenbrunsel et al., 2003; Treviño et al., 1999). As the organizational elements at Viisi are in accordance with each other they provide the employees with a clear message on how to act with regard to moral issues. It should be noted that the organizational elements influencing the moral behaviour of employees are not limited to formalization and decentralization.

4.4.2. Correcting behavior

Analysis has shown that employees at Viisi are very willing to correct each other's behavior. For instance respondent 10 stated: "*If I would experience such a situation here, then I would say something about it, that it is not what they should be doing."* and respondent 8 noted: "*If*

such an implicit rule is broken, then people will be addressed by colleagues." These statements show the willingness of employees at Viisi to correct their colleagues' behavior.

There are multiple reasons which, albeit partly, explain this phenomena. Besides the effect setting accountabilities has for providing employees with clarity regarding their responsibilities, they also result in employees knowing which colleague is responsible for what and thus providing employees with the possibility to hold colleagues accountable for certain outcomes. For instance, respondent 1 stated: *"There is text which state for what a role is accountable for, responsible for, and if that does not get carried out properly then somebody can say something about it"* and *"And you may always hold a person fulfilling a role accountable for the accountabilities in their role."* Therefore, these accountabilities provide employees with the possibility to correct each other's behavior.

The same can be said about the purposes assigned to each circle and role. As employees should act with this purpose in mind, they provide colleagues with another possibility to correct employees once they do not act in accordance to this purpose. As such, the accountabilities and purposes provide employees with explicit and codified data which they could use to correct each other. What also contributes is that Viisi has incorporated a type of correcting mechanism within their meeting structure. Employees are encouraged to think about how others' actions affect them and speak out when tensions arise. This sends a signal to the employees that such thinking and correcting behavior is a positive thing and should be encouraged. Furthermore it should be noted that Viisi consistently communicates that any criticism and tensions are aimed at the role of employees and their functioning, instead of at the employees themselves. This results in employees seeing the correcting behavior as helping each other. This is demonstrated by respondent 5, when talking about a situation in which colleagues corrected him: *"So you try to help each other in such situations."* Lastly the fact that Viisi has no explicit hierarchy contributes to the correcting behavior of employees too. As respondent 5 stated: *"So there is not somebody waving with a scepter like it has to be done this way or that way. Most of the times it is during your daily proceedings that somebody says like 'that was on the edge' or 'do it a bit differently.'"* This indicates that because there is no hierarchy and therefore nobody is assigned a certain authority to correct each other, employees are more inclined to correct each other.

All the aforementioned structural characteristics tend to influence and reinforce each other, which eventually creates a culture in which employees are willing to correct each other as well as be corrected. It incentivizes employees to think about the behavior of others and how

that affects themselves and the organization. Furthermore employees correcting each other could generate moral awareness amongst employees. When an employee is not aware of certain moral implications of said person's decisions, then this person can be notified about these by colleagues. These two effects, which arise due to employees correcting each other's behavior, may result in a deliberate process that can make moral concerns explicit, thereby raising moral awareness.

4.4.3. Discussion amongst employees

Besides the fact that the formalization and decentralization at Viisi facilitate correcting behavior amongst employees it also has an influence on the employees discussing amongst themselves. Analysis of the interviews found that employees at Viisi are very willing to discuss issues with colleagues. Statements such as: "*But I like to discuss with colleagues*" (Respondent 5), "*If somebody doubts about anything then you always discuss it with colleagues*" (Respondent 9) and *"Then you go and discuss with colleagues, like how can we solve this best"* (Respondent 7) illustrate the willingness of employees at Viisi to discuss issues with colleagues.

When discussing an issue, multiple people will be encouraged to think about an issue and the implications of certain decisions. This increases the chance of an employee being aware of a moral component. Furthermore by bringing up certain moral components accompanied with issues employees raise moral awareness amongst each other. For instance, when asked about why respondent 9 thought his colleagues were good in recognizing moral issues he answered the following: "*I think it mainly stems from the fact that people discuss with each other, because of personal contact with colleagues, how they would deal with such a situation and maybe other things which they think of and you haven't.*" Therefore, these discussions lead to an increased moral awareness, as they facilitate thinking by and amongst employees.

There are several characteristics of the degree of formalization and decentralization which facilitate and influence these discussions amongst employees. Analysis found that the degree of rules, procedures and codes of conduct at Viisi stimulate discussion amongst employees. The rules and procedures provide the employees with a framework in which they can freely operate as long as they do not break the rules. The procedures are less strict and can always be altered when necessary. However, before a procedure will be altered employees consult each other, as illustrated by respondent 6: "*It can be that they deviate from it [the procedures], but then people will have talked about it amongst each other and said like 'hey, shall we do it differently in this case.'*"

Viisi has not formalized every situation and every possible work process. By not formalizing all possible situations Viisi hopes to encourage thinking and discussion amongst employees. This is supported by respondent 6 which stated: *"We say there is one rule, treat others the way you want to be treated, and use your common sense for the rest. And if you have questions, then ask your colleagues. Because you don't want people saying 'yeah but it's not written down anywhere.'"* This is also seen in practice, as illustrated by respondent 4 *"I think that you talk about it more with people, because less is written down, so less is fixed."* This shows that by lowering the degree of formalization discussion amongst employees increases. This is in line with Vriens et al. (2018) who argue that a low formalization encourages discussion amongst employees regarding ethical issues.

Decision-making rights assigned to employees also contribute to the discussion amongst employees at Viisi. By assigning a high degree of decision-making rights employees can determine themselves which way they want to fulfil a role and perform their tasks. This encourages the employees to think about the best way to perform said task and what the consequences of a certain decision would be. In practice, employees at Viisi consult their colleagues before making such decisions. During these discussions employees tend to mentally challenge each other, as demonstrated by respondent 4: *"Well they appeal to our common sense. So especially when you've just started, and you ask a lot of questions. So when something is uncommon, or when you feel like something fishy is up, then the question is asked: what do you think is wrong, how do you think this works, what are your doubts? So you'll be triggered to take the whole picture into account."* This example shows that due to the fact that employees are assigned decision-rights, they will have doubts and questions. At Viisi, these doubts and questions will be discussed with colleagues in which employees try to trigger colleagues into thinking. These discussions also aid employees in practicing their moral values. As respondent 4 stated in reference to the student loans: *"Well now I don't have a problem with it anymore. In the beginning I found it difficult, as there was no specific answer, because you are responsible for that yourself. Who should I listen to, I thought, because I have multiple colleagues and they all address the issue differently. But now I got experience it is actually really nice, because I can choose the option with which I feel most comfortable."* This statements shows how first of all the lack of a certain rule or procedure resulted in this colleague having doubts and thinking about an issue. As the respondent has to make the decision regarding this issue herself she discusses it with her colleagues. These have multiple viewpoints, thereby making respondent 4 aware of the multiple viewpoints as well as

encouraging her to think herself. Lastly she is allowed to make a decision regarding the issue which is in accordance with her moral views and which motivates her to keep thinking about future issues.

Therefore it can be concluded that several characteristics of the formalization and decentralization at Viisi encourage discussion amongst employees, which further encourages thinking of possible consequences and sharing of viewpoints, which in turn increases the chances of employees being aware of moral components.

5. Conclusion

The following section will focus on answering the main research question: "What effect do the degree of decentralization and formalization at Viisi have on the moral awareness of its employees?" The research question will be answered by drawing conclusions based on the data analysis of the study and by explaining the underlying thought process which led to the conclusion. This study has looked into the degree of moral awareness, decentralization and formalization at Viisi and their effects on employees' moral awareness. Furthermore, additional effects of the degree of decentralization and formalization have been found.

Employees at Viisi showed a high degree of moral awareness by indicating possible harm or violation of a social norm present in the vignettes. Furthermore some respondents showed moral awareness by indicating a moral component or by passing judgement on the situation. These findings show that employees at Viisi have a high degree of moral awareness. The moral awareness of employees at Viisi is influenced by the formalization and decentralization at Viisi.

There are relatively few rules and procedures present at Viisi in order to handle decisions and work processes. This study found that by having relatively few rules and procedures employees are encouraged to think about the consequences of certain actions and decisions themselves. Employees will be more likely to reason from multiple perspectives. Indications have been found that when rules are present employees are inclined to adhere to those rules. These rules limit thinking about the consequences accompanied by taking certain decisions, resulting in the employees being less likely to be aware of a moral component.

The reason why employees at Viisi are inclined to take into account multiple perspectives when having to make certain decisions is in large part because of the code of conduct present at Viisi. Viisi applies the golden rule. The golden rule entails that employees should treat other individuals the way they would like to be treated. The golden rule is applied as an overarching principle guiding all decisions and work processes. The golden rule stimulates a deliberate thinking process which provokes thinking from multiple perspectives, this makes it more likely that an employee will become aware of a moral component present in an issue, thereby increasing the moral awareness of employees.

At Viisi, roles, and subsequently employees, have far reaching decision-making rights as the decisions are only limited by the rules, procedures and possible tensions caused to other roles.

As employees at Viisi have far reaching decision-making rights they can be held accountable for their decisions. Employees at Viisi feel very responsible for their or their team's performed tasks. Lastly, at Viisi no employee takes decisions regarding another employees tasks. As such, no employee is responsible for another employees tasks and no employee has authority over another employees decisions. Therefore it can be concluded that there is no structural hierarchy present at Viisi.

This study found that by assigning significant decision-making rights to employees, employees will have to take more decisions and will be more inclined to think thoroughly about those decisions. Thinking thoroughly about certain issues increases the likelihood that employees will become aware of a moral component. Furthermore, assigning decision-making rights provides employees with the possibility to choose the course of action they deem best, which encourages employees to think about certain issues and act as they deem best in the future. Moreover, this study found that when employees feel responsible for their work they will think more thoroughly about their work and the consequences of their decisions. The same can be concluded regarding the hierarchy at Viisi. When no employee holds authority over another employee, employees will be more inclined to think about certain decisions and the consequences of those decisions as they are not able to divert blame or responsibility.

Another important factor contributing to the effectiveness of the effect of decentralization and formalization on the moral awareness of employees at Viisi is that there is consistency between and within the formalization and decentralization measures at Viisi. For instance, having a high degree of decision-making rights is consistent with having relatively few rules and assigning a high degree of responsibility. This fit between structural characteristics sends a clear, consistent message to the employees. Moreover, this study found that the specific configuration of formalization and decentralization at Viisi contributes to a climate in which employees correct each other and discuss issues.

Viisi has formulated accountabilities and purposes for each role and circle. These accountabilities and purposes provide employees with the possibility to address colleagues if they do not act in accordance to those accountabilities and purposes. Furthermore Viisi has incorporated a type of correcting measure in their procedures as employees are explicitly asked to speak up when tensions arise during their meetings. Lastly the fact that Viisi has no structural hierarchy contributes to the correcting behavior, as no employee is assigned with the task to correct other employees' behavior, resulting in all employees being responsible for

correcting each other. By promoting correcting behavior employees are incentivized to think about how the behavior of others affects them and others, making it more likely that they become aware of a moral component, and by correcting each other employees possibly notify others of a moral component they themselves had not realized.

The degree of formalization and decentralization at Viisi also encourages discussion between employees. By not formalizing decisions and work processes into rules and procedures and by assigning a high degree of decision-making rights to employees they will have to determine themselves which course of action to take. Besides that this encourages thinking, it also encourages discussion amongst employees. Employees at Viisi tend to consult each other when taking significant decisions. The discussions result in multiple employees thinking about the issue. The decision will in part be guided by the code of conduct at Viisi. When more people think about an issue it will be more likely that they will notice a moral component present in the issue and subsequently notify their discussion partners of said moral component.

6. Discussion

This study has looked into the influence of structural characteristics on the moral behavior of employees by looking at the effect of the degree of formalization and decentralization on the moral awareness of employees at Viisi. By conducting in-depth interviews with employees of Viisi this study was able to create a rich image regarding the phenomena. The study aimed at providing a contribution to organizational theories by enhancing the understanding of structural characteristics influencing moral behavior of employees, which in turn should contribute to change agents' ability to design organizations in such a way that the organizational structure contributes to employees' moral awareness. This chapter will start by discussing the limitations of the study, which will be followed by discussing the implications and theoretical and practical relevance of the study.

6.1 Limitations

This study has looked into the effect of the structural characteristics formalization and decentralization on the moral awareness of employees at Viisi. The research was subject to several limitations which possibly had an effect on the outcomes of this study and therefore should be taken into account when interpreting the results of the study. The limitations will be discussed in the following paragraph.

This research used a qualitative approach to study moral awareness. By using a qualitative approach the researcher was able to go in-depth with the respondents, gaining insights into their thought processes. The chosen method showed to be adequate for the topic at hand and resulted in several interesting insights which would not have been acquired with a quantitative approach. However, having a qualitative approach also showed to be less applicable for certain parts of the research. For instance, having a qualitative approach made it difficult to compare the moral awareness of the employees. As the moral awareness of the employees was not quantified only a general image regarding the moral awareness of the employees at Viisi could be created and no proper comparison between employees could be made.

Moral awareness has showed to be a difficult construct to measure. Within Rest's (1986) ethical decision-making model moral awareness is a distinctive component of the other three elements, whereas in reality this distinction is not so clear. In order to measure moral awareness it was operationalized that respondents show moral awareness by indicating awareness of the moral content present in the vignettes or by considering the issue from a moral point of view. However, some respondents showed moral awareness by judging the

moral component. In order to be able to judge the issue the respondents have to be aware of the moral content and look at it from a moral point of view. As such, it has been assumed that whenever respondents show moral judgement, they were also aware of the moral issue they were judging. This emphasizes the difficulty of measuring moral awareness as a distinctive concept. Using template analysis as a data analysis method provided the necessary flexibility to change the data analysis process when necessary.

This study deployed vignettes, which aided in measuring the moral awareness of respondents. Vignettes are applicable when wanting to explore the responses of participants to hypothetical situations (Wilks, 2004). Moral content was added to the vignettes by increasing the moral intensity. As such, the study followed a similar approach as Reynolds (2006). The vignettes were constructed by the researcher in order for the vignettes to be depicting realistic work-scenarios for the respondents. Moreover, the vignettes were send to an employee of Viisi in order to receive feedback and improve the practicality of the vignettes. Despite these measures some vignettes ended up not being in accordance to the actual work situations of the respondents. This limited the possibility to discuss how decentralization and formalization affected such scenarios, as respondents were not familiar with those scenarios.

The interview protocol has been altered during the process of conducting the interviews. Therefore, three respondents have received slightly different questions than the other respondents. This has been done as the interview protocol was deemed insufficient and required some adjustment. This had a positive effect on the credibility of the study, as the improved interview guide was better suited to gather information regarding the phenomena. However, this had a negative effect on the dependability of the study as three participants were subject to slightly different questions than the other participants.

The definition used in the interviews for decentralization was deemed insufficient afterwards. The definition used was a combination of the definition by Mintzberg (1980) and De Sitter and Den Hertog (1997). Elements of the definition of De Sitter and Den Hertog were added to the definition of Mintzberg as it provided the interviewer and interviewee with a clear distinction between performance and control functions, which should contribute to the respondents being able to distinguish hierarchical levels. However, as no structural hierarchy is present at Viisi, this addition to the definition possibly complicated the understanding of the respondents of the definition of decentralization, thereby influencing the quality of responses.

It had been deemed necessary that the research objective would not be communicated towards the respondents as this might prime their moral awareness (Butterfield, Treviño, & Weaver, 2000). However, two respondents were aware of the research objective prior to the interviews. These persons acted as the contact persons for the researcher and therefore had to be informed about the actual research objective. This possibly led to them being more aware of moral content within the vignettes than they would have been had they not been aware of the research objective.

The research has been sent to the organization in order for them to determine to which degree the company's name should be anonymized within the study. This resulted in the organization expressing difficulties regarding how the study portrayed the possibility of Viisi's employees to deviate from the rules regarding the student loans as they found that the text could be interpreted as Viisi's employees breaking the law. The organization argued that when Viisi's employees deviate from this rule they still are acting in accordance with the law and in order for the employees to do so they have to adhere to a difficult technical process. It should be noted that the study prior to this did not state that the employees of Viisi did not act in accordance to the law. The researcher could not determine if the employees of Viisi obeyed the law due to a lack of technical knowledge. Furthermore, the study concerns itself with employees' adherence to organizational rules and therefore compliance with the law was not a subject of study. However, the feedback resulted in the researcher evaluating this part of the study, which generated a better understanding of the feedback of the organization. This resulted in the adding of the measures taken by an employee to deviate from the rule, rather than just stating that the employee deviated from the rule.

The transferability of this study is limited as this study has only looked into one case, for which its degree of decentralization and formalization are rather extreme and therefore not representative for typical organizations. As such, the findings cannot be easily transferred and applied to a larger population. Furthermore, the effects of the decentralization and formalization on the moral awareness of the employees at Viisi cannot be seen distinctive from its context. The decentralization and formalization seem to reinforce each other and other factors seem relevant too. In order to increase the transferability this study has provided extensive information about the case, as well as contextual information relevant for interpreting the findings.

Lastly, the data analysis was in part subject to the researcher's interpretation of morality. A researcher should try to be as objective as possible when analyzing the data in order to

increase the study's conformability. However, morality is subjective, meaning that what the researcher deems as 'moral' might not be deemed 'moral' by another person. As such, the moral components within the vignettes were the product of the researcher's interpretation of morality. During one interview a respondent showed awareness of a moral component within a vignette which the researcher did not consciously put in there and prior to the interview was not aware of himself. This example demonstrated the difficulty of studying morality. Even though the moral content within the vignettes has been carefully constructed and the concept moral awareness has been operationalized it is not improbable that the gathered data of the study is somewhat affected by the researcher's interpretation of morality.

6.2 Implications

The study has found that structural characteristics do influence the moral awareness of employees. It generated insights into how rules, procedures, codes of conduct, decision-making rights, responsibility and hierarchy have an effect on the moral awareness of employees. As such, it added onto the existing body of literature regarding the influence of organizational structure on the moral behavior of employees such as Tenbrunsel et al. (2003) and Vriens et al. (2018).

The study found that assigning a large degree of decision-making rights and responsibilities towards employees and having no structural hierarchy increases the moral awareness of employees. With regard to formalization this study concluded that certain measures have a negative effect on the moral awareness of employees, whereas others have a positive effect. This study looked into formalization by focusing on the rules, procedures and codes of conduct present at Viisi. A better distinction between different aspects of formalization would be to look at regulations and guiding principles. Regulations are set rules which need to be adhered to. As such, they inhibit thinking about the consequences accompanied with following those rules. When regulations are not present, employees will be more inclined to take into account multiple perspectives. Guiding principles steer the thought process and therefore actions of employees. They can stimulate employees to take into account multiple perspectives, thereby increasing the likelihood of employees being aware of a moral component.

Furthermore, this study found that the formalization and decentralization at Viisi contribute to a climate in which employees correct each other's behavior and are very willing to discuss issues with colleagues. These in turn had a positive effect on the moral awareness of employees. Vriens et al. (2018) argued that low formalization will contribute to discussion

amongst employees. This study confirms those findings and adds onto the literature by showing that discussion amongst employees will also be promoted by having a high degree of decentralization within an organization. Moreover, these findings show that structural characteristics can have other, not apparent, effects which in turn have an effect on the moral awareness of employees. These findings underline the far-reaching effects of structure on employee behavior.

An important factor which should be taken in mind when interpreting the results of this study is that there seems to be an internal consistency between the structural elements at Viisi. As such, the structural elements provide the employees with a clear and consistent message. Tenbrunsel et al. (2003) discuss the importance of consistency between the formal systems of an organization and how these affect the informal systems and organizational climate. An internal fit between different organizational components and the organizational climate is necessary for its effectiveness (Tenbrunsel, Smith-Crowe, & Umphress, 2003). The organizational elements having an effect on the moral awareness of employees go beyond formalization and decentralization. The findings of this study should be interpreted with this in mind. Decentralization and formalization as configured by Viisi will most likely not be enough to guarantee moral awareness amongst employees, as there are more organizational elements which contribute to the moral awareness of employees.

Research into the effect of structural characteristics on moral behavior is limited, and research looking into the effect of formalization and decentralization on moral awareness has not been conducted before. Prior to this study James (2000) argued that ethical decision-making can be promoted by delegating decision-making rights and responsibility to employees whose decisions have ethical consequences. This study's findings are in accordance with James (2000). This study provides substance to James' theory as it generates an extensive understanding of the effects of delegating decision-making rights and responsibilities to employees on the moral awareness of employees. In addition to delegating decision-making rights and responsibilities this study also looked into hierarchy and how hierarchy has an effect on the moral awareness of employees. By distinguishing and researching these three concepts a general image could be created regarding the effect of decentralization on moral awareness. As such it generated a greater understanding of the effects of decentralization on moral awareness, supporting existing findings such as those by Moore and Gino (2013) and James (2000) while also providing additional insights such as decentralization having an effect on correcting behavior and willingness to discuss amongst employees.

6.3 Theoretical recommendations

This study has provided several insights and drawn several conclusions regarding the effect of formalization and decentralization on moral awareness. As is often the case, these insights and conclusions lead to new questions. The following paragraph will provide several theoretical recommendations for future research which would add onto this study and provide additional insights.

As stated before, this study only looked into a specific part of all the factors influencing moral awareness while acknowledging that there are more factors influencing moral awareness. This sentiment was also repeated by employees at Viisi, as some of them stated that important factors of why employees at Viisi have moral awareness is due to Viisi's culture or extensive application process. Therefore it could be interesting to delve into which factors besides formalization and decentralization have an effect on moral awareness. These could be both structural characteristics as well as other characteristics of organizations (O'Fallon & Butterfield, 2005; Craft, 2013). Examples of external factors which could be studied in order to determine their effect on moral awareness are reward system, application process or team-based working versus individual working.

This study looked into an organization, Viisi, with a certain configuration of formalization and decentralization. Viisi's structure has a high degree of decentralization and a low degree of formalization. By doing so it found that this specific configuration, provided that the configuration is internal consistent and in line with the organizational culture, had a positive effect on the moral awareness of employees. By researching and comparing the relationship between different configurations of formalization or decentralization and moral awareness, additional insights could be gathered. A study could compare a decentralized organization with a centralized organization to see the differences between their effects on moral awareness. This will make the findings more robust and increase the practical relevance for organizational change agents, as they will have a better view on the specific effects of designing an organization in a certain way. Such a comparison can be done with a quantitative approach. Even though a quantitative approach is not applicable for gathering in-depth information, it does provide the possibility to see if there are significant differences between variables. Therefore, a quantitative study could provide valuable information regarding which structural characteristics affect moral awareness and the severity of their effect. It also provides the possibility to compare different aspects of structural characteristics relative to each other, e.g. comparing the intensity of the effect of rules versus codes of conduct.

This study showed how decentralization and formalization have an effect on the moral awareness of employees. It was found that this effect was subject to several contextual factors. Replicating this study at multiple organizations will make the findings more robust and result in a better understanding of the phenomena. It could improve the understanding of the effect of decentralization and formalization on moral awareness by providing a better understanding of how small differences between different configurations of decentralization or formalization possibly lead to different outcomes. Furthermore, it could provide valuable information regarding the interaction between decentralization and formalization and how these lead to a culture in which employees discuss issues and correct each other's' behavior at Viisi.

6.4 Managerial recommendations

The findings of this study provide valuable information regarding the degree of formalization and decentralization at Viisi, and subsequently their effect on the moral awareness of the employees at Viisi. Based on the findings of this study several practical recommendations will be given in the following paragraph.

In order to promote ethical decision-making, there should be consistency between organizational elements (Tenbrunsel, Smith-Crowe, & Umphress, 2003). Arguably, the formalization and decentralization at Viisi and other contextual factors are internal consistent. As such, they reinforce each other's effect on moral awareness. This contributed to a culture in which having less regulations lead to employees thinking about the consequences of their decisions, thereby making it more likely that they will be aware of a moral component and in which guiding principles provide guidance on how to act. Employees can refer to those principles when in doubt on how to act. Furthermore, this internal consistency lead to employees increasingly thinking about the consequences of their decisions as they are responsible for taking decisions and are assigned the authority to make those decisions. Moreover, this lead to employees discussing issues amongst each other and correcting each other's behavior. Unfortunately, the fact that internal consistency is necessary for these positive effects to occur also entails that change agents wanting to increase the moral awareness amongst employees cannot just change an organization's degree of decentralization or formalization. Organizational change agents should keep this in mind and aim to achieve consistency between organizational elements when wanting to bring about ethical behavior within organizations. These organizational elements are not limited to formalization and decentralization.

This does not mean that the findings of this study are only relevant for Viisi. Organizational change agents can look at distinctive parts of this study and will have to determine themselves to what degree these measures would fit their organization's specific context. For some organizations assigning explicit accountabilities towards employees could increase their moral awareness whereas other organizations would benefit more from assigning employees with the necessary decision-making rights needed for them to take decisions on moral issues related to their tasks. Organizational change agents will have to determine to what degree their organization's context fits with the context of these measures at Viisi in which they produce the desired effect.

Furthermore, organizational change agents should make sure that their measures produce the desired effect. For instance, when setting up rules they should think about if and how a rule could possibly lead to immoral behavior by employees. They should adjust the rule accordingly or create possible exceptions. When having exceptions to a rule these will have to be communicated clearly towards the employees so employees know how to act. The same goes for the codes of conduct. The codes of conduct should stimulate a deliberate thought process which should promote ethical decision making. Every employee should be aware of the codes of conduct and apply them accordingly. A recommendation for Viisi is that they could improve the knowledge of the employees regarding the code of conduct, as not every employee was aware of the code of conduct.

Bibliography

Achterbergh, J., & Vriens, D. (2009). *Organizations: social systems conducting experiments.* Beidelberg, Berlin: Springer Verlag.

Ambrose, M., & Schminke, M. (1999). Sex Differences In Business Ethics: The Importance Of Perceptions. *Journal of Managerial Issues, 11*(4), 454-474.

Ambrose, M., Arnaud, A., & Schminke, M. (2008). Individual Moral Development and Ethical Climate: The Influence of Person–Organization Fit on Job Attitudes. *Journal of Business Ethics, 77*(3), 323-333.

Aquino, K., & Reed, A. (2002). The Self-Importance of Moral Identity. *Journal of Personality and Social Psychology, 83*(6), 1423-1440.

Aquino, K., Freeman, D., Reed, A., Lim, V., & Felps, W. (2009). Testing a social-cognitive model of moral behavior: The interactive influence of situations and moral identity centrality. *Journal of Personality and Social Psychology, 97*(1), 123-141.

Ashforth, B., & Anand, V. (2003). The Normalization of Corruption in Organization. *Research in Organizational Behavior, 25*, 1-52.

Ashkanasy, N., Windsor, C., & Treviño, L. (2006). Bad Apples in Bad Barrels Revisited: Cognitive Moral Development, Just World Beliefs, Rewards, and Ethical Decision Making. *Business Ethics Quarterly, 16*(1), 449-473.

Association of Certified Fraud Examiners. (2016). *Report to the Nations on occupational Fraud and Abuse.* Austin: Association of Certified Fraud Examiners.

Athanassoulis, N., & Wilson, J. (2009). When is Deception in Research Ethical? *Clinical Ethics, 4*(1), 44-49.

Bandura, A. (1999). Moral Disengagement in the Perpetration of Inhumanities. *Personality and Social Psychology Review, 3*(3), 193-209.

Barker, J. (1993). Tightening the Iron Cage: Concertive Control in Self-Managing Teams. *Administrative Science Quarterly, 38*(3), 408-437.

Beadle, R., & Knight, K. (2012). Virtue and Meaningful Work. *Business Ethics Quarterly, 22*(2), 433-450.

Bleijenbergh, I. (2013). *Kwalitatief Onderzoek in Organisaties.* Den Haag: Boom Lemma.

Boeije, H. (2014). *Analyseren in Kwalitatief Onderzoek: Denken en Doen.* Den Haag: Boom Uitgevers.

Bowie, N. (1999). *Business Ethics: a Kantian Perspective.* Massachusetts: Blackwell Publishers Ltd.

Boyce, D., & Neale, P. (2006). *Conducting in-depth interviews: A guide for designing and conducting in-depth interviews for evaluation input.* Watertown, MA: Pathfinder International.

Bulutlar, F., & Öz, E. (2009). The Effects of Ethical Climates on Bullying Behaviour in the Workplace. *Journal of Business Ethics, 86*(3), 274-295.

Butterfield, K., Treviño, L., & Weaver, G. (2000). Moral Awareness in Business Organizations: Influences of Issue-Related and Social Context Factors. *Human Relations, 53*(7), 981-1018.

Campbell, J., & Göritz, A. (2014). Culture Corrupts! A Qualitative Study of Organizational Culture in Corrupt Organizations. *Journal of Business Ethics, 120*(3), 291-311.

Chan, S., & Leung, P. (2006). The effects of accounting students' ethical reasoning and personal factors on their ethical sensitivity. *Managerial Auditing Journal, 21*(4), 436-457.

Cheng-Tak Tai, M. (2012). Deception and informed consent in social, behavioral and educational research. *Tzu Chi Medical Journal, 24*(4), 219-222.

CNN. (2017, August 31). *Wells Fargo uncovers up to 1.4 million more fake accounts*. Retrieved from CNN: http://money.cnn.com/2017/08/31/investing/wells-fargo-fake-accounts/index.html

Corbin, J., & Strauss, A. (2008). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory.* Thousand Oaks: Sage Publications, Inc.

Craft, J. (2013). A Review of the Empirical Ethical Decision-Making Literature: 2004–2011. *Journal of Business Ethics, 117*(2), 221-259.

Cummings, T., & Worley, C. (2014). *Organization development and change.* Stamford: Cengage Learning.

Dalton, D., & Ortegren, M. (2011). Gender Differences in Ethics Research: The Importance of Controlling for the Social Desirability Response Bias. *Journal of Business Ethics, 103*(1), 73-93.

de Sitter, L., den Hertog, J., & Dankbaar, B. (1997). From Complex Organizations with Simple Jobs to Simple Organizations with Complex Jobs. *Human Relations, 50*(5), 497-534.

Dedeke, A. (2015). A Cognitive–Intuitionist Model of Moral Judgment. *Journal of Business Ethics, 126*(3), 437-457.

Detert, J., Treviño, L., & Sweitzer, V. (2008). Moral Disengagement in Ethical Decision Making: A Study of Antecedents and Outcomes. *Journal of Applied Psychology, 93*(2), 374-391.

Ferrell, O., & Skinner, S. (1988). Ethical Behavior and Bureaucratic Structure in Marketing Research Organizations. *Journal of Marketing Research, 25*(1), 103-109.

Fisher, R., & Katz, J. (2000) Social-Desirability Bias and the Validity of Self-Reported Values. *Psychology and Marketing*, *17*(2), 105-120.

Folkes, V., & Kamins, M. (1999). Effects of Information About Firms' Ethical and Unethical Actions on Consumers' Attitudes. *Journal of Consumer Psychology, 8*(3), 243-259.

Forsyth, D. (1992). Judging the morality of business practices: The influence of personal moral philosophies. *Journal of Business Ethics, 11*(5), 461-470.

Forsyth, D., & Berger, R. (1982). The Effects of Ethical Ideology on Moral Behavior. *The Journal of Social Psychology, 117*(1), 53-56.

Frey, B. (2000). The Impact of Moral Intensity on Decision Making in a Business Context. *Journal of Business Ethics, 26*(3), 181-195.

Fumagalli, M., Ferrucci, R., Mameli, F., Marceglia, S., Mrakic-Sposta, S., Zago, S., . . . Priori, A. (2010). Gender-related differences in moral judgments. *Cognitive Processing, 11*(3), 219-226.

Galbraith, J., Downey, D., & Kates, A. (2002). *Designing Dynamic Organizations: A Hands-on Guide for Leaders at all Levels.* New York: AMACOM.

Gioia, D. (1992). Pinto fires and personal ethics: A script analysis of missed opportunities. *Journal of Business Ethics, 11*(5-6), 379-389.

Graafland, J., & van de Ven, B. (2011). The Credit Crisis and the Moral Responsibility of Professionals in Finance. *Journal of Business Ethics, 103*(4), 605-619.

Greenberg, J. (2002). Who stole the money, and when? Individual and situational determinants of employee theft. *Organizational Behavior and Human Decision Processes, 89*(1), 985-1003.

Guillemin, M., & Gillam, L. (2004). Ethics, Reflexivity and "Ethically Important Moments" in Research. *Qualitative Inquiry, 10*(2), 261-280.

Gurschiek, K. (2006). U.S. Workers Unlikely to Report Misconduct. *HR Magazine, 51*(5), 38.

Ham, J., & Van den Bos, K. (2010). On Unconscious Morality: The Effects of Unconscious Thinking on Moral Decision Making. *Social Cognition, 28*(1), 74-83.

Helin, S., & Sandström, J. (2007). An Inquiry into the Study of Corporate Codes of Ethics. *Journal of Business Ethics, 75*(3), 253-271.

Henle, C., Giacalone, R., & Jurkiewicz, C. (2005). The Role of Ethical Ideology in Workplace Deviance. *Journal of Business Ethics, 56*(3), 219-230.

Herington, C., & Weaven, S. (2008). Improving Consistency for DIT Results Using Cluster Analysis. *Journal of Business Ethics, 80*(3), 499-514.

HolacracyOne. (2018, June 19). *Holacracy Constitution.* Retrieved from Holacracy: https://www.holacracy.org/constitution

James, H. (2000). Reinforcing Ethical Decision Making Through Organizational Structure. *Journal of Business Ethics, 28*(1), 43-58.

Jones, T. (1991). Ethical Decision Making by Individuals in Organizations: An Issue-Contingent Model. *The Academy of Management Review, 16*(2), 366-395.

Kaptein, M. (2011). From Inaction to External Whistleblowing: The Influence of the Ethical Culture of Organizations on Employee Responses to Observed Wrongdoing. *Journal of Business Ethics, 98*(3), 513-530.

Kaptein, M. (2011). Toward Effective Codes: Testing the Relationship with Unethical Behavior. *Journal of Business Ethics, 99*(2), 233-251.

King, N. (2012). Doing Template Analysis. In G. Symon, & C. Cassell, *Qualitative Organizational Research: Core Methods and Current Challanges* (pp. 426-450). City Road: SAGE Publications, Inc.

Kish-Gephart, J., Harrison, D., & Treviño, L. (2010). Bad apples, bad cases, and bad barrels: meta-analytic evidence about sources of unethical decisions at work. *Journal of Applied Psychology*, *95*(1), 1-31.

Kohlberg, L., & Kramer, R. (1969). Continuities and Discontinuities in Childhood and Adult Moral Development. *Human Development, 12*(2), 93-120.

KPMG. (2008). *Integrity Survey 2008-2009.* Washington, DC: KPMG.

Lin, X., & Germain, R. (2003). Organizational Structure, Context, Customer Orientation, and Performance: Lessons from Chinese State-Owned Enterprises. *Strategic Management Journal, 24*(11), 1131-1151.

May, D., & Pauli, K. (2002). The Role of Moral Intensity in Ethical Decision Making: A Review and Investigation of Moral Recognition, Evaluation, and Intention. *Business & Society, 41*(1), 84-117.

Mayer, D., Aquino, K., Greenbaum, R., & Kuenzi, M. (2012). Who Displays Ethical Leadership, and Why Does It Matter? An Examination of Antecedents and Consequences of Ethical Leadership. *The Academy of Management Journal, 55*(1), 151-171.

Mayer, D., Kuenzi, M., & Greenbaum, R. (2010). Examining the Link Between Ethical Leadership and Employee Misconduct: The Mediating Role of Ethical Climate. *Journal of Business Ethics, 95*(1), 7-16.

McCabe, A., Ingram, R., & Dato-on, M. (2006). The Business of Ethics and Gender. *Journal of Business Ethics, 64*(2), 101-116.

McCabe, D., Treviño, L., & Butterfield, K. (1996). The Influence of Collegiate and Corporate Codes of Conduct on Ethics-Related Behavior in the Workplace. *Business Ethics Quarterly, 6*(4), 461-476.

McFerran, B., Aquino, K., & Duffy, M. (2010). How Personality and Moral Identity Relate to Individuals' Ethical Ideology. *Business Ethics Quarterly, 20*(1), 35-56.

Mintzberg, H. (1979). *The Structuring of Organizations.* Englewood Cliffs, NJ: Prentice-Hall.

Mintzberg, H. (1980). Structure in 5's: A Synthesis of the Research on Organization Design. *Management Science, 26*(3), 322-341.

Moberg, D., & Caldwell, D. (2007). An Exploratory Investigation of the Effect of Ethical Culture in Activating Moral Imagination. *Journal of Business Ethics, 73*(2), 193-204.

Moore, C., & Gino, F. (2013). Ethically adrift: How others pull our moral compass from true North, and how we can fix it. *Research in Organizational Behavior, 33*, 53-77.

Moore, C., & Tenbrunsel, A. (2014). "Just think about it"? Cognitive complexity and moral choice. *Organizational Behavior and Human Decision Processes, 123*(2), 138-149.

Moore, C., Detert, J., Treviño, L., Baker, V., & Mayer, D. (2012). Why Employees do Bad Things: Moral Disengagement and Unethical Organizational Behavior. *Personnel Psychology, 65*, 1-48.

NRC. (2017, June 8). *ABN: 114 adviseurs vervalsten handtekeningen.* Retrieved from NRC: https://www.nrc.nl/nieuws/2017/06/08/abn-114-hypotheekadviseurs-vervalsten-handtekeningen-a1562111

O'Fallon, M., & Butterfield, K. (2005). A Review of The Empirical Ethical Decision-Making Literature: 1996–2003. *Journal of Business Ethics, 59*(4), 375-413.

Onwuegbuzie, A. J., & Leech, N. (2007). Validity and Qualitative Research: An Oxymoron? *Quality & Quantity, 41*(2), 233-249.

Oxford University Press. (2018, june 28). *hierarchy | Definition of hierarchy in English by Oxford Dictionaries.* Retrieved from Oxford Living Dictionaries: https://en.oxforddictionaries.com/definition/hierarchy

Oxford University Press. (2018, june 28). *procedure | Defintion of procedure in English by Oxford Dictionaries.* Retrieved from Oxford Living Dictionaries: https://en.oxforddictionaries.com/definition/procedure

Oxford University Press. (2018, june 27). *rule | Definition of rule in English by Oxford Dictionaries*. Retrieved from Oxford Living Dictionaries: https://en.oxforddictionaries.com/definition/rule

Pierce, J., & Delbecq, A. (1977). Organization Structure, Individual Attitudes and Innovation. *The Academy of Management Review, 2*(1), 27-37.

Reynolds, S. (2006). Moral Awareness and Ethical Predispositions: Investigating the Role of Individual Differences in the Recognition of Moral Issues. *Journal of Applied Psychology, 91*(1), 233-243.

Reynolds, S. (2008). Moral Attentiveness: Who Pays Attention to the Moral Aspects of Life? *Journal of Applied Psychology, 93*(5), 1027-1041.

Robertson, B. (2007). Organization at the Leading Edge: Introducing Holacracy. *Integral Leadership Review*, *7*(3), 1-33.

Rottig, D., Koufteros, X., & Umphress, E. (2011). Formal Infrastructure and Ethical Decision Making: An Empirical Investigation and Implications for Supply Management. *Decision Sciences, 42*(1), 163-204.

Schaubroeck, J., Hannah, S., Avolio, B., Kozlowski, S., Lord, R., Treviño, L., . . . Peng, A. (2012). Embedding Ethical Leadership Within and Across Organization Levels. *The Academy of Management Journal, 55*(5), 1053-1078.

Schwartz, B. (2011). Practical Wisdom and Organizations. *Research in Organizational Behavior, 31*, 3-23.

Shenton, A. (2004). Strategies for Ensuring Trustworthiness in Qualitative Research Projects. *Educations for Information, 22*(2), 63-75.

Shu, L., Mazar, N., Gino, F., Ariely, D., & Bazerman, M. (2012). Signing at the beginning makes ethics salient and decreases dishonest self-reports in comparison to signing at the end. *Proceedings of the National Academy of Sciences of the United States of America, 109*(38), 15197-15200.

Singhapakdi, A., Vitell, S., & Franke, G. (1999). Antecedents, Consequences, and Mediating Effects of Perceived Moral Intensity and Personal Moral Philosophies. *Journal of the Academy of Marketing Science, 27*(1), 19-36.

Singhapakdi, A., Vitell, S., & Kraft, K. (1996). Moral Intensity and Ethical Decision-Making of Marketing Professionals. *Journal of Business Research, 36*(3), 245-255.

Somers, M. (2001). Ethical Codes of Conduct and Organizational Context: A Study of the Relationship Between Codes of Conduct, Employee Behavior and Organizational Values. *Journal of Business Ethics, 30*(2), 185-195.

Tenbrunsel, A., & Smith-Crowe, K. (2008). 13 Ethical Decision Making: Where We've Been and Where We're Going. *The Academy of Management Annals, 2*(1), 545-607.

Tenbrunsel, A., Smith-Crowe, K., & Umphress, E. (2003). Building Houses on Rocks: The Role of the Ethical Infrastructure in Organizations. *Social Justice Research, 16*(3), 285-307.

Treviño, L., & Nelson, K. (2014). *Managing business ethics: Straight talk about how to do it right* (Vol. 7). Hoboken: John Wiley & Sons.

Treviño, L., & Youngblood, S. (1990). Bad apples in bad barrels: A causal analysis of ethical decision-making behavior. *Journal of Applied Psychology, 75*(4), 378-385.

Treviño, L., Weaver, G., & Reynolds, S. (2006). Behavioral Ethics in Organizations: A Review. *Journal of Management, 32*(6), 951-990.

Treviño, L., Weaver, G., Gibson, D., & Toffler, B. (1999). Managing Ethics and Legal Compliance: What Works and What Hurts. *California Management Review, 41*(2), 131-151.

Tyler, T., & Blader, S. (2005). Can Businesses Effectively Regulate Employee Conduct? The Antecedents of Rule Following in Work Settings. *Academy of Management Journal, 48*(6), 1143-1158.

Umphress, E. E., & Bingham, J. B. (2011). When Employees Do Bad Things for Good Reasons: Examining Unethical Pro-Organizational Behaviors. *Organization Science*, *22*(3), 621-640.

Valentine, S., & Bateman, C. (2011). The Impact of Ethical Ideologies, Moral Intensity, and Social Context on Sales-Based Ethical Reasoning. *Journal of Business Ethics, 102*(1), 155-168.

VanSandt, C. (2003). The Relationship Between Ethical Work Climate and Moral Awareness. *Business and Society, 42*(1), 144-152.

Vennix, J. (2011). *Theorie en Praktijk van Empirisch Onderzoek.* Harlow: Pearson Education Limited.

Vriens, D., Achterbergh, J., & Gulpers, L. (2018). Virtuous Structures. *Journal of Business Ethics, 150*(3), 671-609.

Wilks, T. (2004). The Use of Vignettes in Qualitative Research into Social Work Values. *Qualitative Social Work, 3*(1), 78-87.

Zhang, J., Chiu, R., & Wei, L. (2009). On whistleblowing judgment and intention: The roles of positive mood and organizational ethical culture. *Journal of Managerial Psychology, 24*(7), 627-649.

Appendix I: Operationalization

Concept	Dimension	Indicator
Decentralization	Decision-making rights	Taking decisions independently Taking decisions together Not taking decisions independently or together
	Responsibility	Accountability towards colleagues Accountability towards organization Accountability towards customers Receiving blame
	Hierarchy	Having subordinates Having a manager/supervisor Having same-level colleagues
Formalization	Rules	Presence of regulations Presence of principles Regulations dictating decisions Regulations dictating work processes Principles dictating decisions Principles dictating work processes
	Procedures	Documents explaining work processes Procedures dictating decisions Procedures dictating work processes
	Codes of conduct	Formal communication measures prescribing behaviour Codes of conduct affecting decisions Codes of conduct affecting work processes
Moral awareness		Indicating harm Indicating violation of a social norm Considering issue from a moral point of view Showing moral judgement

Appendix II: Interview guide & protocol

Welkom. Het doel van dit interview is inzicht verkrijgen in de invloed die decentralisatie en formalisatie hebben op het gedrag van werknemers. Hierbij betreft decentralisatie de mate waarin de macht over beslissingen verdeeld is in de organisatie door de scheiding van operationele en regulerende taken. Formalisatie betreft de mate waarin geschreven regels, werkwijzen en gedragsvoorschriften worden ontwikkeld en ingezet om beslissingen en werk processen te volbrengen.

Verder wil ik nog even benadrukken dat het interview vrijwillig is en je vrij bent om het interview ieder moment stop te zetten.

- Zou je jezelf kort kunnen voorstellen?
- Hoe zien jouw dagelijkse werkzaamheden eruit?

Decentralisatie

- In hoeverre mag jij zelf beslissingen maken in jouw werk?
- Zijn er bepaalde aspecten die betrekking hebben op jouw werk waar jij niet over mag beslissen?
- Hoe wordt bepaald of jouw werk goed is?
    - Als het niet goed is, wie bepaalt dan wat er moet gebeuren?
    - Wie controleert jou?
- In hoeverre ben jij verantwoordelijk voor jouw eigen werk?
- In hoeverre ben jij verantwoordelijk voor het werk van collega's?

Formalisatie

- In hoeverre heb jij in jouw werk te maken met regels die opgesteld zijn door Viisi?
- In hoeverre heb jij in jouw werk te maken met voorgeschreven werkwijzen?
- In hoeverre heb jij in jouw werk te maken met gedragsvoorschriften?
    - Bijvoorbeeld een gedragscode zoals niet schelden, elkaar in waarde laten, afspraken nakomen
- In hoeverre worden de regels, procedures en gedragsregels gevolgd bij Viisi?

Nu zou ik jou graag enkele situaties willen voorleggen en daarbij verschillende vragen willen stellen. Ik zou willen vragen of je zowel tijdens het lezen als tijdens het beantwoorden van de vragen hardop zou willen nadenken.

- Wat is er volgens jou in deze situatie aan de hand?
- Wat vind jij van het handelen van deze werknemer?
- Hoe realistisch is deze situatie in de context van Viisi?
- Hoe beïnvloedt de decentralisatie van Viisi het handelen van werknemers in dergelijke situaties?
- Hoe beïnvloedt de formalisatie van Viisi het handelen van werknemers in dergelijke situaties?

Zoals je misschien aan de situaties hebt gemerkt gaat het onderzoek over het moreel gedrag van werknemers, en om specifiek te zijn het moreel bewustzijn van werknemers. Dit heb ik niet genoemd in het begin van het onderzoek omdat het mogelijk jouw bewustzijn daarvan kon beïnvloeden. Ik hoop dat je dat geen probleem vindt? Nu zou ik je hier nog enkele vragen over willen stellen.

- Op welke manieren heeft jouw werk gevolgen voor anderen?
- Heb je wel eens getwijfeld over jouw eigen handelen?
  - Of je juist gehandeld hebt
- Hoe zorg jij ervoor dat jouw werkzaamheden geen schade toebrengen aan iemand anders?
  - Onnodig benadelen
- Zou je een voorbeeld kunnen geven van een situatie in jouw werkzaamheden die een morele component had?
  - Situatie die moreel relevant was
  - Situatie waarbij jij twijfel had
  - Situatie die geen morele component had
- Zou je een voorbeeld kunnen noemen van een situatie met betrekking tot jouw werk waarbij jouw normen en waarden verschilden van die van iemand anders?
- Hoe goed zijn jouw collega's in het herkennen van morele kwesties?

- Hoe wordt bij Viisi moreel bewustzijn bevorderd?
- In hoeverre draagt het mogen nemen van beslissingen bij aan jouw moreel bewustzijn?
  - In hoeverre helpt het mogen nemen van beslissingen bij het uitdragen van jouw normen en waarden?
  - Anderen helpen vooruitgang te boeken / benadelen

- In hoeverre draagt het hebben van verantwoordelijkheid over jouw werk bij aan jouw moreel bewustzijn?
    - Normen en waarden
    - Anderen benadelen / helpen
- Wat voor invloed hebben de regels, procedures en gedragsvoorschriften van Viisi op jouw moreel bewustzijn?
- In hoeverre zorgen de regels, procedures en gedragsvoorschriften van Viisi ervoor dat jij juist handelt?
- In hoeverre hebben de regels, procedures en gedragsvoorschriften van Viisi een invloed op jouw normen en waarden?

Afsluiting

- Bedanken
- Aanbieden onderzoek

Appendix III: Initial interview protocol and guide

Welkom. Het doel van dit interview is inzicht verkrijgen in de invloed die decentralisatie en formalisatie hebben op het gedrag van werknemers. Hierbij betreft decentralisatie de mate waarin de macht over beslissingen verdeeld is in de organisatie door de scheiding van operationele en regulerende taken. Formalisatie betreft de mate waarin geschreven regels, werkwijzen en gedragsvoorschriften worden ontwikkeld en ingezet om beslissingen en werk processen te volbrengen.

Verder wil ik nog even benadrukken dat het interview vrijwillig is en je vrij bent om het interview ieder moment stop te zetten.

- Zou je jezelf kort kunnen voorstellen?
- Hoe zien jouw dagelijkse werkzaamheden eruit?

Decentralisatie

- In hoeverre mag jij zelf beslissingen maken in jouw werk?
- Zijn er bepaalde aspecten die betrekking hebben op jouw werk waar jij niet over mag beslissen?
- Hoe wordt bepaald of jouw werk goed is?
    - Als het niet goed is, wie bepaalt dan wat er moet gebeuren?
    - Wie controleert jou?
- In hoeverre ben jij verantwoordelijk voor jouw eigen werk?
- In hoeverre ben jij verantwoordelijk voor het werk van collega's?

Formalisatie

- In hoeverre heb jij in jouw werk te maken met regels die opgesteld zijn door Viisi?
- In hoeverre heb jij in jouw werk te maken met voorgeschreven werkwijzen?
- In hoeverre heb jij in jouw werk te maken met gedragsvoorschriften?
    - Bijvoorbeeld een gedragscode zoals niet schelden, elkaar in waarde laten, afspraken nakomen
- In hoeverre worden de regels, procedures en gedragsregels gevolgd bij Viisi?

Nu zou ik jou graag enkele situaties willen voorleggen en daarbij verschillende vragen willen stellen. Ik zou willen vragen of je zowel tijdens het lezen als tijdens het beantwoorden van de vragen hardop zou willen nadenken.

- Wat is er volgens jou in deze situatie aan de hand?
- Wat vind jij van het handelen van deze werknemer?
- Hoe realistisch is deze situatie in de context van Viisi?
- Hoe beïnvloedt de decentralisatie van Viisi het handelen van werknemers in dergelijke situaties?
- Hoe beïnvloedt de formalisatie van Viisi het handelen van werknemers in dergelijke situaties?

Zoals je misschien aan de situaties hebt gemerkt gaat het onderzoek over het moreel gedrag van werknemers, en om specifiek te zijn het moreel bewustzijn van werknemers. Dit heb ik niet genoemd in het begin van het onderzoek omdat het mogelijk jouw bewustzijn daarvan kon beïnvloeden. Nu zou ik je hier nog enkele vragen over willen stellen.

Zo wordt de laatste jaren het moreel gedrag van werknemers in de financiële sector een steeds groter en belangrijker onderwerp.

- Heb jij in jouw werk te maken met morele kwesties?
    - Hoe uit zich dit?
- Hoe wordt bij Viisi moreel bewustzijn bevorderd?
- Heb jij in jouw werkzaamheden wel eens een discussie over een morele kwestie?
    - Hoe gaat dit? Waardoor ontstaan die discussies?
- In hoeverre draagt het mogen nemen van beslissingen bij aan jouw moreel bewustzijn?
- In hoeverre draagt het hebben van verantwoordelijkheid over jouw werk bij aan jouw moreel bewustzijn?
- In hoeverre stimuleren de voorgeschreven regels, procedures en gedragsvoorschriften een discussie over morele aspecten die betrekking hebben op jouw werk?
- In hoeverre legt Viisi de nadruk op regels, procedures en gedragsvoorschriften met betrekking tot moreel gedrag?
    - Werkt dat? Waarom wel/niet

Afsluiting

Appendix IV: Vignettes

Adviseur

Collega1 is aan het werk in het bijzijn van meerdere collega's wanneer werknemer1 naar hem toe komt met een vraag over een klant. De situatie van de klant is uitzonderlijk waardoor werknemer1 niet weet wat zij ermee aan moet. Tijdens het uitleggen van de specifieke situatie van de klant benoemt werknemer1 verschillende persoonlijke en gevoelige gegevens van de klant. Dit is in het bijzijn van meerdere collega's die hen allen kunnen horen.

Werknemer1 is op gesprek met een potentiële klant die zijn eerste huis wil gaan kopen. Bij aanvang van het gesprek bespreken werknemer1 en de klant kort de studententijd van de klant. De klant vertelt enthousiast over zijn vele vakanties en uitstapjes. Op de vraag wat voor bijbanen de klant in zijn studententijd had benoemt de klant verschillende functies, waarbij hij met een grote lach vertelt gewerkt te hebben bij "Duo". Wanneer werknemer1 later in het gesprek vraagt of de klant een lening heeft openstaan vanuit zijn studententijd geeft hij aan dat niet te hebben. Pas na het gesprek denkt werknemer1 terug aan de klant zijn opmerking over het werken bij "Duo", waarna hij beseft dat de klant hiermee mogelijk op lenen bij Duo doelde. Werknemer1 besluit om er niet verder achteraan te gaan.

People & Coaching

In haar rol moet werknemer1 nieuwe werknemers opleiden tot hypotheekadviseur. Hierbij geeft zij graag enkele voorbeelden van uitzonderlijke en realistische situaties om zo de opleiding te verbeteren. Om die reden besluit werknemer1 een kijkje te nemen in de klantdata. Hier vindt zij verschillende interessante voorbeelden die zij meeneemt in de training. Tijdens het zoeken komt zij de naam van een kennis tegen. Op zoek naar interessante situaties kijkt werknemer1 in de data van haar kennis.

In werknemer1 zijn rol als fulfillment-coach is hij verantwoordelijk voor het informeren van realising dreams over de maximale workload van werknemers. Collega1 loopt volgens werknemer1 al enige tijd de kantjes er vanaf. Deze persoon is hier ook al meermaals, door meerdere collega's, op aangesproken. Nu komt collega1 naar werknemer1 toe en geeft zij aan dat haar workload te hoog ligt, en dat zij zelfs uitslag heeft van de daarbij behorende stress. Echter krijg jij zelf het idee dat deze werknemer probeert te profiteren van de werksituatie bij

Viisi. Toch kiest werknemer1 ervoor om een verlaging van de maximale workload van collega1 door te geven aan realising dreams.

Acceptatie

Werknemer1 verstuurt een dossier van de klant, volledig in orde gemaakt, door naar de hypotheekverstrekker. Vervolgens krijgt hij een mail terug met de vraag of hij verschillende aanvullende gegevens kan toesturen. Werknemer1 is niet bekend met de noodzaak van het aanleveren van deze gegevens. Tegelijkertijd werkt werknemer1 al jaren met de desbetreffende hypotheekverstrekker en ziet hij de hypotheekverstrekker als een betrouwbare partner. Omdat zowel de klant als werknemer1 waarde hecht aan een snel proces stuurt hij de aanvullende gegevens door.

Als acceptant krijgt werknemer1 te maken met een uitzonderlijke situatie. De aanvraag is gedaan door een alleenstaand persoon. Deze persoon werkt bij hetzelfde bedrijf als werknemer1 zijn zwager. Van zijn zwager weet hij dat het zeer slecht met het bedrijf gaat, waardoor er een grote ontslagronde aankomt. Momenteel gaat het slecht met de economie, waardoor werknemer1 bang is dat de potentiële klant mogelijk niet snel een nieuwe baan zou vinden mocht hij worden ontslagen. Dit kan ervoor zorgen dat de klant niet meer in staat is om zijn hypotheek te betalen. Werknemer1 bespreekt de situatie met de adviseur. De adviseur ziet geen enkele reden waarom de aanvraag afgekeurd zou worden. De adviseur beargumenteerd dat de informatie over het bedrijf van de klant niet publiek is, en dat het helemaal niet vaststaat of de klant ontslagen wordt.

In werknemer1 zijn rol als administratief ondersteuner is hij verantwoordelijk voor het verwerken en controleren van hypotheekdocumenten. Collega1 stuurt altijd perfect ingevulde documenten toe waar werknemer1 nooit iets aan hoeft te veranderen. Tegelijkertijd staat collega2 erom bekend slordig te werken, waardoor werknemer1 altijd vele dingen moet aanpassen in zijn toegestuurde documenten. Nu heeft werknemer1 een erg drukke periode op het werk, en is tot overmaat van ramp ook nog een collega ziek. Hierdoor besluit hij de documenten van collega1 niet te controleren, om zo genoeg tijd over te houden voor uw andere werkzaamheden. In het ergste geval zou werknemer1 vanuit de hypotheekverstrekker een bericht krijgen dat er onjuistheden in het document staan. Uiteindelijk blijkt dat, zoals werknemer1 verwacht had, niet het geval.

Digital

In werknemer1 haar rol moet zij zorgen voor meer leads. Hiervoor past zij al enige tijd microtargeting toe, wat zijn vruchten afwerpt. Mede door het advies van een extern bureau is Viisi in staat geweest de leads met 50% te laten groeien in het afgelopen jaar. Nu heeft datzelfde externe adviesbureau contact met werknemer1 opgenomen over nieuwe marketingtechnieken die zij toepassen. De vaste contactpersoon, met wie werknemer1 een goede relatie hebt opgebouwd, geeft aan dat zij op basis van de social media profielen van Viisi's bestaande klanten in staat zijn zeer specifieke profielen van potentiële klanten op te stellen. Dit zou het aantal leads significant kunnen laten stijgen. Hiervoor moet Viisi gepersonaliseerde klantgegevens doorgeven aan het externe bedrijf. Aangezien het externe bedrijf een goede reputatie heeft en tekent voor het vertrouwelijk behandelen van jullie gegevens besluit werknemer1 dit te doen.

Werknemer1 heeft een bepaalde rol toegewezen gekregen. Hij is niet heel blij met de rol, maar voert de taken wel uit. Vanuit de rol moet werknemer1 bepaalde back-end taken uitvoeren om de website van Viisi te laten werken. Vanwege tijdsdruk besluit hij dat een bepaalde taak af is, terwijl hij weet dat hij het beter zou kunnen doen wanneer hij er meer tijd in stopt.

Admin & Customer Service

Werknemer1 is verantwoordelijk voor het delen van persoonlijke, werkinhoudelijke feedback. Nu heeft werknemer1 in een korte tijd veel negatieve feedback ontvangen over een adviseur. De feedback betreft het feit dat het lang duurt voordat documenten verwerkt en doorgestuurd worden door de adviseur. Tegelijkertijd weet werknemer1 dat de adviseur privé een moeilijke periode heeft. Ondanks dat de werkwijze van de adviseur negatieve gevolgen heeft voor Viisi besluit werknemer1 de feedback niet door te geven omdat hij de adviseur niet met nog meer stress wil opzadelen.

In werknemer1 zijn rol is hij al enige tijd bezig met het zorgen van een goede reputatie voor Viisi. Nu zijn er plotseling in het tijdsbestek van één week vijftien zeer negatieve reviews op Independer geplaatst. Deze reviews hebben mogelijk een grote invloed op potentiële klanten van Viisi. Ondanks dat de reviews verschillende aspecten van Viisi's dienstverlening betreffen krijgt werknemer1 door het taalgebruik het idee dat het merendeel van de negatieve reviews dezelfde persoon betreffen. Werknemer1 stuurt om die reden een mail naar

Independer waarin hij onderbouwt waarom de reviews verwijderd moeten worden. Hierbij geeft hij aan dat hij denkt dat alle vijftien reviews vanuit één persoon komen, terwijl werknemer1 door gesprekken met collega's weet dat twee van de vijftien reviews van recente klanten komen. Independer is het eens met uw onderbouwing en verwijdert veertien van de vijftien reviews.

Appendix V: Template

Initial template	Final template

1. Decentralization
   1.1. Decision-making rights
      1.1.1.Operational tasks
      1.1.2.Regulatory tasks
   1.2. Perception responsibility
   1.3. Division operational and regulatory
      tasks / hierarchy
2. Formalization
   2.1. Rules
      2.1.1.Presence of rules
      2.1.2.Influence of rules
   2.2. Procedures
      2.2.1.Presence of procedures
      2.2.2.Influence of procedures
   2.3. Codes of conduct
      2.3.1.Presence codes of conduct
3. Moral awareness
   3.1. Violation of a social norm
   3.2. Shared values
   3.3. Presence of harm
   3.4. Noticing moral component
   3.5. Not noticing moral component
4. Influence decentralization on moral
   awareness
5. Influence formalization on moral awareness
6. Discussion
7. Solicitation process / cultural fit
8. Other
	1. Decentralization
	   1.1. Decision-making rights
	      1.1.1.Perception of decision-making
	         rights
	      1.1.2.Effects of decision-making rights
	   1.2. Responsibility
	      1.2.1.Perception of responsibility
	      1.2.2.Effects of perception of
	         responsibility
	   1.3. Hierarchy
	      1.3.1. Structural hierarchy
	      1.3.2.Effects of hierarchy
	   1.4. Control mechanism
	2. Formalization
	   2.1. Rules
	      2.1.1. Codified rules
	      2.1.2. Non-codified rules
	      2.1.3. Purpose
	      2.1.4. Effects of rules
	   2.2. Procedures
	      2.2.1.Presence of procedures
	      2.2.2.Strictness of procedures
	      2.2.3.Effects of procedures
	   2.3. Codes of conduct
	      2.3.1. Presence codes of conduct
	      2.3.2.Effects codes of conduct
	3. Moral awareness
	   3.1. Noticing moral component
	   3.2. Noticing harm
	   3.3. Noticing violation of a social norm
	   3.4. Moral judgement
	4. Correcting behavior
	5. Discussion between employees
	   5.1. Willingness to discuss between
	      employees
	   5.2. Effects of discussion