Conceptualizing the Nexus between Employee Voice and Participation and Ethical Decision Making

Master's Thesis in Master Degree Program, Quality and Operations Management

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Abstract

Existing models of ethical decision-making suggest that individuals' responses to ethical issues at work are based on their capabilities to make ethical decisions and on the nature of the ethical issue in question. As such, the extant literature in the field has neglected to substantively account for how an employees' position within the organizational hierarchy or their level of involvement within the organization informs the process of ethical decision-making. Stemming from this oversight, the purpose of this project is to conceptually explore the impact that employees' voices and participation have on ethical decision-making in organizations across the workplace hierarchy. An integrated model of ethical decision-making is offered, which suggests that under certain conditions, employees' voices and participation serve as a determinant for ethical decision-making. Ultimately, this study concludes that the degree to which employees feel psychological ownership towards their organization serves as an intervening factor that mediates the relationship between employees' voices and participation and their ability to engage in ethical decision-making at work.

Keywords: Ethical decision-making, Employees' voices and participation, Psychological ownership

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1. Introduction

1.1. Background

Most people agree that a set of moral principles or values should govern the act of employees in organizations (Ferrell & Gresham, 1985). Today, as a consequence of scandals related to bribes, unreliable communication, and unsafe products, an alarming widespread loss of public trust has motivated management to improve ethics in organizations (Ferrell, Fraedrich, & Ferrell, 2011). Such events have increased interest in academic and practitioner communities about the need to understand the process of decision-making through which such important ethical issues could be resolved. As Jones (1991: p. 366) observes, "Institutions have responded to these challenges in a variety of ways. Corporations have established or updated codes of ethics, and some business schools have responded with increased offerings in business ethics. Academe has also produced a greatly expanded literature on the subject of ethics, including textbooks and two scholarly journals-the Journal of Business Ethics and the Business and Professional Ethics Journal". Researchers have also proposed a variety of theoretical models of ethical decision-making ranging from the situational-individual interaction model of Trevino (1986) to the contingency framework of Ferrell and Gresham (1985) to the moral intensity model of Jones in 1991 (Ford & Richardson, 1994).

In this study, a relationship between employee voice and participation and ethical decision-making is proposed. Much of the human resource management literature supports the impact of an employee's participation and voice on his or her behavior at work (Budd et al2010). Giving the employees a greater influence over their work and encouraging them to contribute in decision-making is assumed to be a beneficial way for both employees and employers to flourish (Kim et al 2010). Employee participation may be linked to many outcomes such as productivity, satisfaction, distribution of power across an organization, level of industrial conflict, and acceptance of decisions (Cotton et al 1988). Extending from the findings from the literature, in this study I argue that the more employees are involved in organizational decision-making processes, the more likely that they will make ethical decisions.

1.2. Purpose

The purpose of this study is to propose a model of ethical decision-making which explains how employee's voice and participation in organizations contributes to their ethical decision making.

1.3. Research question

In order to achieve the above mentioned goal of the project, the following research question is proposed:

How employee's voice and participation in decision-making impacts ethical decision-making in organizations?

As it can be inferred from the above question the project concerns with two main concepts of employee voice and participation and ethical decision making. The two concepts will be broadly argued in the literature review part and then the relation between the two concepts will be investigated and discussed in the theory development part.

1.4. Disposition

This project consists of five main sections: Methodology, literature review, theory development, discussion and conclusion. The methodology part explains the method that has been used for undertaking the study. Literature review consists of an assessment of existing literature on two main concepts: employee voice and participation and ethical decision-making. In the theory development section, a model of ethical decision-making and five propositions that constitute the model and the proposed model will be presented. Finally, I present a discussion of study and the final conclusion.

2. Methodology

In order to conduct the research the first step was to review the existing literature on two main topics of employee voice and participation and ethical decision making. Reviewing the literature helped me to get an in depth understanding of the two concepts and realize what advances have been made in these fields. The chosen method for reviewing the literature was narrative review since my intention was to grasp a general understanding of the two main concepts and exploring the link between them. For the literature review my research strategy was using relevant articles, books, published conference papers and internet pages. I searched "employee voice", "employee participation in decision making", "ethics" and "ethical decision making" for this purpose. The strategy for literature review was deliberately broad to ensure that the maximum number of relevant articles was studied. The outcome of the literature review was to gain basic knowledge about the topics of employee voice and participation and ethical decision making. This outcome was served as the source for conducting the study.

The second part of the study was the theory development part which is the body of the study. In this part, what I have done was to build a model of ethical decision-making which starts with employee voice and participation and leads to ethical decision making. In order to realize the relation between the two concepts, I started with exploring the outcomes of employee voice and participation in a way that contributes to ethical related issues. As a result several other concepts such as organizational identification, psychological ownership and prosocial behavior came into the picture. In order to make a clear definition of the relationship between each two related concepts, five proposition statements were created. At the end, a model of ethical decision-making with a network of relationships among different concepts that contributes to ethical decision-making is proposed.

3. Literature Review

3.1.   Ethical Decision Making

Ethical decision-making is attracting increasing attention in the world of business. The reason could be that negative consequences of unethical decisions make it critical for organizations to be able to understand how leaders make ethical/unethical decisions and what factors impact on ethical decision-making (Selart & Johansen, 2011). A large number of studies have been done, and lots of models have been developed, regarding ethical decision-making in organizations. In this part of the study I provide a definition for ethical decision-making and then review three leading models on the phenomenon.

Not many authors in the field of ethics have provided a definition for the term ethical decision- making. It seems that there is a lack of common terminology for ethical decision-making (Ford & Richardson, 1994). According to Jones (1991), an ethical decision is defined as a "decision that is both legal and morally acceptable to the larger community" (p. 367). Cohen et al (2001) define ethical decision-making as "decision-making in situations where ethical conflicts are present" (p. 321). I integrate these two definitions of ethical decision-making and define it as decisions that are made in situations of ethical conflicts and morally acceptable to the larger community.

Looking at the literature of ethical decision-making, three major models can be identified. One of the major research models about ethical decision-making has been done by Trevino (1986). She proposed a person-situation interactionist model of ethical decision-making which suggests that responses to moral issues are determined by an individual's cognitions arising from his/her level of moral development in addition to a number of individual and situational variables. She bases her model on Kohlberg's (1969a) model of cognitive moral development which underlines the reasoning behind an individual's ethical decision-making. Kohlberg (1969a) proposes that there are three broad stages of cognitive moral development, and an individual's level of cognitive moral development determines how he/she thinks about a moral issue and makes a moral judgment. Trevino (1986) has expanded Kohlberg's model by describing that there is a relationship between moral judgment and moral action. A number of individual and situational variables interact with

the cognitive element of moral development to determine the way individuals act in response to ethical issues. The three individual variables that influence ethical behavior are ego strength, field dependence, and locus of control; the situational variables include elements of immediate job context, organizational culture, and characteristics of the work.
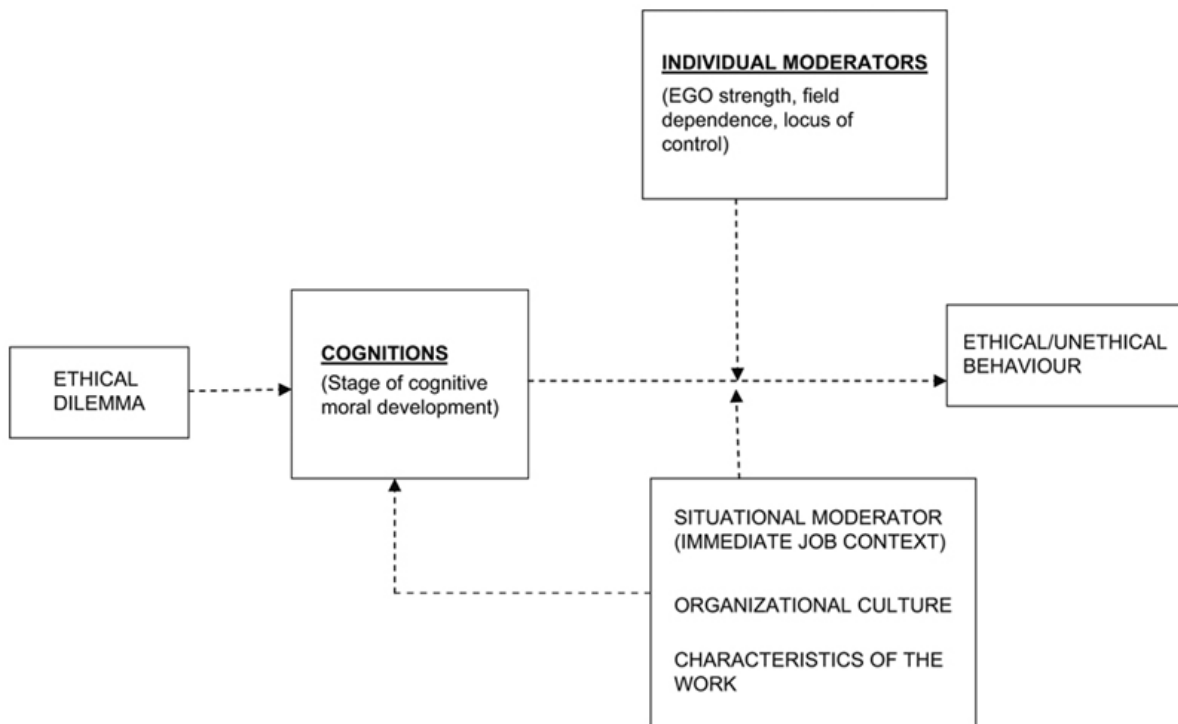
Figure 3-1.Interacfionist model of ethical decision making. (Trevino, 1986, p.603)

The issue-contingent model of ethical decision-making is another prominent model provided by Jones (1991). The basis of his model is a synthesis of five main ethical decision-making models, including (Dubinsky & loken, 1989; Ferrell & Gresham, 1985; Hunt & Vitell, 1986; Rest, 1986; Trevino, 1986), with four components including recognize moral issue, make moral judgment, establish moral intent, and engage in moral behavior. In the heart of this model, Jones introduces a set of variables called moral intensity which addresses the effect of characteristics of a moral issue on moral decision-making process. Moral intensity includes six components: magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect. He argues that moral intensity influences all components of the ethical decision-making process in his model. Unlike the work of Trevino (1986), moral intensity focuses on the

characteristics of moral issue itself, not on the organizational context or individual variables.
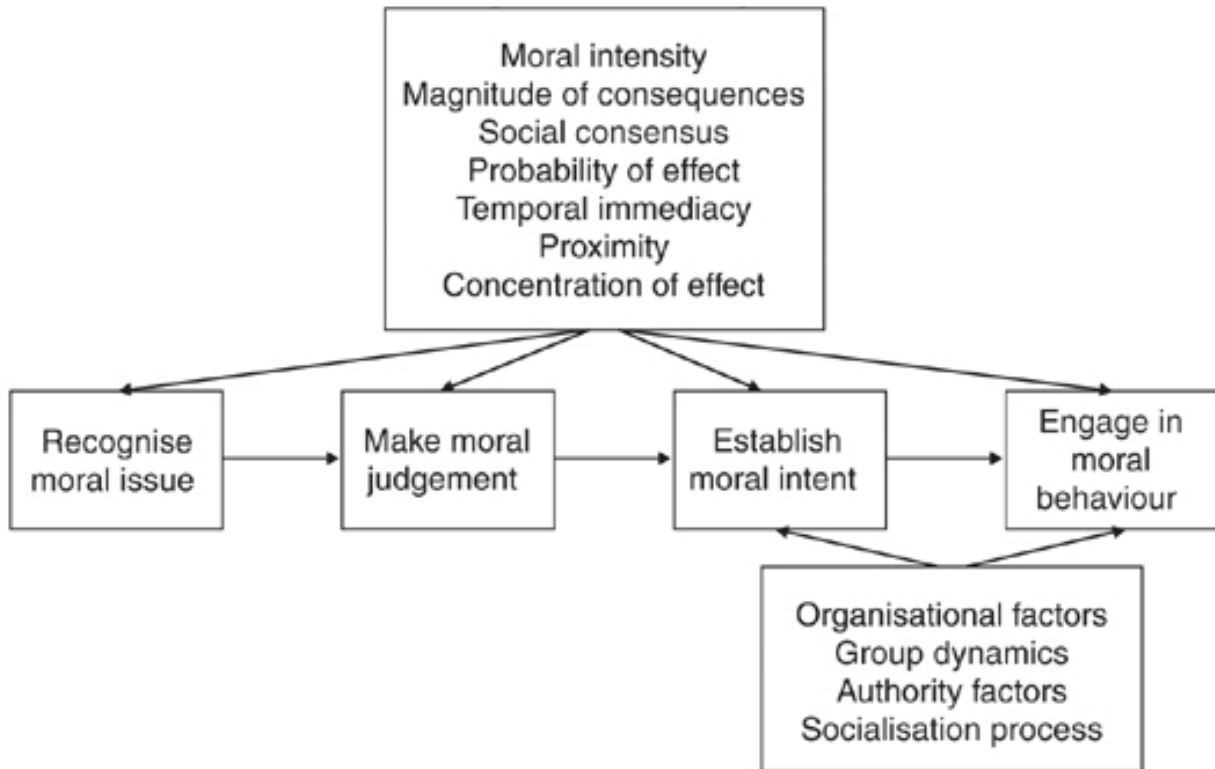
Figure 3-2. Issue-Contingent Model of Ethical Decision Making (Jones, 1991, p.379)

Models of ethical decision-making provided by Trevino (1986) and Jones (1991) are classified as rationalist approaches of decision-making by Sonenshein (2007). He criticizes the rationalist approach and discusses the limitations of such approaches by claiming that individuals do not always base their ethical decisions on deliberate and extensive moral reasoning. Alternatively, he proposed the sensemaking-intuition model including three stages of issue construction, intuitive judgment, and explanation and justification. The first phase, issue construction, takes place when individuals recognize the moral implications of an issue. Issue construction usually arises from equivocal and uncertain environments and is influenced by individual level factors, expectations, and motivation, and by collective level factors, social anchors, and representation. Intuitive judgment, the second phase, occurs immediately after the individual constructs an ethical issue. In this stage, an individual immediately develops an intuitive judgment about the construction of the issue.

Such intuitions reside in individual factors (experience) and in collective factors (social pressures). In the third phase, explanation and justification, individuals explain and justify their intuitive judgments about the moral issue they have constructed. Sonenshein (2007) claims that sensemaking includes the first and third part of his model.
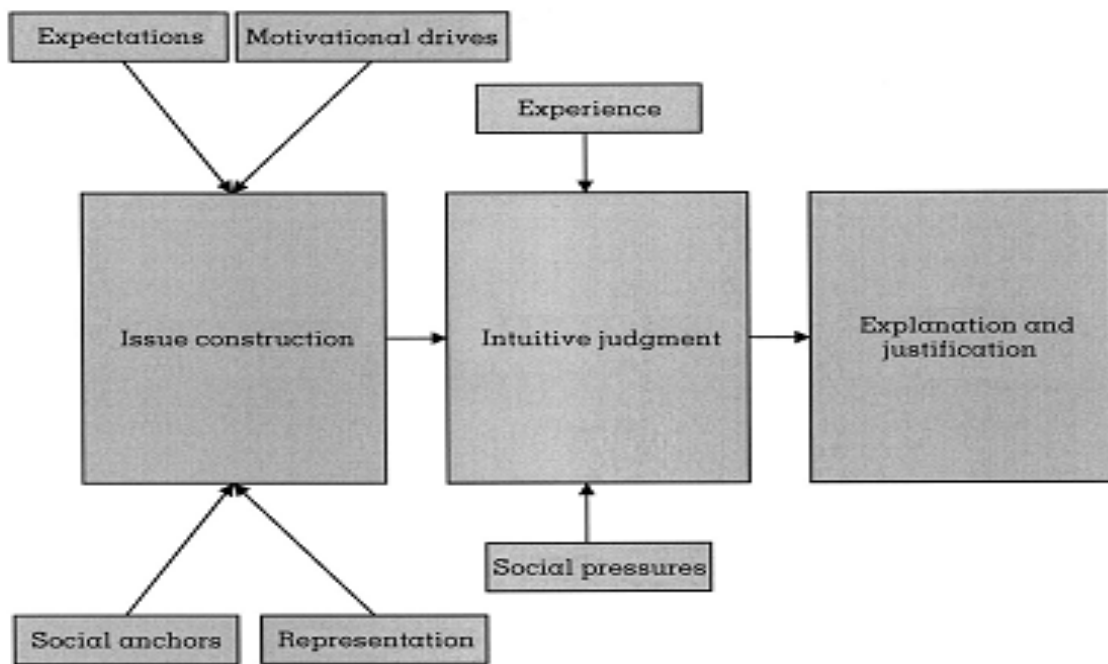
Figure 3-3. The Sensemaking-Intuition Model (SIM) (Sonenshein, 2007, p.1028)

3.2.   Employee Voice and Participation

The term employee voice is a broad term which has been used in a variety of disciplines (Wilkinson & Fay, 2011). Accordingly, a wide range of definitions has been provided by different authors (Dundon, Wilkinson, Marchington, & Ackers, 2004). Wilkinson & Fay (2011) define voice as a way for employees to be able to have a say concerning work activities and decision-making issues in organizations. Budd, Gollan, & Wilkinson (2010) have provided four main stands for voice in their study, as follows. Firstly, voice can be taken as an expression of an employee's dissatisfaction. In this stand, employees react to a specific problem or issue. The second stand is based on the collective organization through unionization and group bargaining. In the third stand, voice is a means for improvement in work conditions and serves to contribute to management decision-making. The last stand

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is the role of voice as long-term viability for the organization which could be attained through partnership. In this thesis what I mean by voice is the integration of all mentioned above definitions. I define employee voice as all the ways that give the employees the opportunity to express their ideas, problems, suggestions, dissatisfaction or satisfaction to the organization.

The literature on employee voice offers two main forms for voice: direct and indirect forms. (see Ben-Ner & Jones, 1995; Kim et al, 2010). The direct form of voice could take place either individually or in groups, often through face to face communication between employees/ group of employees and their managers. This form of voice can occur in both informal (oral or verbal) and formal (written information, employee involvement programs or suggestion systems) ways (Budd et al, 2010). Indirect forms of employee voice are seen in issues relevant to the workplace but overseen by employee representatives, such as unions and work councils (Kim et al, 2010). Employee representatives are generally elected by employees or selected by management (Ben-Ner & Jones, 1995).

The direct form of voice differs from indirect employee voice in terms of how an employee's ideas are expressed as well as in the level of the issue that is communicated. Employee representatives usually oversee a wide range of organizational level issues such as investment policy and corporate strategy. In cases of indirect voice, however, workers' suggestions are mostly on issues related to their daily activities and provision of information to management (Kim et al, 2010). Employee voice is usually spread through different channels in the organization and evidence suggests that employees need to have a say through a range of channels (e.g. representatives, surveys, suggestion systems). Organizations should consider all the different channels of voice rather than focusing on one channel (Wilkinson & Fay, 2011).

The term participation covers a wide variety of institutions and processes (Strauss, 2006). In this study what I mean by participation is a joint decision-making activity, either by one manager and one employee or one manager and a group of employees (Locke et al, 1986). It is important to realize the difference between employee voice and employee participation. Given the definition of voice and participation, voice does not in itself lead to

participation (Wilkinson & Fay, 2011) but it can be considered as a way to contribute to employee participation. Voice is a weaker term than participation (Wilkinson & Fay, 2011), as it does not involve any sharing of authority and power in organization (Kaufman & Taras, 2010), while participation is a process that allows employees to exercise a level of influence over their work and the conditions in their workplace (Heller, Pusic, Strauss, & Wilpert, 1998).

A number of studies have been done regarding the outcomes of participation. Bhatti & Qureshi (2007) propose that employee participation may affect an employee's job satisfaction, productivity, and commitment, and all of these qualities may create comparative advantage for the organization. Cotton et al (1988), in their study of employee participation, explored the question of whether different forms of participative decision-making are associated with different outcomes. They introduced six main forms of employee participation: participation in work decisions, consultative participation, short-term participation, informal participation, employee ownership, and representative participation. Next, they linked each of the six forms of employee participation to different outcomes. As a conclusion, informal participation and employee ownership have a strong effect on productivity and satisfaction, whereas short-term participation is not as effective on either quality. In 2003, Zwick studied the impact of shop-floor employee participation on productivity. His studies show that participation of shop-floor employees – in the form of teamwork, autonomous work groups, and reduction of hierarchies – significantly increased total productivity.

One important view of participation that should be considered is that participation is not a necessity in every organization, but is suitable only in certain situations. This view of participation is proposed by Locke et al (1986) who argue that there are circumstances where employee participation can even decrease employee satisfaction and productivity instead of increasing it. They clarify this theory by discussing the chain of participation–satisfaction–productivity proposed by Sashkin (1984) who claims that employee participation is an ethical imperative. Locke et al supports his claim by explaining that participation is only one of many values that employees hold for their jobs and that

satisfaction does not create productivity. As a result, participation does not necessarily lead to productivity.

Authors in the field of business ethics have discussed different issues that contribute to ethical decision-making but, among all the studies, no explicit consideration has been on the role of employee participation level on ethical decision-making processes. There is definitely a difference in employee level decision-making in organizations with a flat structure where the relationship between employees and managers is more casual, as compared to highly hierarchical organizations where employees do not easily have the opportunity to become involved in decision-making processes. In this study I provide a model of ethical decision- making which focuses on how employee participation leads to more ethical decisions.

4. Theory Development

This section consists of 7 parts. Each part explains one part of the proposed model and the relationship between the concepts within the model. At the end of each part, a proposal statement is presented as the outcome of that part. The suggested model of ethical decision-making will be presented and the end of this section.

4.1. The Role of Employee Voice and Participation

As mentioned earlier, employee voice and participation leads to a number of organizational outcomes. Dundon et al (2004) suggest several positive outcomes of employee participation such as loyalty, improved performance, commitment, and influence over managerial decision-making. Workplace democratization, reduction of industrial conflict, satisfaction, and productivity are also referred to as employee participation outcomes (Cotton et al, 1988). Outcomes of employee voice and participation are not limited, however, to the beneficial ones mentioned above. In this section I introduce another possible outcome of employee voice and participation. I propose that under certain moderating conditions, employee voice and participation leads to psychological ownership. The basis for reasoning my proposition in this part will be on Pierce's (2003) study of psychological ownership.

First, it is useful to provide a definition of psychological ownership. Rousseau & Shperling (2003) define psychological ownership as a concept distinct from firm ownership which occurs when individuals believe that a thing or entity, or a piece of it, belongs to them. The core of psychological ownership is the feeling of possessiveness and of being psychologically tied to an object. People develop feelings of ownership toward a variety of objects, both material and immaterial in nature. The roots of psychological ownership can be found, in part, in three human motives: efficacy and effectance, self-identity, and having a place (Pierce et al, 2003).

Motivation for psychological ownership partly comes from an individual's need for effectance and the ability to produce desired outcomes in the environment in which he or she works. A human's need for efficacy and effectance can be realized by being the cause and having control over the environment (Pierce et al, 2003). Based on this reasoning, I

suggest that employee participation in decision-making is one of the most powerful ways to fulfill an employee's need for effectance because being able to participate in decision-making means that employees will be able to have influence and control over the subject of their decision-making. For example, when a worker actively participates in decisions regarding developing a solution in his work, he feels that he is able to make a difference in his work which fulfills his need of effectance. This sense of involvement may lead workers to feel that the work they are doing is theirs, which describes the concept of psychological ownership.

The second motive for psychological ownership defined by Pierce et al (2003) is the need for self-identity. He proposes that one of the human motives for ownership is that it "helps people define themselves, express their self-identity to others, and maintain the continuity of the self across time" (Pierce et al, 2003, p.89). Pierce et al (2002) argue that possessions provide people with an emotional connection between themselves and their past. "For example, as people get older, their past reflected by mementos, photographs, diaries, letters, and gifts from others becomes an increasingly important part of their self –identity" (Pierce et al, 2002, p.12). Possessions may also create a sense of security (Dittmar, 1992). If they are lost or taken away, individuals may experience an erosion of the sense of self. "In contrast, preserving possessions allows an individual to maintain a sense of continuity through those items that have become symbolic extensions of their selves". (Pierce et al, 2002, p.12). In other words, employees feel psychological ownership about the subjects that better identifies them. According to this theory, the more employees identify themselves with a subject, the more likely that they feel psychological ownership towards that subject. I propose that in organizations where employees have a voice and actively participate in decision-making, if the employees identify themselves with the organization, they will develop a higher level of psychological ownership towards the organization.

Organizational identification is the degree to which members of an organization define themselves by the same attributes that they believe define the whole organization. That person's identity as an organization member is more salient than alternative identities (Dutton et al, 1994). For example, if a person who thinks that he is being innovative, smart, and hardworking also believes that the organization for which he works has the same

attributes of smartness, innovation, and hardworkingness – more than any other organization – then he will probably easily identify himself with the organization. Considering the need for self-identity in humans proposed by Pierce et al (2003), an employee who identifies him/herself with the organization will experience a higher level of psychological ownership toward the organization in order to fulfill his/her need for self-identity. Thus, I propose that:

> *Proposition 1A: Employee voice and participation are more likely to lead to an employee's psychological ownership toward the organization when that employee identifies her/himself with the organization.*
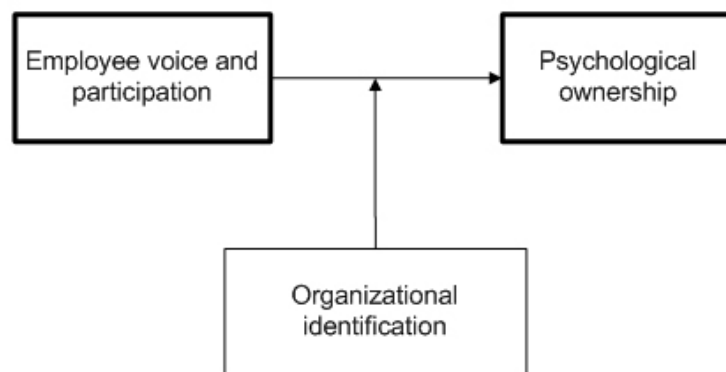
Figure 4-1. Proposition 1A

4.2. The Role of Organizational Culture and Policy

Pierce (2001) suggested controlling the target of ownership as one of the paths through which feelings of ownership will be created. Employee voice and participation can increase psychological ownership through the exercise of personal control over the target of ownership (Pierce et al, 2004). In this section I explain the role of an organization's culture and policy as a variable that may increase/decrease an individual's sense of control over the organization. Its influence on the decision-making process and, consequently, on the level of psychological ownership toward the organization are notable factors.

Organizations can provide employees with the practice of control over their work environment through many different ways (Pierce et al, 2004). The more control employees have over a subject leads to an increased feeling of psychological ownership about that subject (Pierce et al, 2003). I believe that the role of organizational culture is

important in creating psychological ownership. Some company policies and cultures make the sharing of power easier than others (power is defined as shared decision-making between managers and employees). For example, in a democratic culture, members may be encouraged to take responsibility for decisions and to resolve conflicts at lower levels within the organization. Conversely, in an authoritarian organization, roles are more strictly defined and decisions are made based on formal lines of authority (Trevino, 1986). In both types of organizations, employees may have a voice and may participate in decision-making, but the level of control experienced by employees is higher within democratic organizations as compared to authoritarian ones. This level of control will, in turn, influence the level of psychological ownership experienced by employees.

Other authors have also explored the role of culture in shaping an individual's psychological ownership. Pierce et al (2003) believe that culture in general has an effect on psychological ownership in two ways. First, psychological ownership is strongly linked to the concept of self which is in part shaped by groups and affected by the culture. For example, in an organization where managers have a high sense of psychological ownership toward the organization, this perspective may affect the employee's sense of ownership as well. Second, psychological ownership is partly learned through an employee's socialization practices, which is also a matter of organizational culture.

The role of organizational policy is important as well as culture. Creating formal employee ownership programs is one of the most substantial examples of organizational policies that increase employees' control over their work. Organizations can create this through providing various formal employee ownership plans such as employee stock ownership plans (ESOP), employee stock options, worker/producer cooperatives, etc. Depending on the type of the ownership plan, the level of employee's participation, control, and subsequent feeling of psychological ownership will be different (Pierce et al, 1991). For example, in ownership plans where employees own a majority (or substantial minority) of company shares compared to ones where employees own a small minority (5 per cent or less), employees may experience a stronger sense of ownership and may expect to be deeply involved in higher levels of decision-making in the firm.

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In conclusion, an organization's culture and policy play an important role in creating individual control in organizations which will have an influence on psychological ownership through its influence on decision-making levels. Thus, I propose that:

Proposition 1B: Organizational culture and policy has a direct influence on the relationship between employee voice and participation and psychological ownership.
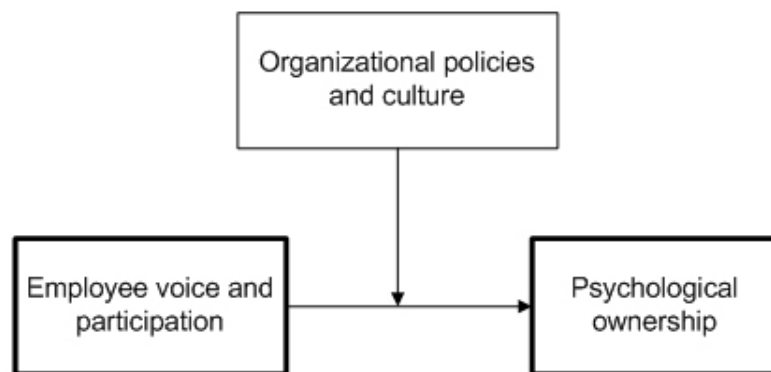

Figure 4-2. Proposition 1B

4.3. Psychological Ownership Results in Shared Responsibility

One important question that has been argued in the field of psychological ownership is whether a feeling of psychological ownership towards an organization makes any difference in an employee's behaviors. A number of behavioral impacts of psychological ownership have been discussed by different authors (see, for example, Pierce et al, 2009; Vandewalle et al, 1995; Wagner et al, 2003). In this section I discuss a significant behavioral impact of psychological ownership in employees. I propose that psychological ownership leads to a sense of shared responsibility among employees. The term shared responsibility can be interpreted in different ways. What I mean by shared responsibility is increased responsibility for everyone at different levels of the organization.

Several authors have suggested that a sense of responsibility emerges as one of the results of psychological ownership. According to Pierce et al (1991), ownership and its right to control create responsibility. Psychological ownership represents not only the feeling of control (Pierce et al, 1991, 2001), but also creates a feeling of responsibility (Han et al, 2010; Kohlberg, 1969a). Avey et al (2009) also connect psychological ownership to a

feeling of responsibility to make decisions that are reached in the interest of the organization. Pierce & Jussila (2011) suggest that employees who experience psychological ownership will experience a sense of responsibility toward the organization and they will assume greater responsibility toward their outcomes. Results of a survey on employee-owned companies also show that the more people feel ownership, the more they tend to accept the responsibility to solve problems and the more they feel they have the tools and the abilities to do so (Rodgers & Freundlich, 1998).

The feeling of shared responsibility stems from the fact that when individuals have a sense of ownership, they will feel concerned about the target of ownership (e.g., organizations) (Han et al, 2010). For instance, when an individual owns an item, he or she will try to take care of that item and protect it. In the case of psychological ownership, a desire to maintain, protect, or enhance that object results in a sense of responsibility for work outputs (Dipboye, 1977). Feelings of responsibility include a responsibility to invest time and energy to advance the cause of the organization to be protective, caring, and nurturing (Pierce et al, 1991). Pierce (2001) even goes further and claims that psychological ownership brings with itself a willingness to take personal risk or make personal sacrifice on behalf of a social entity.

One point to recognize is that there is a difference between responsibilities that come from organizational processes and systems and responsibilities that stem from an individual's feelings. For example, responsibilities that come from legal ownership are often a result of the legal system, while those linked to the psychological state stem from the individual, that is, from his or her feelings of being responsible (Pierce et al, 2003).

Not all the individuals who experience feelings of ownership towards the organization will have a sense of responsibility. In order to have a sense of responsibility individuals need to have some motives to undertake such responsibilities. I believe that individuals' internalization of the organization's goals and values will create such motives for them. Internalization refers to "incorporation of organization's values, attitudes, and goals within the self as guiding principles" (Ashforth & Mael, 1989, P.22). A number of authors have suggested that organizational behavior is directly influenced by the degree to which its

goals and values have been internalized. Kats & Kahn (1978) suggest that high internalization of organizational goals will result in beneficial behaviors such as low absence and turnover, high productivity, and maximal spontaneity and innovativeness in the service of those goals. I believe that employees who have strong feelings of psychological ownership towards their organization, along with feelings of motivation and willingness to undertake their duties, will lead to higher levels of responsibility. Thus I propose that

> *Proposition 2: Employees who experience feelings of ownership towards their organization and those who have come to internalize the organization's goals and values are more likely to find an enhanced sense of responsibility towards their job than those who have not.*
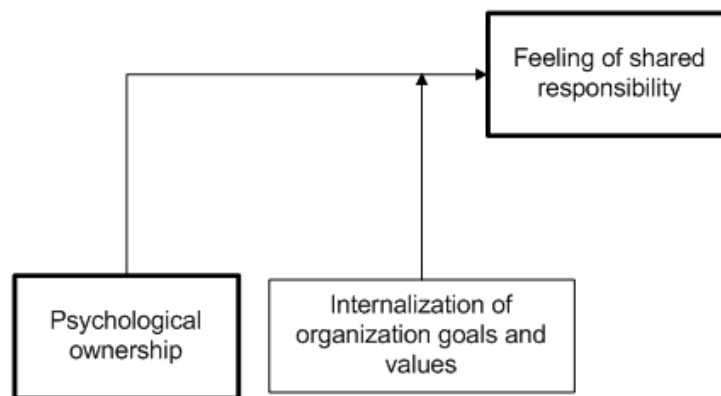
Figure 4-3. Proposition 2

4.4. Prosocial Behavior Stemming from Psychological Ownership

As mentioned earlier, feelings of psychological ownership towards the organization lead to a number of work related attitudes and behaviors. Literature on psychological ownership shows that people feel positively about the target of ownership (tangible or intangible) (Dyne & Pierce, 2004). Vandewalle et al (1995) suggest that psychological ownership has influence on two types of behavior: in-role and extra-role behavior. Extra-role behavior refers to "behaviors not included as part of an employee's official job duties that affect the well-being of the organization or its members" (Bowling, 2010, p. 119). Conversely, in-role behavior is a behavior that is required or expected as part of performing the duties and

responsibilities of the assigned role (Dyne et al, 1995). It is good to notice that shared responsibility mentioned in the last section could be classified mostly as an in-role behavior since what I mean by responsibility are the duties that the individual is supposed to have. In this section I focus on extra-role activities which are not required or expected from individuals.

There are a number of behaviors that are associated with extra-role behavior such as organizational citizenship behavior, whistle blowing, etc. (Bowling, 2010). One of the extra-role behaviors is prosocial behavior. I believe that employees who have feelings of ownership towards the organization tend to demonstrate prosocial organizational behaviors, defined as "behavior which is (a) performed by a member of an organization, (b) directed toward an individual, group, or organization with whom he/she interacts while carrying out his or her organizational role and (c) performed with the intention of promoting the welfare of the individual, group or organization toward which is directed" (Brief & Motowidlo, 1986, p. 711). Cooperating with coworkers, suggesting ways to improve the organization, and speaking favorably about the organization to outsiders are examples of prosocial behaviors (Baruch et al, 2004).

There are two general types of prosocial behaviors. Prosocial behaviors can be either functional or dysfunctional to the organization. Functional prosocial behaviors are the behaviors that benefit the individuals and lead to organizational improvement such as cooperating with others, protecting the organization from danger, etc. But dysfunctional prosocial behaviors exist as well; they are the behaviors that benefit the individuals but are costly for the organization (Brief & Motowidlo, 1986). For example, employees who are trying to help a client with extra services may think their activities are helpful when, in reality, their actions are costly for the organization.

Prosocial behavior can be directed toward an individual, a group, or toward the whole organization (Brief & Motowidlo, 1986).When the target of prosocial behavior is the organization, the behavior is almost always functional. It means that employees who have feelings of ownership toward the organization are likely to have prosocial behavior toward the organization and this behavior will be in the interest of organization. If people are

behaving prosocially toward the organization as a whole, they will be more likely to choose to perform prosocial acts toward individuals that are organizationally functional and to avoid those that are dysfunctional and inconsistent with the organization's objectives (Brief & Motowidlo, 1986).

Employees with feelings of ownership toward the organization want to protect and to defend their ownership rights. This heightened sense of ownership often includes improvements and controlling or limiting access by others (Dyne & Pierce, 2004). In order to fulfill the need of protection and improvement of organization, an employee with a strong sense of ownership may demonstrate his position in several ways. For instance, he may be willing to help co-workers with job-related issues or personal matters; to behave according to the organization's core values and goals despite temptations to shortcut or avoid them when they appear personally inconvenient; to suggest procedural, administrative, or organizational improvements; or to object to improper directives, procedures, or policies. These are all examples of different types of prosocial behaviors (Brief & Motowidlo, 1986).

The role of internalization of goals and values of the organization is substantial in shaping such prosocial behaviors. An employee with higher level of goal internalization will have a stronger tendency to act in favor of the organization when it comes to actions that strongly correlate with the organization's values and goals. For example, consider that a common value of many companies is to please the customers and to focus on customer satisfaction. The more such values are internalized in employees, the more their willingness to act prosocially in favor of activities dedicated to customer satisfaction, even if those activities fall outside of their expected duties and expectations. Thus I propose that

> *Proposition 3: Employees who experience feelings of ownership towards their organization will have more of a tendency to prosocial behaviors than employees who do not, and this relationship is moderated by the level of internalization of organizational goals and values.*
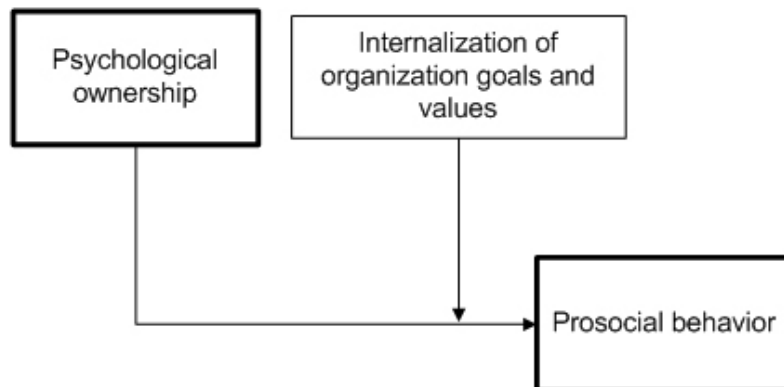
Figure 4-4. Proposition 3

4.5. Shared Responsibility Leads to Ethical Decision Makings

Responsibility is a concept with both forward-looking and back-looking forms. The forward-looking form of responsibility is the sense in which an individual is responsible for achieving a good result (Online ethics center for engineering, 2006). Feeling of responsibility among different levels of organization will lead the individuals to be concerned about the consequences of their actions, and this awareness eventually may lead to making ethical decisions. In this section, I propose that feelings of responsibility among employees may lead to higher degrees of ethical decision-making. I suggest two main reasons for this theoretical finding.

First, in organizations where employees have higher senses of responsibility, they tend to obey company's rules to a higher extent as compared to the employees who don't have a sense of responsibility (Lu et al, 1999). Every organization has its own set of rules and regulations in relation to ethics (Ferrell et al, 2011). A code of ethics is an organization's set of guidelines designed to set out acceptable behaviors for its members (Smith, 2012). These codes guide the individual's behavior and protect the corporation from illegal and unethical behaviors of employees (Adams et al, 2001). Several studies confirm that code of ethics has a positive impact on ethical behavior in organizations (See, for example, Ferrell & Skinner, 1988; Pierce & Henry, 1996; Shaw & V.Barry, 1995). It is, however, important to note that the mere existence of such ethical codes will not solve all of a company's ethics problems (Adams et al, 2001). Situations outside the ethical codes may arise that will

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depend upon an individual's personal cognition of ethics, an issue that we will consider later. Therefore, I believe that following an organization's ethical rules and norms will, to some extent, increase ethical behavior among employees.

Secondly, "being responsible means taking into consideration all the possible negative and positive consequences in a decision-making process" (Langlois & Lapointe, 2010, p. 151). Hence, individuals with a sense of responsibility also tend to demonstrate concern about the consequences of their actions and decisions. The study of Jones' (1991) issue-contingent model is relevant here; this model affirms that many decisions are moral decisions because they include a moral component. He introduces a concept called moral intensity as a collection of characteristics of the moral issue itself (e.g. magnitude of consequences, social consensus). Moral intensity affects the process of decision-making through its impact on the individual's recognition of the consequences of decisions (Jones, 1991). As a result, the more individuals care about the consequences of their decision, the better they realize the moral intensity of that issue which consequently leads to better recognition of moral issues and to a greater awareness of how their moral judgments result in moral behavior.

One variable that impacts the relationship between an employee's sense of responsibility and ethical decision-making is leadership. Executives generally have great power to move the ethical awareness of organizational members in positive as well as in negative directions (Thomas et al, 2004). Many studies have explored the impact of leadership on employees' ethical behavior. Gottlieb & Sanzgiri (1996) have discussed the role of leaders in embedding ethical norms and values in organizations. Pfeffer (1981) identified leadership as a symbolic activity to shape organizational activities. He notes that a leader's symbolic actions represent the values and norms of the organization.

Leadership is the ability or authority to guide others toward achieving goals, and it has a significant impact on the ethical decision-making process (Ferrell et al, 2011). Generally, the ethics "message" of an organization begins at the top of a firm and flows down throughout its lower levels (Thomas et al, 2004). Employees learn what to do, as well as what not to do, by observing the messages coming from their leaders' behavior (Kidwell &

Martin, 2005). Employees observe and are likely to imitate the appropriate or inappropriate behaviors of their leaders. "If leaders are observed "cooking the books" enriching themselves at the expense of others, or lying to customers or suppliers, followers learn that such behavior is expected" (Kidwell & Martin, 2005, p. 72). So employees who have an initial sense of responsibility towards the organization may act less ethically if they see their leaders acting unethically.

If leaders unfairly pressure their employees, or if they create conflicts in the workplace, these acts of poor leadership may lead to unethical behavior (Kidwell & Martin, 2005). For example, a manager who asks employees to sell a product to a customer no matter what (an example of putting that employee under pressure) or a manager who forces an employee to choose between staying home with a sick child and keeping his job (an example of conflict in one's values), probably motivates the employees to behave unethically.

The other factor that is imperative when it comes to ethical decision-making is how much ethics is institutionalized within the organization. Institutionalizing ethics refers to the actions that an organization takes to get ethics formally and explicitly into the daily behavior of employees at different levels of the organization (Sims, 1991). Organizational processes and discourses are important elements in shaping such foundations, and they consequently impact employee's ethical behavior. Processes that may lead to promoting employee's ethical behaviors are, for example, establishing permanent committees created to monitor the ethical behavior of the organization, implementing ethics training programs, and creating a code of ethics.

The role of discourse is also important in creating ethical behaviors among employees. Discourse refers to practices of writing and talking (Woodilla, 1998), and language is the raw material of discourse (Heracleous, 2006). Discourse does not just describe things in the organization; instead, they do things and lead to actions (Potter & Wetherell, 1987) through the way they make sense of the world (Phillip et al, 2004). Discourse makes certain ways of thinking and acting possible and other ways impossible or costly in an organization (Phillip et al, 2004). Examples of discourse in an organization that may influence the ethical

behavior are the speech of management about the importance of ethics, the texts and statements among employees about what is right and wrong, and statements about responsibility levels.

Considering the role of leadership, processes, and discourse of the organization, employees with a sense of responsibility are not always making ethical decisions. The ethical behavior of leaders themselves and their expectation from the employees, as well as the discourse and processes that flow through the organization, all will impact on how an employee acts when confronting an ethical dilemma. Thus I propose that:

> *Proposition 4: Employees with higher sense of responsibility tend to make more ethical decisions than employees with lower sense of responsibility, and this relationship is moderated by the behavior of their leaders and organization's processes and discourse.*
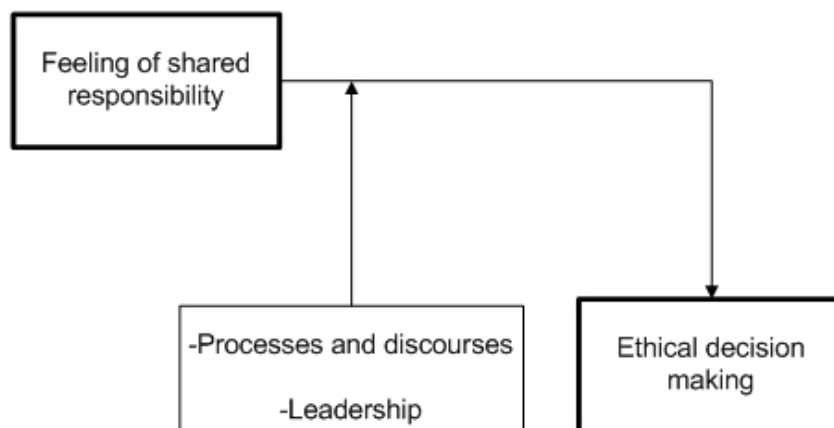
Figure 4-5. Proposition 4

4.6. Prosocial Behavior Leads to Ethical Decision Making

Prosocial behavior is defined as actions that benefit other people or society as a whole (Baumeister et al, 2007). Prosocial behavior can be directed toward both individuals and the organization (Brief & Motowidlo, 1986). Individuals who behave prosocially toward the organization don't consider their own benefits but undertake actions and make decisions that are in favor of the organization. The question to consider here is whether prosocial behaviors toward the organization are ethical behaviors?

The relation between ethics and prosocial behavior has been mentioned in a number of studies. An employee's work ethic has been suggested as one of the antecedents of prosocial behavior towards the organization, according to Brief & Motowidlo (Brief & Motowidlo, 1986). Kohlberg (1964, 1969b) and Hoffman (1963) have confirmed a relationship between prosocial behavior and conscience development. MacDonald (1966) found a high connection between religious values and altruism (Gerge et al, 1972) which is a type of prosocial behavior (Cardwell et al, 2001). Prosocial behavior is not the same as moral behavior. "Our tendencies to morality and our moral nature may have originally developed, evolutionarily speaking, from prosocial traits" (Chan & Harris, 2012, p. 130). "Individuals with strongly prosocial tendencies have internalized higher and more universal standards of justice, social responsibility, and modes of moral reasoning" (Brief & Motowidlo, 1986, p. 717).

The emotions that are developed in a person who has feelings of psychological ownership will likely direct the individual into making decisions in favor of the organization. I believe that prosocial behaviors originating from psychological ownership and directed toward the organization tend to be more commonly ethical behavior than unethical, but there are prosocial behaviors that may be unethical as well. The reason I believe so is that according to Brief & Motowidlo (1986), some prosocial behaviors that are directed toward an individual may be dysfunctional to the organization, but prosocial behaviors that are directed to the organization as a whole are almost always functional to the organization. That means that individuals who behave prosocially usually don't make decisions that harm the organizations. This finding also includes many unethical behaviors that harm the organization legally.

The role of leadership is important in creating ethical behavior among employees with prosocial tendencies toward the organization. Leaders have the power to motivate or to demotivate employees about ethical behaviors, and they enforce both the organization's rules and policies and their own viewpoints (Kidwell & Martin, 2005). Leaders' power to influence may stem from the fact that leaders make decisions about the rewards and punishments that are imposed on employees (Kidwell & Martin, 2005). For example, if an employee is rewarded for an ethical behavior, other employees will be motivated for

similar ethical behaviors by this act of leadership. If a prosocial act of an employee which is unethical at the same time is punished or reprimanded by a manager, other employees will likely become demotivated to carry out such activities. For example, cheating on a supplier may be beneficial for an organization but is an unethical behavior at the same time. The way the manager reflects on this matter and behaves with the employee who does that will certainly impact other employee's behaviors in similar situations.

The role of an organization's discourses and processes is also an important factor influencing the way employees behave. Employees with prosocial tendencies toward the organization are willing to do activities in favor of the organization (Brief & Motowidlo, 1986). But whether these behaviors are ethical or not depends on the ways of talking, language, limits and restrictions, and all processes in the organization which direct the employees toward certain ways of acting and thinking (Phillip et al, 2004). Thus I propose that:

> *Proposition 5: Employees who behave prosocially towards the organization tend to make more ethical decisions than employees who do not, and this relationship is moderated by the behavior of their leaders in an organization's processes and discourses.*
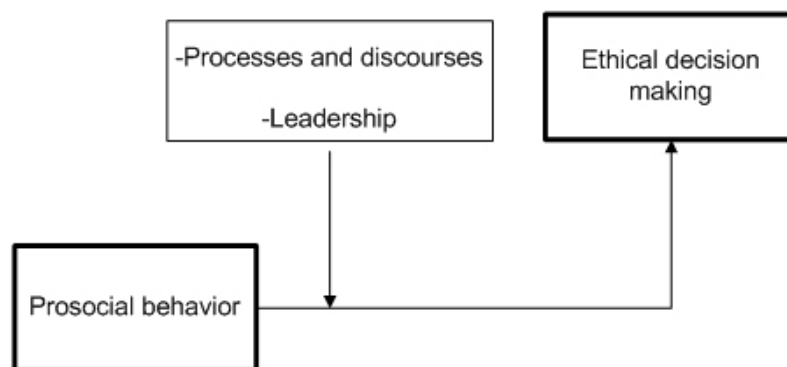

Figure 4-6. Proposition 5

4.7. Suggested Model of Ethical Decision-Making

As a result of the mentioned above propositions and by integrating research on ethical decision-making, employee voice and participation, psychological ownership, shared

responsibility and prosocial behavior, I have developed a model that represents a network of relationships that articulates a set of conditions through which employee voice and participation may lead to ethical decision-making. In addition, the study suggests that employee voice and participation is unlikely to operate directly and/or independently on employee's decision-making, but there are a number of moderating variables between employee voice and participation and ethical decision-making (see Figure 4-1).
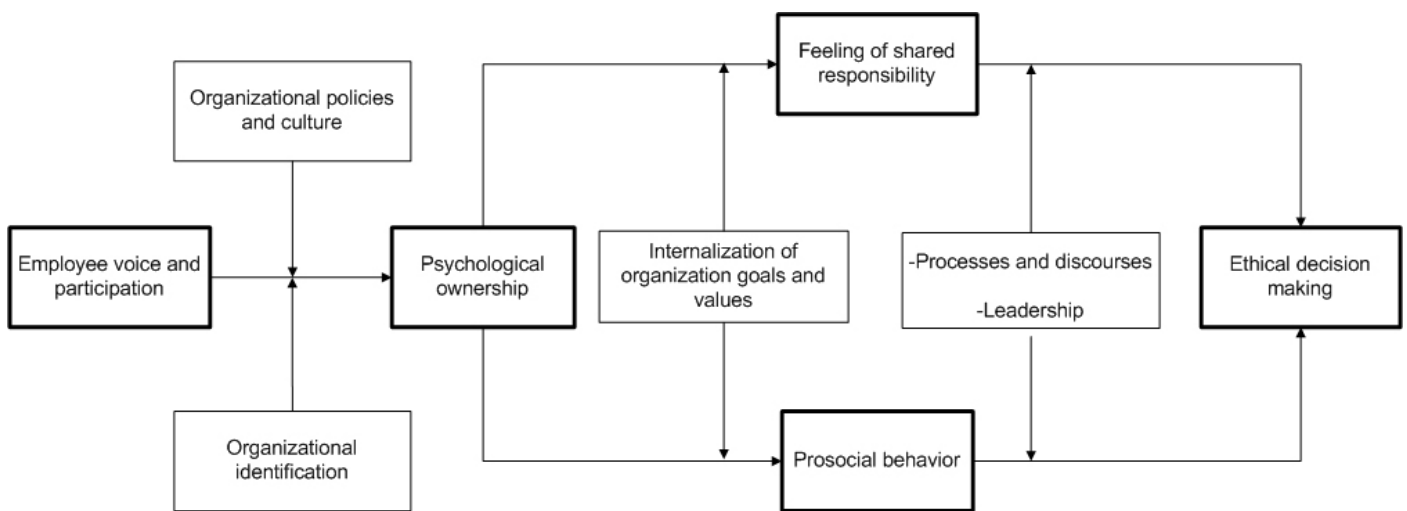

Figure 4-7: The Proposed Model of Ethical Decision Making

5. Discussion

Much of the literature on ethical decision-making is based on the individual's capabilities to make ethical decisions within the organization. As mentioned earlier in this report, the main models of ethical decision-making are the person-situation interactionist model which focuses on individuals' cognitions arising from their level of moral development (Trevino, 1986); the sensemaking-intuition model which is based on individuals' recognition of the moral implications of an issue (Sonenshein, 2007); and, the issue-contingent model of ethical decision-making which focuses on the characteristics of a moral issue itself (Jones, 1991). All these models of ethical decision-making could be applied to individuals regardless of the position he or she holds within the organization. It seems that these models somehow miss the link between the location, or the status, of the employees within the organization and their ethical decision-making.

5.1. Main Contributions of the Study

One of the main contributions of this study is introducing the relationship between the two concepts of employee voice and participation and ethical decision making for the first time. Many studies have been done in the field of ethical decision-making and this topic has been discussed from different aspects but to date no study has attempted to expand the effect of employees' involvement and participation on ethical decision making. In this study, by analyzing the results of the studies that have been done in the field of ethical decision-making and employee voice and participation and other related concepts, I could illustrate a relationship between the two concepts. The results of this study show that employees who have a higher level of participation in organizations care more about their organization and feel a higher degree of responsibility towards the environment in which they work; consequently, they are more prone to consider ethics in their actions. In the model presented in this report, there is a set of moderating effects that explains the relationship between employee voice and participation and ethical decision-making.

The positive relationship between prosocial behavior and ethical decision-making is the other contribution of this study. While the relation between prosocial behaviors in organization and ethics has been discussed in a number of studies, there has been no

explicit study about the relation between the two concepts. As discussed earlier, prosocial behavior may lead to a variety of contrasting behaviors. In this study I proposed that considering the impact of psychological ownership which makes the organization the target of prosocial behavior; employees with prosocial behavior tend to behave in favor of the organization.

Finally the existing literature on prosocial behavior addresses the relationship between prosocial behavior and ethics in general. The results of my analysis of these studies show that the impact of prosocial behavior in itself neither leads to ethical decision-making nor to the impact of feelings of shared responsibility. But the combination of feelings of responsibility towards the self and towards the others may lead to ethical decisions. The role of leadership and organizational processes and values impact the degree of responsibility towards the consequences of one's actions and feelings of responsibility towards the organization. Therefore, the other contribution of my thesis is showing that the combination of the two concepts of shared responsibility (defined as the responsibility that employees have towards their actions) and prosocial behaviors (actions that benefit the organization) originating from psychological ownership altogether leads to ethical decision-making.

5.2. Limitations and Implications for Future Research

Although psychological ownership is not considered a constant attribute of individuals (Dyne & Pierce, 2004), it can be predicted that individual factors may influence the degree of psychological ownership (Light, 2004). In the first part of the model, organizational identification and organizational policy and culture has been considered as moderating variables for creating psychological ownership, while the role of individual factors such as personality, individual differences, and interests has not been considered as a variable in creating psychological ownership. However, individual differences are imperative factors that impact on whether an employee creates a psychological attachment to the organization (Light, 2004). Individual differences and personality also impact the ethical decision-making process. Many studies also suggest that there is a relationship between ethical decision-making and personality. The process of ethical decision-making is influenced by individual differences and one's judgments of a moral issue (Bass et al, 1999).

Therefore, future research may investigate the contribution of individual differences to the model.

Another central and important issue for further study is to examine the effect of different leadership styles in the ethical decision-making process. Leadership styles have significant effects in both small businesses and in the world's largest corporations. These styles affect everyone in the organization from senior management to the entry-level worker. They contribute to creating the corporate culture that influences the organization and its performance (Tannenbaum & Schmidt, 1973). Autocratic leadership, participative leadership, and delegative leadership are examples of different leadership styles in which the leader interacts differently with the employees. For example, autocratic leaders make decisions with little or no involvement from employees (Tannenbaum & Schmidt, 1973). Such a leadership style may lead to lower ethical decision-making among the employees, while in organizations with participative leadership management offers guidance to its teams and departments while accepting input from individual staff members. Further research would be beneficial to examine more closely the impacts of different leadership styles in ethical decision-making under this model.

Furthermore, in the proposed model the impact of external factors such as society and culture in different countries has not been considered. It would be interesting to consider the impact of society on the organizational culture and generally on the ethical behavior of employees. Society can have a great influence on organizational culture and may change the organizational culture over time. Furthermore, culture in different nationalities and societies are different so ethical behaviors in one country may be considered unethical in the other country. Therefore, another idea for future research is to consider factors such as difference in nationality and impact of society on the proposed model.

I believe that the theory of ethical decision-making presented here may be applied to a variety of organizations. However, I think that future elaboration and empirical testing of the model is also needed. Although the existing literature enables us to suggest that employee voice and participation may lead to ethical decision-making in organizations, future empirical investigation should be characterized by different types of

organizations. For instance, flat organizations provide higher opportunity for employees to get involved in decision-making processes, while in more complex and hierarchical organizations, participation in decision-making is different. Different organizational structures also provide differences in the model in practice. Therefore, future research efforts should be directed toward this important issue.

5.2.3. Methodology for Empirical Study of the Model

The empirical study of the model will adopt a qualitative approach. According to Bryman and Bell (2007) qualitative approach emphasizes on words and explanations rather than figures and numbers in the data collection and analysis of the data and is more appropriate for studying human behavior. The research design of the study will be in the form of a single case study of an organization such as employee owned firm. An employee owned firm is a suitable case for this study because ownership programs are known as one of the ways that involves employees' participation in organizational decision-making. Researchers have suggested that ownership carries with it a legal right to influence decisions (see for example Rhodes & Steers, 1981; Rousseau & Shperling, 2003). The reason why case study is chosen as the research method is that case study is a suitable method for examining "why" and "how" questions. Especially, "how" questions are suitable for a case study because these types of question deals with links needed to be traced over time, rather than frequency or incidence (Yin, 2003). In addition, the case study is suitable for exploratory research (Saunders, 2007) which is the cases of this study.

Data collection will be done by means of both primary and secondary data. The secondary data will be collected from company reports and documents, books and scientific articles in order to obtain better insight of the situation. Primary data will be collected by means of semi-structured interviews with managers and employees. Semi structure interview is a type of interview in which interviewer has a list of questions as an interview guide (Bryman & Bell, 2007). The reason why this type of interview is chosen is that unlike the structured interview, semi- structured interview provide the opportunity to control the order of the questions and give the respondents the possibility to expand their ideas and speak about different subjects rather than relying only on concepts and questions prepare in advance of the interview (Bryman & Bell, 2007). Choosing semi structured interview

technique is essentially for encouraging the interviewees to freely discuss their own opinion on ethical decision-making and involvement in the organization.

After collecting all the data, the results of the research from the interviews will be examined in relation to the ethical decision-making model. In order to have a sound interpretation of the data, triangulation will be used as part of the data analysis process. Triangulation means using multiple methods or sources of data in an effort to improve the validation of the data and its interpretation (Bryman & Bell, 2007). Since ethical issues are sensitive issues, measures will be undertaken to ensure the privacy, the confidentiality, and the safety of the subjects in the data collection process.

6. Conclusion

While studies in the field of ethical decision-making have offered several important insights into how individuals in the organization make ethical decisions, in this study an important challenge to these approaches has been raised. Existing theoretical models on ethical decision-making have neglected to substantively account for the role of the employee's position within the organization. These models suggest that individuals will make ethical decisions in the same manner regardless of their level of involvement and participation in the decision-making process in organizations. In this study a model of ethical decision-making is suggested which can be used for understanding the role of an employee's voice and participation in the level of ethical decision-making in organizations. Several factors (e.g., organizational policy and culture, the level of employee's identification with the organization, leadership) may also impact the employee's voice and participation and, hence, the ethical decision-making relationship as suggested in this model.

As a result of this model, employees who have a better voice and a higher level of involvement in the organizational decision-making process are more likely to make ethical decisions. The model offers insight into how managers provide a way for the employees to have a voice and to get involved in the process of decision-making. It is hoped that the proposed model and propositions add to the theoretical base needed to develop research for future investigations on ethical decision-making in organizations.

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