
Hiekkataipale, M.-M., Lamsa, A.-M. (2016), „The Ethical Problems of Middle Managers and Their Perceived Organisational Consequences”, *Transformations in Business & Economics*, Vol. 15, No 3 (39), pp.36-52.

-----TRANSFORMATIONS IN -----
BUSINESS & ECONOMICS

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THE ETHICAL PROBLEMS OF MIDDLE MANAGERS AND THEIR PERCEIVED ORGANISATIONAL CONSEQUENCES

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Received: December, 2014
1st Revision: April, 2015
2nd Revision: April, 2016
Accepted: September, 2016

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

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

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

JEL classification: I23, M12, M14.

Introduction

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

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

The research questions are as follows:

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

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

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

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

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

1. Theoretical Background

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

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

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

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

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

Table 1. Types of ethical problems

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

Source: Geva 2006, p.135.

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

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

2. Method

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

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

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

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

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

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

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

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

3. Results

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

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

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

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

Source: interview data and Geva (2006).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of the Results

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

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

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

5. Discussion

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

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

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

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

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

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

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

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

6. Research Limitations and Further Research

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

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

Conclusions

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

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

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

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

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