What should a Manager like Me do in a Situation like This?

Strategies for Handling Ethical Problems from the Viewpoint of the Logic of Appropriateness

Introduction

It is increasingly recognised that ethics is crucial to organisations' sustainable and successful performance (e.g. Nash, 1990; Paine, 1997; Crane and Matten, 2007; Huhtala et al., 2011; Thiel at al., 2012). It is also widely agreed that it is managers who set the ethical tone in their organisations and consequently shape the decisions, opinions and behaviour of their followers (see e.g. Kaptein, 1998; 2011; Treviño et al., 2000; 2003; 2006; Gini, 2004; Marsh, 2013; Zoghbi-Manrique-de-Lara and Suárez-Acosta, 2014). However, in their work, managers encounter various ethical problems which can be ambiguous, ill-defined, rapidly unfolding, novel and complex, as well as lacking a single solution path (Treviño, 1986; Nash, 1990; McNeil and Pedigo, 2001; Dean et al., 2010; Selart and Johansen, 2011; Thiel et al., 2012). Managers also face time pressures and multiple expectations from organisation members and other stakeholders which, in turn, increases the possibility of their having to face complex ethical problems (Dukerich et al., 2000; Lämsä and Takala, 2000; Mumford et al., 2000). Such problems should be handled as effectively as possible to ensure the well-being of the people concerned as well as the success of the organisation (Rahim et al., 1999).

This empirical study has three aims. Firstly, the goal is to identify what strategies managers use to handle ethical problems. Secondly, we aim to study what kind of ethics managers reveal when they handle ethical problems using a certain strategy. And thirdly, we discuss which strategies seem to

contribute to the overall ethicality of the organisation. We argue that managers have different strategies for handling complex ethical problems and that these strategies are formed according to the logic of appropriateness. There is some empirical research about actual ethical problems in management, but surprisingly little of it has addressed the question of how managers handle such problems from the initial recognition of the problem to the perceived resolution or end result in the organisation (see e.g. Waters et al., 1986; Badaracco et al., 1995; McNeil and Pedigo, 2001; Pedigo and Marshall, 2004; Dukerich et al., 2000; O'Fallon and Butterfield, 2005; Power and Lundsten, 2005; Dean et al., 2010; Feldt et al., 2012).

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

Contributions of the study

This study makes four contributions to the prior discussion of the handling of ethical problems, and also the underlying approaches to ethical decision-making in an organisational context. Firstly, and most importantly, we will show how the theory of logic of appropriateness could add

to the most seminal (O'Fallon and Butterfield, 2005) theories of ethical decision-making (Rest, 1984; Treviño, 1986, Jones, 1991) in the organisational context.

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

Deliberate and rational reasoning is explicitly stressed in Rest's (1986) well-known and probably most widely applied framework (O'Fallon and Butterfield, 2005; Craft, 2013) for ethical decision-making. Rest's (1986) four-step model for individual ethical decision-making and behaviour posits that responses to ethical problems contain four elements: recognition of the problem, ethical judgment, moral intent, and finally, ethical or unethical behaviour. Treviño (1986), following Kohlberg's (1984) work on cognitive moral development, proposed in her person-situation interactionist model that ethical or unethical behaviour results from the individual's stage of moral development and the interplay between various individual and situational components. Again in Jones's model (1991) the emphasis is on rational and reasoned evaluation of the possible consequences. Jones (1991) introduced the concept of moral intensity, which implies that ethical decision-making is issue contingent; that is, people's reactions to ethical issues are dependent on the magnitude of the consequences of the issue, the concentration of effect, probability of effect, temporal immediacy, proximity and social consensus.

We argue here that these models may provide an over simplified view of the complex, uncertain and multiple organisational realities that managers face (Weber et al., 2004; Sonenshein, 2007; Litschka et al., 2011; Uhl-Bien and Ospina, 2012). Unlike in Rest's (1986) and Treviño's (1986) models, the theory of logic of appropriateness suggests that the situation itself evokes different aspects of an individual's identity and also informs the person about the various formal and informal rules which should be applied in the situation (March, 1994). Tenbrunsel and Messick (2004) assert that the strength of the logic of appropriateness is that it pays adequate attention to how individuals tend to frame a situation either as an ethical problem, which they therefore handle by applying ethical principles, or as a conventional business issue, with no need for ethical consideration.

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

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

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

Secondly, drawing on Collier (1998), in this paper we discuss the strategies which appear to contribute not only to the effectiveness of the organisation but also to its overall ethicality. Thirdly, in our analysis of the strategies managers use to deal with ethical problems, we draw partly on Ciulla's (2005) and Ciulla and Forsyth's (2011) framework. Ciulla (2005) suggests that managers'

ethics can be assessed by focusing on three dimensions, which encompass three different ethical theories, namely deontology, virtue ethics and utilitarianism. However, we criticise the model of the three ethical facets because it downplays the role of care (Gilligan, 1982; Noddings, 1984). Some previous studies suggest that care can have a crucial role in managers' decision-making in ethical problems (e.g. Lämsä & Takala, 2000). This study extends Ciulla's (2005) and Ciulla & Forsyth's (2011) model by adding the care perspective to it.

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

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

Table 1. Research questions and the conceptual framework of the study

Theory	Research questions

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

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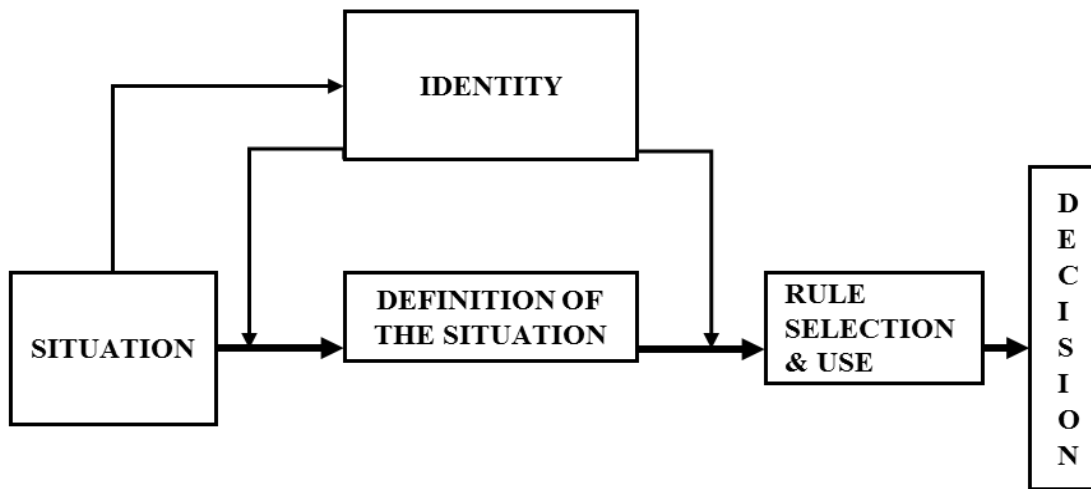
Theoretical framework

Logic of appropriateness

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

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

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

Figure 1. A representation of the logic of appropriateness framework (Weber et al., 2004)

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

Thirdly, people identify the normative context of the situation. They may ask themselves, "How do other people understand this kind of situation and what do others expect me to do in a situation like this?" (Weber et al., 2004). This refers to the highly social nature of decision-making; decisions are shaped by the roles played by an organisation's members. Treviño et al. (2008) and Jackall (2010), for example, address this question by claiming that top managers easily align their thinking and actions to the corporate hierarchy and their position in it, one result of which may be that they are unable to question unethical practices in the organisation. Moreover, senior managers' perceptions about an organisation's ethics have been found to be more positive than lower level employees' perceptions, mostly due to the expectations related to the managerial role, and identification with the organisation (Treviño et al., 2008). In their empirical study of top managers, Wilhem and Bort (2013) found that popular management concepts are adopted into organisational discourses on the basis of their appropriateness not their likely consequences. As set forth in the theory of the logic of appropriateness, tacit and formal rules shape the individual's behaviour in different situations (March 1994; Sending, 2002; Weber et al., 2004). March and Olsen (2009) add that rules are followed because they are seen to be natural, rightful, expected and legitimate. Actors seek to follow the rules encapsulated in their role and identity, and in the practices, ethos and expectations of the institution.

To sum up, according to the theory of the logic of appropriateness, in order to judge the appropriate action in a given situation and context the actor seeks to assess the situation, his/her own identity, and the rules that apply in that situation (March, 1994). The decision as to what is the appropriate action is primarily based on the individual answering for him/herself three questions: The question

of recognition: What kind of situation is this? The question of identity: What kind of person am I or what kind of organisation is this? The question of rules: What does a person like me, or an organisation such as this, do in a situation such as this? (March, 1994; Messick, 1999; Sending, 2002; Weber et al., 2004).

Finally, March and Olsen (2009) conclude that to act appropriately is to follow the institutionalised practices of a collectivity, based on a mutual, and often tacit, understanding of what is true, reasonable, natural, right and good. However, the fact that some rule or other is regarded as appropriate by an actor or organisation does not mean that it is ethically acceptable or will contribute to positive outcomes in the organisation. That is, the logic of appropriateness does not imply that behaviour in social dilemmas such as the handling of ethical problems is predictable. On the contrary, behaviour can vary widely from one case to another, since situations vary, identities differ and rules may change. (March, 1994).

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

Managers' ethical problems and problem-handling strategies

In this discussion we will begin by quoting the definition put forward by Nash (1990: 126), who contends that ethical problems are twofold. In type A situations one does not know what is the

right or wrong thing to do, and in type B situations one knows what is the right thing to do but fails to do it.

A body of prior research on ethical problems in management indicates that the problems experienced are mainly related to daily personal, intrapersonal and relationship issues in the workplace, and do not usually concern large-scale strategic issues (Waters et al., 1986; Dukerich et al., 2000; Power and Lundsten 2005; Huhtala et al., 2010; Feldt et al. 2012). Scholars, for instance Rahim et al. (1999), Rahim (2002) and Alavuklar and Çakar (2012), agree that there are similarities between ethical problems and organisational conflicts. Organisational conflicts, which can be defined as interactive processes manifested in incompatibility and disagreements within or between individuals, groups and organisations, are often of an ethical nature. Given this noteworthy relationship between the ethical problems of managers and organisational conflicts, as well as the focus of our research, we will briefly discuss different conflict-handling strategies.

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

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

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

Ethical perspective of the study

To analyse the ethics revealed by the managers, we draw on the framework of three ethical facets (duty, virtue, utilitarianism) suggested by Ciulla (2005) and Ciulla and Forsyth (2011), to which is added the viewpoint of care ethics (Gilligan, 1982). The first dimension in Ciulla's (2004) model relates to the personal ethics of leaders and especially to the role of duty as a basis for leadership (Auvinen et al., 2013). Immanuel Kant, the central figure in the subject of deontology, the ethics

of duty, thought that decisions about right or wrong are dependent on certain principles and rules that all humans should apply and obey. He also considered humans to be rational actors who could decide these principles on their own (Crane and Matten, 2004). Kant developed a framework for deriving these principles known as the categorical imperative (Velasquez, 1998). From the point of view of leadership, the categorical imperative guides leaders to make only the kinds of choices that the leader would want others to make if they were in his/her place. That is, if a manager for instance observes unethical behaviour on the part of one particular employee and silently approves it, he/she is simultaneously accepting that everyone can behave similarly and no intervention is required. Kant also asserted that one should always treat other people as ends and never as means only (Ciulla and Forsyth 2011). Thus leaders should respect other human beings and show moral consistency towards subordinates (Ciulla and Forsyth, 2011).

The second dimension of the framework studies the process of leadership and draws upon the ideas of virtue ethics based on the philosophy of Aristotle. Ciulla and Forsythe (2011, p. 230) assert that virtues are moral qualities which leaders only have if they practise them. Velasquez (1998) points out that virtues are habits relating to emotions, desires and actions which can be regarded as being reasonable and "middle ground". According to Aristotle, human beings' ability to reason about right and wrong, good and evil distinguishes humans from other beings (Velasquez 1998). We may say, then, that virtue ethics encourages people to live reasonably, show courage, integrity, self-control and humanity, and avoid being excessive or performing poorly in the course of their lives. Virtue theory argues that one learns to practise a virtue through experience, social sanctions and role models (Ciulla and Forsythe 2011). Interestingly, in recent years the virtue ethics approach has gained considerably in popularity in business ethics research (see e.g. Kaptein 2008;

Solomon 2004; Marsh 2013). For instance, in her recent study, Marsh (2013) prioritises the virtue ethics approach over other theories of ethics when studying the ethicality of decision makers since it focuses on both the character of leaders and the connection between leaders' personal values and ethical activity.

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

We will also look at one ethical theory not included in Ciulla's (2004) framework, namely, Carol Cilligan's (1982) ethics of care. The theory suggests that the need to maintain interpersonal relations in organisations is embedded in managers' ethical decision making. She argues that subjective reasoning in ethical problems is based on intuition, involving emotions, not the rational calculation of consequences or abstract ethical principles (Gilligan 1982). Crane and Matten (2004) as well as Velasquez (1998) stress that ethics of care calls for harmony, kindness and empathy and also lays emphasis on social processes in maintaining healthy relationships in organisations. According to Velasquez (1998:122), two central moral demands prevail in the

theory. Firstly, every human being exists in a web of relationships which should be preserved and nurtured. Secondly, one should respond to the needs of those to whom one is concretely and closely connected, and address especially the needs of those who are vulnerable and dependent on one's care. From the middle manager's point of view, ethics of care calls for care for the well-being of subordinates and attention to relationships in the immediate working community.

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

Method

A qualitative approach was chosen for this research since it might have been difficult to capture the essence of managers' experiences with quantitative methods (see e.g. Treviño et al., 2003; Silverman 2005; Järvinen, 2012). In our analysis we draw especially on empirical phenomenology, which suggests that an actor's perspective is essential in the analysis but also acknowledges the central role of theory in research (Aspers, 2009).

Participants

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

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

Procedure

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

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

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

After this, interviews were conducted with the manager in person about the specific event(s) that he/she had described. The duration of the interviews varied from half an hour to one and a half

hours. All the interviews were recorded and transcribed word by word. The interview consisted of three main parts: 1) background data 2) a description of the problem(s), how the ethical problem(s) evolved, what events took place, and who was involved and 3) a description of how the problem(s) was handled as well as the final outcome of the problem-handling process to the organisation. The aim was to collect precise information about the middle managers' actual experiences of the events leading to the emergence of ethical problem(s), the handling of the problem itself, and the outcomes of the entire process from their viewpoint. Each respondent described between one and five incidents and altogether 52 problems were identified in the data. The data consisted of very rich and detailed descriptions and analyses of the problems as well as more general level stories of the course of the incidents. In this study, the Atlas.ti-programme was used for coding and categorising data. To guarantee the anonymity of the respondents, each manager was assigned a number from 1 to 20 which is used later on in this article to refer to each particular manager.

At the beginning of the analysis process we made an inductive oriented analysis of the ethical problems experienced by the middle managers whom we interviewed by categorising the problems according to their content. The problems were then divided into six separate groups, which will be presented later in this article. After this phase, we continued the analysis by making a theory-driven analysis which emphasised the chosen theoretical model, that is, the logic of appropriateness, as guidance (Hsieh & Shannon 2005; Aspers 2009). We read the managers' descriptions of the ethical problems they had faced and of incidents relating to the problems carefully, several times. After familiarising ourselves with the data as a whole, we circulated the data, and discussed and shared our impressions with respect to the three elements of the theory of logic of appropriateness - situation, identity and rules - in each of the interviews. In this phase, five different handling

strategies were identified from the data. An example of how the handling strategies were constructed is presented in Table 2.

Table 2. Example of the construction of the handling strategies.

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

		should stop here and reconsider and I try to present an alternative, but…	words, no skills and no courage.	
No. 16	Top management refuses to intervene in a case of arbitrary behaviour on the part of a school head.	"He just kind of stated that this is rubbish, nonsense. He ignored it. He prefers to stick to other kinds of duties."	"Someone wrote an anonymous letter about the situation, but it was passed over…, even though it was a serious cry for help!"	"Bystanding"

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

Results

This section presents the types of ethical problems and the problem-handling strategies that were revealed in the data. In each sub-section we first define the main features of each strategy by answering the key question in the logic of appropriateness: What should a person like me do in a situation like this? We then discuss the strategies in the light of the four ethical theories. Finally, we present the perceived organisational and individual outcomes of the use of each strategy in order to show how the strategies contribute to the ethicality of the organisation.

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

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

Both managers and subordinates showed self-interested behaviour for instance in trying to maximise their own benefits, bending the organisational rules for their own good, and manipulating other people against the organisation. Avoiding/neglecting responsibilities included such problems as deliberately neglecting one's tasks and not intervening in relationship conflicts at the workplace. In the category of hidden agendas, managers' problems related to the hiding of information or motives from more junior employees or from upper management and deliberately lying to superiors. Insufficient financial resources for the given tasks or lack of information set a gap between targets and resources. Examples of relationship conflicts included staff members' backstabbing of each other and the forming of competing "tribes". The last type of problem, called

here the questionable behaviour of a trade union representative, consisted of someone leaking confidential information during a difficult dismissal process.

Strategies for handling ethical problems

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

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

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

The content of the problem (in a nutshell)	Handling strategy	Examples of the handling strategies	Ethical facet

Hidden agendas, Self-interested behaviour, Relationship conflicts among employees, neglecting/avoiding duties, gap between targets and resources	Mediating strategy (10 managers, 23 ethical problems)	"I dislike ethical problems since they are blurred and bring anxiety to everyone. I should be a good manager who values highly skilled staff. I should not get involved with arguments between my staff or upper management. I have to try to handle the ethical problems as well as I can, I often fail due to lack of support or rules but I look for consensus and aim to mediate an easy way out for everyone."	Consequences + Ethics of care
Self-interested behaviour of both subordinates and superiors, gap between targets and resources, avoiding of responsibilities, relationship conflict among employees	Principled strategy (8 managers, 15 ethical problems)	"I should be a strong, fair and principled middle manager who knows personally the difference between right and wrong and should be on the one hand responsible for the equal and fair treatment of people and on the other hand for the following of organisational rules. I need to do my best to solve ethical problems which are quite common but yet complex effectively in an unbiased manner because I want to and because it is my duty to solve them."	Virtue + Duty + Consequences
Self-interested behaviour of both superiors and subordinates, superiors' avoiding or neglecting duties, hidden agendas, questionable behaviour of a trade union representative	Isolation strategy (3 managers, 7 ethical problems)	"I should be a responsible middle manager and loyal to my employer, I should carry out my duties according to the organisation's rules as well as I can. I prefer to concentrate on subject issues like curriculum development or the thesis process instead of messy ethical problems. I need to try to tackle the problems mostly alone since due to my previous experience in the organisation I know that I cannot rely on my superiors' support or my subordinates' fair behaviour. Sharing ethical problems with someone does not help and it is not even expected of me".	Duty + Consequences
Self-interested behaviour of superiors, the superior neglecting/avoiding duties	Teaching strategy (2 managers, 7 ethical problems)	"Ethical problems are complex and difficult, intertwined, and may have serious consequences to me and to the organisation. I should be a caring and empathetic manager who is responsible for doing good to people and the	Ethics of care + Virtue + Consequences

		organisation. Even though I avoid open confrontation in these matters, I try to set an example of good behaviour and teach other people through my example so that others would start to notice that these problems require attention in future."	
Self-interested behaviour, Relationship conflicts among employees, neglecting/avoiding duties,	Bystanding strategy (0 managers, 9 ethical problems)	"There are certain blurred problems in the organisation related to unethical behaviour but they are neither my responsibility nor do they actually interest me. Handling ethical problems is unpleasant since I don't know what to do and there might be some unexpected consequences to me. I should disregard problems and sweep problems under the carpet since I am not expected to do much related to them."	Consequences

Mediating strategy

The mediating strategy was applied by ten managers in twenty-three ethical problems. This strategy was applied to various ethical problems but they predominantly related to subordinates' behaviour in the workplace. Looking at this from the point of view of defining the situation, the respondents recognised and defined several day-to-day ethical problems to which they wanted to find solutions, but conceded that they often failed to make clear-cut decisions, talk about the problems openly or in the end demand ethically sound behaviour from their subordinates in the work community. It may be worth noting that in their descriptions of ethical problems, the managers highlighted how difficult it is to intervene in the unethical behaviour of highly skilled professionals who may have very different perceptions of their responsibilities at work and of right and wrong behaviour. The middle managers who applied a mediating strategy described ethical

problems as unpleasant and difficult to handle and solve, as illustrated in the following excerpt with interviewee No. 20.

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

The second dimension in the logic of appropriateness calls for identity analysis. The managers who used the mediating strategy seemed to struggle hard for consensus between the different parties, for instance in the cases of relationship conflicts between subordinates, and looked for peace and balance for everybody. The managers appeared to interpret their role in ethical problems as that of "middle men". From the point of view of identity, the managers were perceived to regard themselves as neutral and slightly powerless mediators in the face of complexity. They mostly

recognised that some intervention was needed in unethical behaviour but often failed to contribute to solving the issues effectively. Interviewee No. 15 elaborates her role in handling a relationship conflict between team leaders during a time of organisational reform as follows:

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

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

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

Finally, looking at the mediating strategy from the point of view of rules, managers felt that at the organisational level problems were often disregarded and silenced even at the top management

level due, for instance, to fear of trade union representatives. This is described in the following excerpt by manager No. 20.

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

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

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

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

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

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

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

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

Principled strategy

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

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

> "I won't let them sweep it under the carpet (the relationship conflict), if this was just a one-off thing, I might sweep it under the carpet, they might have had a bad day, but when I sense that there's been something else there, I sense that there's been something going on, other team members might have seen it too. In this case, I'll probably consult HR, if it feels

that this situation will carry on, then most likely I'll turn to them for some advice as to what's the best thing to do." Interviewee No. 19

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

"I have a principle, a guiding light in everything I do, that as far as possible I aim to treat everyone at work equally and fairly, regardless of their background, position, or anything else." Interviewee No. 12

As for rules, managers whom we grouped in the principled approach said that they followed written and formal organisational rules and instructions such as HR policies, codes of conduct etc. closely, in order to ensure fair, transparent and equal treatment for everyone. Furthermore, when approaching ethical problems with this principled strategy, managers often referred to their responsibilities, their commitment to the organisation and their duty as managers. This is

illustrated in the following extract from the interview with manager No. 3, talking about a case of a subordinate's self-interested behaviour.

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

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

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

To sum up our findings of the principled strategy, we could answer the key question of the theory of the logic of appropriateness about what a person like me should do in a situation like this as follows: "I should be a strong, fair and principled middle manager who knows personally the difference between right and wrong and should be on the one hand responsible for the equal and fair treatment of people and on the other hand for the following of organisational rules. If these two aspects contradict, I will follow my own values even though it may distress me. I need to do my best to solve ethical problems, which are quite common but yet complex, effectively, and without bias, because I want to and because it is my duty to solve them. I am loyal to my values and beliefs but I am also a reliable member of the organisation".

In terms of the facets of the ethics of leaders (Ciulla 2005), the main ethical principles in the principled strategy can be traced to virtue ethics as well as to deontological ethics. Managers emphasised their own principles and beliefs like honesty and integrity, that is, virtues, as their core value in handling ethical problems. They refused to obey rules which they considered unfair nor, in contrast, would they do anything to undermine the reputation of top management in the eyes of employees, even though they felt that some directors did not take their responsibilities seriously. On the other hand, the strong sense of responsibility and loyalty to the organisation and its formal rules relates to deontology. Managers needed to take the initiative in ethical problems since they regarded it as their moral duty to solve them. For instance, they felt obliged to intervene in the self-interested behaviour of an employee because otherwise this would have endangered the sense of equality in the workplace.

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

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

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

Increased trust in the work community, the sense of equality, even a sense of relief among staff members were all mentioned as important outcomes after the problems had been handled with the principled strategy. On the other hand, even though middle managers often applied the principled strategy successfully in handling problems, they sometimes had a sense of stress and tension, and ended up anxiously questioning the ethicality of what they had done, especially when their personal values contradicted the rules of the organisation.

Isolation strategy

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

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

> "The trade union rep had leaked information about a possible reduction in the number of working hours available to the board of the teachers' union, who apparently didn't keep the information to themselves and then one teacher came to me and complained about it and I was like, oh my god, how can he have heard about these plans, they're still only tentative, then I realised that there was no other possibility but the rep, who

had shared what was supposed to be confidential information with the rest of the staff, and then of course in these circumstances the staff turned against me. My superior neither took the issue further nor defended me." Interviewee no. 4

From the perspective of identity, the managers appeared to value solitude and autonomy and consequently kept their distance from both their subordinates and their superiors. Moreover, they highlighted the importance of doing what one had to do properly and showing loyalty to the organisation. As far as rules were concerned, these managers were perceived as following formal rules very closely. They also appeared to follow informal organisational rules which required them to work alone and trust no-one, as described by respondent No 1.

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

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

and unfairly when trying to do my job as well as I can. Sharing ethical problems with someone does not help and it is not even expected of me".

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

"I didn't talk about this problem to my superior. It was a deliberate decision. I decided that this is my business. I had some earlier experience. I had a disagreement in a meeting with one of my colleagues which I discussed with my superior, she listened and understood at that point, but in the next meeting in everybody's presence she tore me to shreds. Then I decided that I'll take care of my own work from now on. I ought to keep this line of communication open, talk to her about problems, but this kind of deliberate behaviour on my boss's part put a stop to that. So I didn't tell my boss about this problem. It wasn't a very ethical thing to do on my part, but I haven't changed my behaviour since. I think very carefully about what kind of information I pass on." Interviewee No. 1

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

Teaching strategy

The teaching strategy was particularly interesting since only two managers spoke of it in relation to seven ethical problems. In this strategy the managers recognised plenty of complex ethical problems in their organisational environment, especially related to the behaviour of top management and relationships in the workplace. They acknowledged the existence of ethical problems and their vast importance, as well as the urgent need to handle them. Following the second step of the logic of appropriateness, the two managers seemed to regard themselves as role models in the situations and hoped that they would have a positive and proactive effect on the staff. For instance, the managers explained how they always tried to set a good example of the "right" behaviour in their own actions towards their subordinates. The managers communicated various ethical viewpoints to their staff, colleagues and superiors, tried to question any unethical behaviour

on the part of superiors as constructively as possible and sought improvement cautiously, step by step. However, it appeared that it was rather difficult for them to openly confront superiors in situations of conflict, just as it was for those applying the mediating strategy. The managers were afraid of the possible outcome of their involvement in problems both from their own point of view and from the point of view of those who were involved in them. The two managers concerned both also admitted that they had shown a lack of courage in the situations. As far as rules were concerned, it appeared that informal organisational rules such as their superiors' failure to encourage any open discussion about ethical matters slowed down or entirely prevented more outspoken or courageous action in the situation.

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

"We started to discuss this (unethical behaviour of an upper manager) problem after I'd been under attack three times in a row in two days, and after the third time I started to cry, which took me completely by surprise since I've never cried because of work even though I am an emotional person. We (middle managers) very nearly started to talk about her behaviour. But it was sad to see that we were unable to agree. Some people have handled this problem by complying and speaking well of things that they shouldn't speak well of, to have a place in the sun. I don't want to lose my place in the sun either but I try to be open and get people to talk about problems somehow. My starting point is that we should handle these issues normally, sit down round the table and discuss them openly. But, I've

seen that we are up against a brick wall. I don't usually take these issues personally and I don't think about them afterwards but I thought I'd try quite gently to give her back as good as she gives, show her that there are other managers there. For instance, this week I said, please, x, don't always say it like that, that doesn't get us anywhere. I've tried to establish a friendly and pleasant way of communicating which would later on make it possible to give her some feedback. However, I haven't yet been able to address the actual Achilles heel, I haven't found the place or the way to do it…." Interviewee No. 16

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

The ethics of the managers adopting the teaching strategy can be interpreted as relating to care ethics, virtue ethics and consequential ethics. Both managers described how they worried about the consequences of intervening in ethical problems in the very tense situations in which they arose, which has reference to the utilitarian approach. On the other hand, the managers wanted to show example of virtuous conduct by acting as good managers to their own subordinates. Most

importantly, however, these managers valued the maintenance of good, healthy relationships in the workplace. The different ethical approaches are elaborated upon in the following excerpt from interviewee No, 16.

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

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

Bystanding strategy

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

In general, it appeared that in this context situations involving ethical problems were acknowledged and were perceived as well-known "secrets" in the organisation. However, the respondents thought that often the problems were deliberately neglected or ignored by "bystanding" managers. For instance, two interviewees describe in the following excerpts how their predecessors had been aware of the problems but had put off intervening. The first excerpt describes a situation with a subordinate's severe drinking problem and the second illustrates a relationship conflict between staff members.

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

"This was a disagreement that had been simmering for a long while. We had this one manager here who had never intervened in these matters, even though he had noticed that there were arguments and mistrust and personal problems between the lecturers, he didn't

intervene. So problems smouldered and poisoned relationships and led to a bad atmosphere all through the working community." Interviewee No. 8

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

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

From the point of view of rules, the interviewees perceived that managers applying the bystanding strategy were comfortable with making no decisions or with not trying to handle the problems in any way. Interviewees also assumed that these managers' superiors did not expect them to intervene in such problems either. In contrast, however, one manager brought up that she felt responsible for handling problems like this since her predecessor and HR manager had put a lot of

effort into stopping the self-interested behaviour of one of her members of staff. It seems to us that this viewpoint illustrates the positive significance of role models and peer pressure.

It is also worth noting that in two cases interviewees suspected that a fear of negative consequences prevented their colleagues from getting involved in ethical problems to do with self-interested behaviour, for instance. The interviewees thought that the managers assumed that they themselves might suffer if they intervened in the problems. These negative outcomes were perceived to be either falling into disfavour with top management or getting into trouble with the labour union.

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

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

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

Summary and discussion

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

The study showed that middle managers' ethical problems in the higher education context were mostly day-to-day issues concerning employee relations, the behaviour and demands of upper management, and decisions the middle managers themselves had to make. Problems were reported to occur at all levels of the organisation.

In answering the key question of the theory of the logic of appropriateness, *what a person like me should do in a situation like this*, we constructed five different strategies which middle managers

were interpreted as making use of when handling ethical problems in the organisational context. These strategies were the 1) Mediating strategy, 2) Principled strategy, 3) Isolation strategy, 4) Teaching strategy and 5) Bystanding strategy.

The mediating strategy, which can be characterised as seeking consensus and balance between different viewpoints but often lacking the courage and determination to actually solve the problem, appeared to be the most common strategy for handling ethical problems among the managers whom we interviewed. A lack of clear rules and of support from upper management or other members of the organisation were also typical features of the situations in which the mediating strategy was adopted. We noticed that utilitarian features were present to a greater or lesser extent in all of the strategies, but were most dominant in the strategies of mediating and bystanding.

Finally, we found that the implementation of the strategies seemed to have various outcomes, both negative and positive, in organisations and thus appeared to influence the ethicality of the organisations differently. The isolation strategy and the bystanding strategy seemed to lead to the continuation and accumulation of problems and a deterioration in the sense of collegiality and work well-being. The mediating strategy too seemed to contribute to prolonging the problems and lowering commitment to organisational objectives. The principled strategy, in contrast, was experienced as having more positive outcomes from the organisation's point of view: active involvement in solving ethical problems and open communication were experienced as improving the overall atmosphere of the work community as well as increasing trust among staff members. However, the principled strategy was found to cause stress and tension, especially when managers' personal values conflicted with the organisational rules. Finally, the teaching strategy was

perceived as resulting in attempts to solve problems and increase discussion among staff members about ethical matters. However, it appeared that this strategy did not lead to the adequate handling of acute ethical problems and therefore did not make much difference to the organisation's overall ethicality in relevant situations.

The logics used for handling ethical problems

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

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

However, even though the various ethical problems were initially acknowledged and identified somewhat similarly, our findings support March's (1994) theory by suggesting that ethical problems evoke an ambiguous set of perceptions about the appropriate behaviour in the situation (March and Olsen, 2009). To begin with, while in the mediating strategy ethical problems evoked caution and the manager's desire to maintain neutrality, in the principled strategy managers said that it was important to show self-reliance, autonomy, initiative and independence, even in spite of objections from upper management. Alternatively, and in contrast, following the teaching strategy, managers saw themselves as role models in ethicality even though they were unable to tackle acute problems. Following the isolation strategy, the situation appeared to evoke a desire to follow the formal rules of the institution and distance oneself from any problems. Finally, in the bystanding strategy, managers were found to strive for avoidance and the concealing of problems. We suggest, following March (1994), that these differences may relate not only to the managers' personal identities, individual traits and personal histories, and the characteristics of the ethical problem, but also to the explicit and implicit expectations attached to the managerial role in their organisation. The managers whom we interviewed in our study sought to act as "proper middle managers", as presented in March and Olsen (2009), but in doing so they followed five distinctive, different logics of appropriateness.

Our findings also confirm a central feature in March's (1994) theory, namely, that when an individual pursues an identity, he/she gains experience which produces learning which leads to the rules of the identity changing (March, 1994:73). This was particularly shown in the isolation strategy, when middle managers emphasized prior experiences of distrust and betrayal which led to their learning to deal with ethical problems alone and not trusting anyone else. Furthermore, as

proposed by March and Olsen (2009), we can confirm that actors may find that the rules and situation are obscure and that prescriptive rules and organisational capabilities are incompatible. This was found especially when applying the principled strategy to ethical problems regarding insufficient financial resources.

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

Partially consistent with Treviño et al. (2008), who contend that senior managers tend to make the decisions they perceive are expected from a person in an executive position, we also found that in

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

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

Drawing on this idea, we suggest, consistently with Bird and Waters (1989) and Greenbaum et al. (2015), that when faced with ethical problems managers often ignore them or fail to intervene actively because such problems are regarded as inappropriate or unnecessary in the organisation and intervention might even have negative consequences for the managers themselves and/or for

their organisation: consequences such as personal isolation, criticism, harm to their reputation or harm to organisational harmony. We also need to keep in mind the study of Martin et al. (2014), who suggested that for managers' positive self-image, the possible violation of organisational rules might present an extreme threat in the form of loss of approval within a collective. This, we believe, in turn may lead to moral disengagement, which rationalises and justifies for instance the adoption of the bystanding strategy.

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

Ethical facets of handling strategies

When exploring the ethical facets of the handling strategies, we found that especially in the teaching strategy and to some extent also in the mediating strategy managers showed a lot of concern for healthy relationships and harmony in their organisation. This links to the adoption of care ethics when handling ethical problems. Managers appeared to show special care for their subordinates' well-being particularly when upper management treated people unfairly or

arbitrarily or when someone behaved in a self-interested way. Also, especially with the teaching strategy, it appeared that by addressing ethical problems and by opening up discussion about ethical issues, the managers wanted to act as role models of ethical behaviour, to improve proactively the overall ethical environment of the organisation. This, we believe, also highlights managers' desire to nurture and develop relationships which are healthy and valuable and improve the well-being of those in the work community (Velasquez, 1998).

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

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

The ethical organisation

With regard to our research question addressing the overall ethical environment of the organisation, we conclude that the principled strategy, despite its personal risks to the manager

him/herself, seemed to contribute most to the ethicality of the organisation as presented in Collier's (1998) framework of ethical organisations. For instance, from the point of view of outcomes, applying the principled strategy was seen to increase openness, trust and the sense of equality in the work community. From the viewpoint of good practices in ethical organisations, consistently again with Collier (1998) we found that principled managers seek to make unbiased decisions and try to give a voice to everyone involved in an ethical problem. To discuss this particular finding further, we may draw also on Rahim et al. (1999), who argue that when handling interpersonal conflicts involving ethical problems, an integrating style, which resembles to a large extent the principled strategy, can be regarded as the most ethical and efficient. However, it should be noted that also the teaching strategy, which included the viewpoints of care ethics as well as virtue and consequences ethics, can contribute to the ethicality of an organisation. This strategy may not provide a manager with an appropriate logic of action when he or she is faced with an acute ethical problem, but it may contribute, through the manager's ethical example and role modelling, to the ethicality of the organisation in the long term.

Theoretical implications

This research makes a contribution to the literature on decision making in ethical problems in the organisational context. As recommended in the recent review of the empirical ethical decision-making literature by Craft (2013), this study aims to depart from traditional and mainly rationalistic views of decision making in ethical problems and discuss new theoretical viewpoints in investigating the topic. In particular, it is suggested and shown empirically here that the theory of the logic of appropriateness (March, 1994) can be a fruitful alternative framework for research into ethical decision making. Consequently, instead of a rational calculation of utility (Rest, 1984;

Treviño, 1986; Jones 1991), this study of middle managers suggests that managers' decisions and actions when handling ethical problems are influenced by their interpretation of what is the appropriate behaviour in that particular situation. To sum up, we suggest here that the logic of appropriateness is an overarching framework that adds to existing models of ethical decision-making by taking into account the interaction between interpreting the characteristics of the situation (Jones, 1991), identifying various personal and situational factors (Treviño, 1986) and making sense of the informal and formal rules constructed in the organisation (Sonenshein, 2007).

Finally, our research contributes considerably to the seminal yet still defective framework of the three facets of a leader's ethics (Ciulla and Forsyth, 2011) by discussing problem-handling strategies from altogether four different ethical standpoints. We criticise the three dimensional model of Ciulla and Forsyth (2011) for neglecting the dimension of ethics of care (Gilligan 1982; Lämsä & Takala, 2001) in their framework.

Practical implications

The managers in this study appeared to be prepared to varying degrees to handle ethical problems. However, our findings indicate that there is a phase at the beginning of a managerial career that is particularly significant for how such problems are handled: if at this juncture managers lack situational prototypes which can help them to categorise events and determine the course of action that they should take (see also e.g. Badaracco and Webb, 1995; Dean et al., 2010; Thiel et al. 2012), they appear to enter into a vicious circle of accumulating problems, such as deteriorating work well-being, relationship conflicts and general distrust and, at worst, isolation in the working

community. Consequently, in line with Thiel et al., (2012) and Dane and Sonenshein (2015), we suggest that managers, especially those in the early stages of their career, should be encouraged to reflect on past situations that have arisen at work and should have opportunities to discuss such problems and their handling with more experienced managers so that they themselves will be better able to handle the problems that await them.

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

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

behaviour and rewarding managers' or employees' ethical decisions and actions, ethical behaviour could be encouraged and reinforced (see e.g. Kaptein 2011).

Research limitations and further research

Concerning the limitations of our study, we are aware that by conducting qualitative research with a sample of 20 middle managers we could only make certain limited interpretations of the handling of ethical problems in organisations. With this sample we could show that middle managers use at least five different strategies to handle ethical problems. We do not claim that there are not other strategies as well. However, this is a challenge for future studies. In particular, we suggest that more diverse samples with various types of managers (top managers and various layers of management) should be investigated in the future. In order to paint an all-round picture of the phenomenon, further research is also needed in other organisations and business areas. It would also be fruitful to investigate what kind of differences exist across different types of knowledge organisations and what kind of handling strategies are unique to members of institutions of higher education. The topic could also gain from cross-cultural comparison and a longitudinal research setting.

We are also aware that managers may have wanted to show themselves in a more positive and proactive light during the interviews than they are in practice. This bias may have influenced our data, especially in the case of the bystanding strategy. So far as we understand it, this social desirability effect is evident in all empirical research into leadership ethics and business ethics in general. In this case we tried to reduce the effect with the two-fold data collection, first asking the

middle managers to describe their experiences freely in writing and later on interviewing them using the critical incident technique. This technique turned out to produce rich and very personal data about the topic. We noticed that at the beginning of the data collection confidentiality was a great concern for most of the respondents, which indicates the delicate nature of the problems we were investigating.

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

Conclusion

The empirical findings of this study suggest that managers (middle managers in this study) can follow various logics in their handling of ethical problems. Based on the different logics of appropriateness, managers were found to apply five different strategies for handling ethical problems. The results indicate that the interplay between managers' perceptions of the ethical problem, the manager's identity, and organisational rules as to how to handle ethical problems, defines what managers perceive to be the appropriate action, the action expected of them in the given situation.

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

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

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

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