

## **Designing Ethical Programs within Organizations Using Theory and Research**

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### **Abstract**

*The paper discusses the importance of applying theory to practice. There are many that believe that theory remain in the academic field and theory and research have no linkage. There are ongoing debates on what constitutes theory and a number of theorists are using categorizations and classifications systems in describing types of theory within its purpose, functions and goals. Practice cannot survive without theory and vice versa. Understanding how theory can be linked to practice is vital for researchers and corporate executives that make key decision within their organizations. A unifying theory is important to explain those variables management use to emphasize ethics, compliance and legality in their decision making. Theories underpin certain values and must be given serious considerations during the developmental stage of a firm's ethics and compliance programs.*

**Keywords:** Theory, Model, Paradigms, Hypothesis Social Cognitive Theory, Compliance, Ethics

### **Introduction**

Countless efforts have been devoted in helping corporate entities to develop an ethical and compliance culture. In the United States, the Sarbanes Oxley standards and other regulations have been developed to stimulate firms in adopting sound ethical and compliance environment. To a greater extent, many ethicists and other stakeholders agree that having a sound compliance and ethical culture within an organization would install a level of integrity, decency and decorum among corporate executives and their employees against unethical conducts. The purpose of this paper is aimed at comparing Social Cognitive theory to ethics and compliance within corporate institutions. The Social Cognitive theory has unique and important suggestions on how firms can design their ethical and compliance programs. This theory is also a valuable tool that can aid corporate executives and their employees to embrace ethical culture and guide them towards meeting a range of options when faced with ethical and compliance decisions. Thus, theory underpins certain values and must be given serious considerations during the developmental stage of a firm's ethics and compliance programs. Firms must embed theories in their planning and evaluation process when implementing their compliance and ethical programs. This paper will examine at least three views of what constitute theory, distinguish theory from related concepts, such as hypothesis, paradigm, model and concept. The paper will also examine the relationship between theory and research and the way research can contribute to theory and finally it will also explore how theory add to research and two areas of unanswered questions related to the theory.

### **Meaning of Theory**

All disciplines in business and other fields employ the use of theories to determine specific outcomes. Board of directors expects corporate executives to meet their corporate long and medium term goals and ultimately their visions. Once corporate executives accept those objectives, it creates a relationship between them. Such relationship can be seen as agent acting on behalf its principal. Relationship between and among different variables establishes a theory (Gelso, 2006). Every transaction or an activity establishes a relationship with variables which forms the main element of theory. The elements of constructs that are related with each other should be the main basis in meeting performance (Palmatier, Houston, & Grewal, 2013). Gelso (2006) noted that theories are important to stimulate research. The fights against unethical conducts and compliance implementation have taken different dimensions. It has become expedient to understand an organization's cultural and current ethical environment in examining the main components of theory within the scope of operations.

In asserting the use of theories within organizations or a research project, there is need for one to understand that different types of theory can be used to address different types of problems within an organization. In examining ethics and compliance within an organization, what is legal might not be ethical and as such the concept of what is ethical and legal should be incorporated into building a theory and its empiricisms. Secondly a unifying theory is important to explain those variables management use to emphasize ethics, compliance, and legality in decision making (Pearce, 2013).

### ***Hypothesis***

In conducting a research study, a researcher is most interested in the outcome. In arriving at an outcome, the researcher must define the main problems of the research and provide questions that will aid in describing the objective of the research outcome. A hypothesis can be defined as a tentative statement that examines the relationship that exists between variables. It looks at the prediction of what is expected to happen in any research study. An element of good research hypothesis should meet the following criteria; (1) it must be based on a research that is current, (2) the hypothesis must be capable of being tested, and (3) it must include an independent and dependent variables (Forlizzi, Steltermann & Zimmerman, 2010). A hypothesis will not always be right in meeting the definitive outcome of a research and when such happens the research must explore future studies.

### ***Paradigm***

Many scientific research starts with a paradigm which have theoretical thoughts and mythological activities that are operationalized through socialization in research (Donaldson & Liu, 2012). A paradigm is a belief which guides a way of doing things or establishes a standard of how things need to be done. Donaldson and Liu (2012) cited a research by Kuhn (1970) that, scientist in most cases work within an existing paradigm and expose how those paradigms can yield to new discoveries and treat inconsistent findings as discrepancies and gaps to be researched further. The continuations of paradigms that have unsolved questions and discrepancies can lead to new knowledge. The success of continuing a paradigm can be projected through new research findings from previous organizational theory of research paradigm (Donaldson & Liu, 2012).

### ***Model***

Models are essential in defining the overall outcome of events that are real taking a philosophical stance. It represents an abstract system under a research which is explicitly constructed to meet a certain purpose based on scientific process of research that is relevant (Baumgärtner, Becker, Frank, Muller, & Quaas, 2008)

### ***Views of Theory***

There are number of concepts and assumption that differ in nature. There are a number of ways that one can approach theory based on their views. Gay and Weaver (2011) noted that every research has assumptions and objectives which direct the methodology that researchers employ. Every theory has a focus and the purpose of theory is to help provide an enhanced background to a problem or an issue (Lynham, 2002, p. 231). The following defines the views of theory (a) every theory must cover scientific or social laws, (b) theory must provide enhancement, and (c) it must provide some level of narrative. According to Gelso (2006), every theory must have the following three core elements; (a) every theory must be capable of generating some level of an idea, (b) theory must also generate hypothesis, and (c) theory must be capable of interpreting results. There are varied views on theory and researchers must understand and appreciate any relationships that exist between theory and concepts, paradigms, models, and hypothesis. The understanding of the relationship will provide researches with non conflicting views about the nature and views of theory.

The general public always poses the questions on why reliance should be placed on any scientific work (Borsk, 2008). According to Zikmond (2010), theory provides an explanation on why events occur in a certain manner or people behave in particular fashion. There are four main objectives of any research; (a) it describes the behavior of events, (b) it must be capable of giving meaning to certain behaviors, (c) it must also be capable of predicting certain events or occurrences, and (d) it must be able to bring a determination of some of the causes of a behavior (Cosby, 2009). Creswell (2009) noted that the views of theory are philosophical and they provide direction to the researcher within many social researches. Research is conducted within an existing paradigm and priceless benefits occur in using paradigms continuation, elaboration and extension (Qiu & Liu, 2012).

The constructionist world view looks at reality by understanding the social interaction and the intersect of events between those social elements; the postpositivists views things from the lenses of desire in judging events and how the outcome is arrived and the pragmatic person is induced at exploration of an interest in incorporating scientific and non scientific activities based on facts that explore the elements of quantitative and qualitative assumptions (St Pierre, 2012).

### ***Discussion on the Relationship between Theory and Research***

The role of theory in any research activity cannot be overemphasized. The objective of any theoretical work is to provide direction to a research. Theory and research inter depend on each other. According to Gay and Weaver (2011), the power of theory is enhanced through research and aids in the building of process of knowledge acquisition and developing a research process. Gay and Weaver (2010) further adds that research increases the values of theory, serve as building process to those theory and generates further information about a particular theory. Ellis and Levy (2008) extenuate this statement further by stating that research must be capable of providing new data and those new information should create modification to existing knowledge According Gelso (2006), the definition of theory can drawn from their hypothetical relationship of many different variables. These variables measure the relationship existing between constructs, abstracts, concepts, variables, definitions, and proposals that are assumed to be the phenomenal view in providing prediction and giving meaning to those phenomena. Research generates and refines theory in a number ways. Theories must be developed within a scientific analysis and must include a basis for testing data to further underpin the interrelationship between theory and research (Harlow, 2009). Developing theories requires the testing of data and this can only be achieved through a research process. For example in looking at research that utilizes case study approach, the main objective is either to test the efficacy of a theory, develops that theory, and meets theory development and testing.

The starting place for the relationships between theory and research takes off by identifying the main problems and generating ideas within ways of solving such problem. Any research work starts by encapsulating important literature within the context of the research and answering the question of the theoretical application relevant to the subject (Harlow, 2009). The theoretical subject of concern will always dictates the direction of cases that will be studied, how data within the study will gathered and the manner those data will be analyzed and explained (Harlow, 2009). According to Eisenhart and Graebner (2007), the use of case studies in research directs the researcher in creating propositions, constructs, or theories from case base empirical research. Inductive case studies provide consistency and create emphases on theory within the core deductive research and this study expounds on the development of constructs and testing theoretical applications and measures (Eisenhardt & Graebner, 2007). A starting point for theory development can be garnered from an inductive research study that allows the emergence of theory from data relating to a particular phenomenal study (Siggelkow, 2007). Inductive and deductive research complements each other.

### ***The Social Cognitive Theory***

The Social Cognitive theory is no doubt one of the theories that influence businesses and other fields of endeavors. The main element of this theory is its relationship among peers and how it creates impact to comprehend and predict behavioral patterns (Straub, 2009). The theory defines an interactive behavioral characteristics of individuals and the decision making process of such individuals. O' Fallon and Butterfield (2012) noted individuals learn by imitating and observing others and choice of what is acceptable and non acceptable by a person is through that process. The process of imitating is through copying and accepting the actions or behavior of persons or activity. The process of influencing another is through an expectation of imitator of the outcome of that behavior. An individual watching their model being rewarded with a particular action will reinforce that behavior as acceptable and when punished for behaviors, those imitators will unlikely follow those behaviors as they see such as unacceptable (Lang & Bliese, 2009). The central function of this theory is the cognitive dimensions, with which an individual observes others and their surroundings, assess their own self thoughts, appeal and behavior and change their self-regulating activity and adjust those respectively (Burney, 2008). In Badura (1986), as cited by Davis (2006), the variables of the social cognitive theory reveal the relationship between persons, behaviors and the environment. A person's behavior is the result of influence between that person's thoughts and actions.

The person's environmental interaction is based on their human beliefs and cognitive achievement that are created and changed by the social activities and frameworks within the environment. The third factor between the environment and behavior has to do with the behavior of a person activity of the environment and that behavior is influenced by the environment the person lives in and interacts with on daily basis (Davis, 2006). According to Martin (2008), the impact of an individual's behavior through their family is not rooted within the person life but rather the transfer of information whether right or wrong, can change behavioral context that affect the future of the person's social actions. The core of the social cognitive theory infers to the social factors that significantly affect an individual's actions and/or behavior.

### ***The Blending of Theory and Practice***

The question of theory is contentious area that has it debates within the academic and practice arenas. The context of theory and the benefit of it has been misapplied and misconstrued. There are several attempts that have being made to make theory and practice competes with each other (Biesta, Allan, & Edwards, 2011). These misapplications send the wrong signals and steal the importance of theory into practice. Nonetheless, there are underpinnings and important argument towards the use of theory. In interpreting research, the main function of theory lies within broadening the understanding of daily interpretation of everyday life and experiences (Biesta et al, 2011). According to Crossouard and Pryor (2012), when theory is well understood, it can create building blocks for research and practice. An attempt within literature has been made to provide insight into methodologies of theories and research. These literatures have been helpful in providing focus on research methodology but little has been written by way of research on the role of theory in research activity (Biesta et al, 2012). It is therefore expedient to understand the importance that theory play within research.

According to Qiu and Liu (2012), research is conducted within an existing paradigm and this establishes a cogent and unstructured paradigm which usually give rise to a new vibrant. Paradigm continuation elaborates the use old research finding in an attempt to generate new findings. The methodology within the those findings are expanded to form the core or main aspects of the theory (Qiu & Liu, 2008).The gathering of knowledge is built within a process of time. Knowledge within the scientific, practical and academic fields is built within badges of process to others where errors and omission are rectified until a point of a scientific proof or truth (St. Pierre, 2012). The knowledge of any scientific proof can be likened to technology as what is known in a scientific proof in one period becomes obsolete after sometime through a paradigm shift (Kuhn1970). Organizations must establish their conceptual framework in making policy decision and build over those frameworks within theoretical establishment. The ideology of the positivist was further enhanced by Kuhn (1970) through his argument that knowledge is acquired within an incremental fashion. The idea of scientific theory is provide new dimensions that help make new discoveries (St Pierre, 2012). Within the point of the knowledge of what theory is capable of extenuating on a concept is a decision point of analyzing the capacity building blocks of that theory (Biesta et al, 2011). One of the main features of theory is its ability to add plausibility to empirical findings and clarity to discussion of unfamiliar areas of activities (Biesta et al, 2011).

The objective of a theory is to provide clarity and expatiate on certain aspect of a phenomenon. A theory should encapsulate the value of persuasiveness and provide basis for clearer definition within research area that is not familiar. The ability of a theoretical persuasiveness provides a basis for the use of case studies that provide core elements of within phenomenon (Siggelkow's, 2007). Eisenhardt and Graebner (2007) noted that the use of case study in building theory cannot be overemphasized. Using case studies in building research applies in interpretive research where data can be used to develop theory (Andrade, 2009). The inductive thought process is greater than just a mere generating of hypothesis and the main goal of the research is not getting to the outcome of a particular study but developing thoughts for further research (Andrade, 2009, p.45). Researchers are able to substantiate theories within the very nature of particular discipline (Lehmann, Myers, & Urquhart, 2006; Strauss, 2009). The understanding of a phenomenon, the findings of studies and the comprehension of analysis within a research study are the three main ways that research can provide meaning and contribute to any theoretical perspective.

Researchers attempt at different kinds of learning and practice have generated a number of questions. There have been a number of theories that have been designed to provide explanation to employee learning and their development. Corporate executive in providing clarity on some of their policy initiation have adopted certain theoretical perspective, shape the contents, standards and policy initiations of their decision making activities.

The social cognitive theory and other learning theories provides a theoretical framework that corporate executives can align to their corporate standards, provide development to their employees and assess their performance based on certain variables.

The Social cognitive theory is robust and has been used in many academic and practical settings. The theory defines a changing ongoing process in which factors related to one's personal activity, their environment and behavior to interact with each other. In understanding organizational ethics, the social cognitive theory becomes very important theory in understanding how people behave in particular way and their reaction to organizational policy initiation. The theory evolved from the learning theory which asserts that individuals learn not only from their own experiences but the observation of activities of others and the rewards or benefits derived from their actions (O' Fallon & Butterfield, 2012). Research has provided an empirical evidence to support the fact the cognitive ability is one of the key determinants of output of skilled employees (Bier & Oswald, 2012). Cognitive ability can be measured with validity and provides guidelines to socio economic factors like career success, academic and work performance (Lubinski, & Benbow, 2007)

The drawback that can gleaned from the social cognitive theory is within the nature of learning and how the three component of learning (Corporate standards, corporate development, and employee assessment) can be weaved together to meet the needs of diverse organizational population that requires more learning and development. The theory can be priceless to organizations and it is important for every organization to conclude its context based on their organizational philosophy and differing needs of employees. The decision to adopt a theoretical design within an organizational decision activity provide guidelines in analyzing a particular job function as well as assessing performance in designing organizational development (Christen, 2008). The platform that learning is effected from, can impact employees to new perspective and provide motivation for them to look at their own perspective. A good learning theory should be premised on strong foundation of developmental design. The theory should compose context that can be shared among employees with objectives that contains organizational contents, employee assessment, and vital collaboration that embrace concepts within the organization in evaluating the learning process acquired by the employee learner (Alonso, Lopez, Manrique, & Vines, 2008). The problem with most of these learning theories is that none can work alone in fully supporting the learning process.

### ***Summary***

Theories are effective in practice for undertaking strategic policies, increasing training, development, knowledge, and capability (Phuthi, Kumar, & Molwane, 2010). The implementation of theory with the objective of employee advancement, development and training will require input from their direct supervisors because they represent the core facilitators of employee development and training. The supervisor must endeavor to embrace theories that are adopted with the intent of adopting different methods of coaching, development and learning at the work place. This will help answer the questions of the varying cognitive, social, and psychological needs of the diverse employees within an organization. Corporate executives, managers, employees and other stakeholders must work together to find common knowledge and themes that relate to management and learning theories that are acceptable for strategic development of the organization. Through activities such as teamwork, management and other stakeholders will be better prepared and equipped to manage problems within their organizations. Marcel Prost noted that the expedition of learning is not made in acquiring new studies but being opened to new realities (Fliotsos, 2009, p. 161).

### ***Conclusion***

A number of theories have been adopted by corporate executives and other top management within varying organizations but these theories differ for a number of reasons. Organizations theories provide a platform for corporate executives to assess employee development and assessment in providing a theoretical contextual work for best practices and opportunities for organizations to meet their objectives. However, many organizational theories do not incorporate the diversity of the employee population, differing types of employee development and learning, and the impact of rate of technological changes and how to implement such changes into the core strategic decisions of the organization (Benson & Samarawickrema, 2009).

In addressing diversity issues within organizations, corporate executives and employees should obtain accurate information about their employees' level of understanding, their thinking abilities and any misunderstanding they may have at the work place in developing any theoretical undertaking.

Any person within the organizations that have part to play in employee development has an obligation in providing the best development opportunities for all employees. Effective and continuous collaborations among key stakeholders that direct an organization's strategic options must be undertaking in implementing the best theory or combination of theories thereof that provide a good platform for best learning and developmental program and practices for organizational success.

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