

The Existential Paradox between Code and Conduct: Decoupling and Its Far Reaching Consequences in Higher Education

M Ali Hamza

UVAS Business School, University of Veterinary and Animal Sciences, Lahore, Pakistan
Email: mahamza@uvas.edu.pk

Alia Ahmed (Corresponding author)

National College of Business Administration and Economics, Lahore, Pakistan
Email: dralia@ncbae.edu.pk

Abstract

There is no dearth of rules, policies and codes in Higher Education Institutions (HEIs) of Pakistan, but of conduct. This decoupling of code and conduct and its consequences have mostly been studied at organizational level in non-academic settings. This paper extends the understanding of decoupling by studying its far reaching effects on individuals (employees; faculty and staff) in HEIs' of Pakistan. Data analyses from a survey of 215 respondents from nine public universities of Lahore, Pakistan, reveal that decoupling seeds negative perceptions among employees toward the legitimacy of institutions' efforts for ethics program and sources unethical behavior. This wave moves on and causes an increase in cynicism and psychological contract breach among employees, which ultimately exhaust them emotionally. Beside practical implications of the study in higher education, paper also provides theoretical contribution by offering a formula to calculate decoupling. Paper also provides limitations and guidelines for future study.

Key words: Decoupling, Internal Legitimacy, Psychological Contract Breach, Cynicism, Emotional Exhaustion.

1. Introduction

A gap between said and done is termed as decoupling; and has always been a matter of concern for scholars of individual and organizational studies. In response to external environment when organizations enable uniformed, lawful, formal structures whereas their day to day operations differ, is called decoupling (Meyer and Rowan, 1977). We can simply say that through decoupling organizations create disconnect between the established official structures to compensate pressure from external environment and their on ground operational validity. Thus such adoption of new policies remains figurative rather literal to satisfy the externals; outsiders, to move on the show. Bromley & Powell (2012) noted that decoupling as a concept seems to reappear owing to rising importance of accountability and transparency. Decoupling is used to elaborate variety of phenomena like how schools execute rules (Coburn, 2004), how governments distribute

public resources (Tilcsik, 2010), how firms decide to implement acclaimed transparency standards (Behnam & MacLean, 2011).

From the time Meyer & Rowan (1977) presented the notion, researchers generally looked at the effects of decoupling on an organization, and overlooked its effects on the individuals; employees. For example, Zajac and Westphal (2004) have brought-up empirical evidence that publicizing changes in policy exclusive of on-ground implementation boosts organizational sincerity and acceptability among external stakeholders; outsider. Weaver, Trevino & Cochran (1999) reviewed Fortune one thousand companies to find out beneficial factors that result in adoption of organizational ethics programs just to satisfy outsiders rather implementing it. Another study by King and Lenox (2000) found the traces of figurative ethics observance instead of actual change in chemical industry. And, Evans et al. (2001) empirically examined the business management programs and have concluded that the academic setting has decoupled ethics education from their basic syllabi, though they proclaim to produce ethical beings.

Prior research on decoupling has thrown substantial light on reasons and consequences of it, but mostly the focus remained on organizational level. This brought the shortage of scholarly examination to explore effects of decoupling on employees; individual members of organizations or insiders (MacLean & Behnam, 2010; MacLean & Litzky, 2014). Therefore, we pursue to extend the literature on decoupling by studying; how disparity between code and conduct influences employees' perceptions. Precisely we are interested in the context of academia that how decoupling affects individual-level perceptions and behaviors of faculty and staff in an academic setting. We focus on studying the relationship between decoupling of formal ethics agenda, employee perceptions of internal ethics agenda legitimacy (IEAL), observed unethical behavior (OUN), which leads to psychological contract breach (PCB), organizational cynicism (OC), and employee emotional exhaustion (EE). We utilized a theoretical model developed by McLean et al. (2014) with an addition of emotional exhaustion variable, and test the model empirically by analyzing survey data of 215 individuals from public universities. Our analysis extended and validated the contribution of McLean et al. (2014) and added to research body on decoupling of organizations' ethics program and the employees perceptions and emotional status.

Now we explain variables of the study and rationality of hypothesized linkages among the variables.

2. Literature Review and Hypothesis

2.1 Decoupling and Internal Ethics Agenda Legitimacy (IEAL)

Gaining and upholding legitimacy have long been acclaimed as imperative to organizational processes (Bitektine, 2011). Legitimacy is "a condition reflecting cultural alignment, normative support and consonance with relevant rules or laws" (Scott, 1995). Legitimacy embodies a key feature in comprehending organizational development and existence (Meyer and Rowan, 1977; Zucker, 1987). Brown (1998) lucidly affirms: "legitimate status is a *sine qua non* for easy access to resources, unrestricted access to markets, and long term survival."

The perceptions of insiders; employees, are almost ignored in the prior research on decoupling and its relation to organizational legitimacy; instead, perception of outsiders remained in focus (Elsbach & Kramer, 1994; Suchman, 1995; Woodward & Edwards,

1996; Ruef & Scott, 1998; Deephouse & Carter, 2005; Certo & Hodge, 2007; King & Whetten, 2008; Bronn & Vidaver-Cohen, 2009). Though existing vast body of research on employees; confirming the influence of employees perception on their cognition and actions within the organization (Reger et al., 1994; Gioia et al., 2000; Foreman & Whetten, 2002) also suggests that employees may be reluctant to tolerate contradictions between code and conduct of an organization (Fiss & Zajac, 2006; Tilcsik, 2010).

An inductive investigation pertaining to association of decoupling and legitimacy of an organizations internal ethics agenda, suggested “legitimacy façade” may occur as the resultant of decoupling (MacLean & Behnam, 2010). This study of MacLean & Behnam (2010) expressed that organizational formal ethics agenda develops positive outsiders’ perception, but at the same time decoupling or disconnecting that agenda from everyday practices of the organization negatively influence the insiders’ perceptions about the legitimacy of ethics agenda, therefore we hypothesize that:

- **H₁:** A negative relationship exists between decoupling formal ethics agenda and internal ethics agenda legitimacy.

2.2 Decoupling and Observed Unethical Behavior (OUB)

Decoupling an ethics agenda from day-to-day organizational activities generate a smokescreen that permits an organization to look moral while immoral behavior continue to thrive. Existing studies indicate the appearance of unethical behavior in organizations if ethics agenda is decoupled (MacLean & Behnam, 2010). Ignoring employees’ perceptions of organizational unresponsiveness on ethical concerns (Trevino et al., 1999) creates a cover-up to guard bad acts from enquiry and leads to regularization of unethical behavior (MacLean, 2003). Thus, we contend that:

- **H₂:** A positive relationship exists between decoupling formal ethics agenda and observed unethical behavior.

2.3 Internal Ethics Agenda Legitimacy (IEAL) and Observed Unethical Behavior

The display of employees’ organizational behaviors such as spirit to report deviance, eagerness to learn ethical standards, and observed unethical act (Weaver & Trevino, 1999; Trevino & Weaver, 2001) are resultant of their perceptions. Inductive, qualitative case research verified that IEAL is associated with unethical behavior and negative IEAL leads to organizational misconduct as a norm (MacLean & Behnam, 2010). So we propose:

- **H_{3a}:** A negative relationship exists between internal ethics agenda legitimacy and observed unethical behavior.

2.4 Internal Ethics Agenda Legitimacy (IEAL) and Organizational Cynicism (OC)

OC is considered as an undesirable mindset of employees toward their organization (Andersson & Bateman, 1997; Bedeian, 2007). OC is “a belief that the organization lacks integrity” (Dean et al., 1998). It is an outcome of unmet hopes or disappointment (Kanter & Mirvis, 1989), disruptions of apparent agreements (Andersson, 1996), inequality or unjust procedural system, meager performance of organization, employees’ dismissals (Andersson & Bateman, 1997), and failure in organizational efforts for transformation (Wanous et al., 2000). Bedeian (2007) highlighted that a disconnection between declared aims in public and the day-to-day experience wherein essence remain absent causes organizational cynicism.

A relationship between IEAL and organizational cynicism (OC) is advocated by current works of scholars. Study of MacLean & Behnam (2010) validated that employees adapt a cynical view of organizations ethics compliance system, if they find it absent and nonfunctioning from daily work procedures. IEAL and OC's relation is also theoretically strengthened by the research on development and deployment of values statements in organizations; Urbany (2005) found that employees, who perceived organizations values statements mainly figurative rather happening, were likely to demonstrate a perception of cynicism. Moreover, advancement in developing the concept of corporate distrust (Adams et al., 2010) also identifies that perceptions of legitimacy of an organization's ethics agenda influences OC. Individuals with high level of corporate distrust are more cynical about their organizations (Adams et al., 2010). Therefore we infer that a relationship between IEAL and OC exists. In context of the above, we contend that OC would be high when one carries negative perception about the legitimacy of internal ethics agenda, so we expect that:

- **H_{3b}:** A negative relationship exists between internal ethics agenda legitimacy and organizational cynicism.

2.5 Internal Ethics Agenda Legitimacy (IEAL) and Psychological Contract Breach (PCB)

When employees develop implicit agreements with their organizations, we consider them under psychological contracts (Rousseau & McLean Parks, 1993). The range of such agreements move within the corridors of transactional (short-term, minimal expectations, no trust) to relational (long term, high degrees of trust) agreements. On the other hand the breach of such contracts happens when employee start perceiving that organization has failed to fulfill promises they made in reference to employee employer relation (Robinson, 1996). Furthermore, perception of PCB is a rational evaluations and more likely to respond to true or evident breach rather affective stimulus (Morrison & Robinson, 1997). MacLean & Litzky (2014) in their study found a strong positive relation between internal legitimacy and PCB. Keeping in view the said we foresee a probable relationship between IEAL and perceived PCB, reason behind that employees who observe lack in the legitimacy of organizations ethics agenda are more likely to develop a perception of PCB because the negative IEAL cognitively inclines employees to believe information that supports this lack of legitimacy. Thus

- **H_{3c}:** A negative relationship exists between internal ethics agenda legitimacy and perceived psychological contract breach.

2.6 Observed Unethical Behavior (OUB) and Organizational Cynicism (OC)

Association between OUB and OC is foggy, but unethical behavior is mostly considered as a portrayal of OC (Vardi & Weitz, 2003). Now, however, we claim the contrary: OUB may in fact predict OC. Latest research validates that employees experienced OC during corruption, are directed towards the organizational practices and the practices of its leaders (Pelletier & Bligh, 2006). Given that, it is proposed that OC can be rooted in feelings such as doubt, disillusionment, and absence of trust in the integrity of an institution (Abraham, 2000), and, it is probable that executions of extensive unacceptable behavior might influence such feelings and thus cause OC (MacLean & Litzky, 2014). So, we postulate that:

- **H₄:** A positive relationship exists between observed unethical behavior and organizational cynicism.

2.7 Psychological Contract Breach (PCB) and Organizational Cynicism (OC)

Nonexistence of integrity, absence of trust in organization, high executive compensation, layoffs, failed change efforts, etc. are some of the precursors of OC, the similar factors also trigger PCB, because both concepts; though empirically distinct constructs are formed primarily by unmet expectations (Johnson & O'Leary-Kelly, 2003). A positive relation between PCB and OC was found by Johnson & O'Leary-Kelly (2003), Pate et al. (2003) and MacLean & Litzky (2014). So we assume:

- **H_{5a}:** A positive relationship exists between perceived psychological contract breach and organizational cynicism.

2.8 Psychological Contract Breach (PCB) and Emotional Exhaustion (EE)

Emotional exhaustion is a factor leading to Maslach's (1993) burnout concept, and results in severe depletion of emotional and physical health, thus a central variable for understanding the burnout (Maslach & Leiter, 2008). Furthermore PCB is an important perception of employees that generates negative emotional responses and there are several negative employment outcomes been linked with PCB. Rousseau (1995) contended that a perception of breach facilitates the eruption of negatively charged emotions in employees that lead to EE. Rousseau's (1995) argument proposes that PCB is important when predicting emotional responses of employees at the job that could have impact over their health (Robbins et al., 2012). Furthermore Piccoli & Witte (2015) found a positive relation between PCB and EE. Therefore, we propose:

- **H_{5b}:** A positive relationship exists between perceived psychological contract breach and emotional exhaustion

2.9 Organizational Cynicism (OC) and Emotional Exhaustion (EE)

In academic debate of cynicism, cynics are labeled as a people distrustful and depressed (Wanous et al., 2000), who exhibit indifference (Kanter & Mirvis, 1989; Stivers, 1994), and would have experienced defeat, agony, and disappointment (Andersson, 1996). Cropanzano et al. (2003) contended that cynicism seems likely to be associated with negative emotions such as emotional exhaustion. While studying the mediating role of OC between leadership and employee exhaustion Gkorezis et al. (2015) highlighted the connection between OC and EE. Moreover OC involves reactions to ones' expectations; EE as an outcome. Therefore we hypothesize that:

- **H₆:** A positive relationship exists between organizational cynicism and emotional exhaustion

Following figure 1 displays a graphical representation of variables and their relationships.

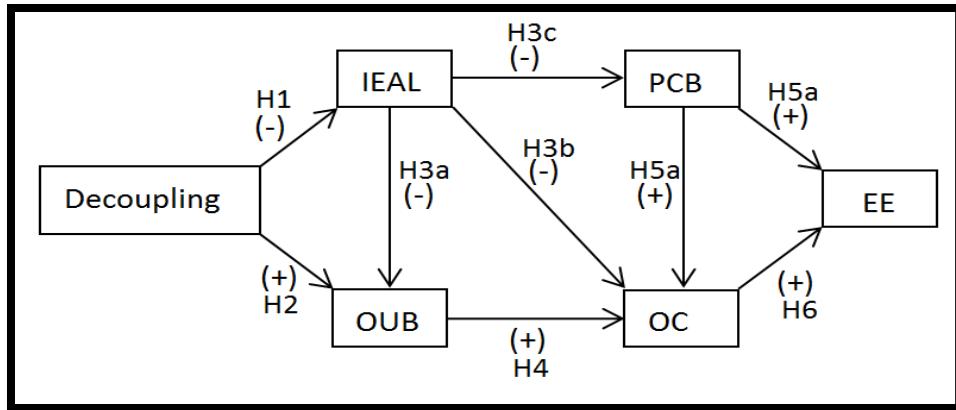


Figure 1: The Framework (Conceptual Scheme)

IEAL- Internal Ethics Agenda Legitimacy **OUN-** Observed Unethical Behavior
PCB- Psychological Contract Breach **OC-** Organizational Cynicism **EE-**Emotional Exhaustion

3. Methodology

Following section describes the data collection techniques, the sample and measures used to operationalize the model.

3.1 The Sampling Strategy

The target population for the study is the 9 public universities in Lahore, Punjab. The education sector was selected to meet the call by earlier researchers to investigate questions concerning decoupling and its impact on employee perception in different contexts e.g. non-American population (MacLean et.al 2014) and from different sector those in direct contact with the customers e.g. students (Eddleston et al., 2002; MacLean & Behnam, 2010; Powell & Colyvas, 2008).

Moreover according to the Transparency International's Global Corruption Report (GCR) 2013, education sector in Pakistan is plagued with corruption and presence of a non-uniform educational system has been identified as one of the biggest problems. On a scale of 1 to 5, where 1 means not at all corrupt, 5 means extremely corrupt, Pakistan's education system score was 3.2, implying high corruption level (Transparency International, 2013). Corrupt practices worsen the quality and morality in education, trains unskilful and less knowledgeable young professionals, and transfers distorted and misleading values to youth (Rumyantseva, 2012). Real danger and risk lies in that students start believing that personal success and progress is acquired, not through dedication, merit and hard work, but through cutting corners (Chapman & Lindner, 2016), and these students tomorrow take places in positions where they have to take long lasting decisions. Such a situation in higher education requires immediate study of all possible factors that can infuse corrupt behavior and attitude within individuals. Kingshott (2008) study postulated that increase in psychological contract breach could lead to corruption because of the need for employees to recoup what they perceived are owed to them. Earlier study of Manz et al. (2005) explained that regulation of emotions might be one of the important factors to make morally valued choices even when the situations force them otherwise. As we hypothesize that decoupling sources negative perceptions of

employees about PCB, and emotion exhaustion, so we are indirectly figuring out the variables that could cause corrupt behavior.

Among the biggest risks of decoupling in education; specifically higher education, is the message it sends to the faculty and staff who are responsible to train and mentor the next generation. The real damage occurs when employees believe that what is said is not always meant to be in reality. Such perception of organization where policies and rules are eye washers can cause, a decline in relationship between employees and institution, emotional upheaval within themselves, feeling of contract breach and raise cynicism, which will straight ahead impact the minds of the students, thus such breakdown in the link between saying and doing at organizational level if widely shared, has the potential to undermine civil society well into the future.

Table 1: Demographic Data

Demographic Data	Number	Percent
Gender (n=215)		
Male	121	56.3%
Female	94	43.7%
Marital Status		
Married	111	51.6%
Single	104	48.4%
Job type		
Teaching	195	90.7%
Non-Teaching	20	9.3%
Education level		
Graduates Post-Graduates	132	61%
	83	39%
Age Group		
20-30	96	44.7%
31-40	85	39.5%
41-50	26	12.1%
Above 50	8	3.7%
Salary Range Per Month		
10-40k	115	54%
41-60k	41	19%
61-100k	50	23%
Above 100k	9	4%

Pakistan embodies a very appropriate case for this research: first the country has invested a huge amount of money on higher education in last 2 decades, and multiple initiatives are funded to inculcate a progressive and meaningful culture in higher education. Secondly the enrolment of students in higher education is increasing every year, and from 0.5 million students in 2004-05, it has increased to 1.2 million by 2014-15 (HEC, 2016), which tells us the amount of human capital universities are about to pour into the market.

3.2 The Study Sample

The target population for the study is the 9 public universities in Lahore, Punjab. The sampling frame comprised all the teaching and non-teaching staff (approximately 20,000) working in various departments of all the 9 universities. We adopted a multi-stage

stratified cluster sampling design; considering universities as strata and the departments as clusters. At the first stage we selected 3 universities out of 9 public universities. The 3 selected universities had 23, 24 and 30 departments respectively. Again using simple random sampling, we selected 8 departments from each selected university which gave us 24 clusters with 450 teaching and non-teaching staff. We sent the questionnaire to all the members of selected departments/clusters. We received back 249 responses; out of which 34 were incomplete, hence discarded.

Therefore, with an actual sample of 215, our response rate was 48%. The demographic characteristics for our final sample of 215 shows almost equal participation from both male (56.2%) and female (43.7%), 91% teaching and 9 % non-teaching occupation, whereas 52% respondents were married 48% were single, 61% of the respondents were graduates and 39% were post graduates including MPhils and PhDs Master degree holders, and 84% of the respondents were in age bracket of 20-40 years and 84% of the respondents received ethics training at least once in a year. Table 1 shows complete demographic information of our respondents.

3.3 Measures

All measures in the study were established multi-item scales taken from prior research.

Decoupling is operationalized in a context in which Weaver et al. (1999) suggested that training, monitoring, and compliance are included in any ethics control systems. Thus, we first modeled decoupling as a formative multidimensional construct shaped by training, monitoring, and compliance dimensions. MacLean & Behnam (2010) validated that decoupling occurs when formal ethics program exists but as a “window dressing”. Formal Ethics program was measured using training (0=no and 1=yes), monitoring (3 questions, scale from 1 to 5), and observed compliance were measured using 4 questions on compliance (scale from 1 to 5; where 1 = strong disagree; 5 = strongly agree). The measures for monitoring and training were adapted from earlier studies of Trevino and Weaver (2001) and; Weaver et.al (1999). The sample item for ethics monitoring is “Assessment of a person’s ethics is a formal part of performance appraisals”, and sample item for observed compliance is “Employees violating ethical expectations are strictly disciplined”. Formal ethics program (E_f) was calculated using the formula :

$$E_f = (T+M) \text{ where}$$

T = the holding or non-holding of training in participants’ organizations

M = the average of values of scores for 3 monitoring questions

Taking decoupling as a gap between observed ethics (reported compliance) and formal ethics (the efforts undertaken by the respondents’ organizations for compliance that included training and monitoring); we calculated decoupling as a difference between mean the values of observed compliance and formal ethics program, i.e., $De = C_o - E_f$

Where, De stands for decoupling, E_f for formal ethics program, and C_o for observed compliance; (which were calculated by the average values of 4 questions on compliance responded to, by the study sample). Since, $De = C_o - E_f$ is the value of decoupling (gap) between the formal ethics and observed ethics; hence, If $E_f = C_o$ then the gap is zero i.e. there is no gap between observed compliance and formal ethics program, and the employees are fully complying with the formal ethics program. If $C_o - E_f > 0$, then the observed compliance in the company are more than the company’s expected formal

ethics program, which implies that the employees do not need a formal ethics agenda as such to manifest ethical behaviors; however, if $C_o-E_f < 0$, then the formal ethics program is more than the observed compliance in the organization and despite the presence of a formal ethics program, the employees are not observing or exhibiting ethical behaviors.

Internal Ethics Agenda Legitimacy items adapted from previous research (MacLean & Behnam, 2010; Foreman & Whetten, 2002;) that measured how the ethics agenda was cohesive with day to day activities of the organization. Responses were recorded on five-point, Likert-type scale (1 = strongly disagree; 5 = strongly agree) "My company's ethics policies and practices guide me in my decision-making at work" is a sample item among seven (7) items.

Observed Unethical Behavior measure was developed by Trevino & Weaver (2001) and Trevino et.al. (1998), questioning the respondents to point out the occurrences of unethical behavior they observed over the previous year (1 = never; 5 = frequently). As mentioned in earlier studies that when individuals report others behavior the chances of bias; social desirability is less likely (Trevino & Weaver, 2001; Trevino et.al., 1999; Trevino et.al., 1998). There are seven (7) items in the measure. Sample item is "Misuse of on-the-job time".

Psychological Contract Breach was measured through a five (5) item scale of Robinson & Morrison (2000). The responses were recorded on a 1–5 scale ranging from strongly disagrees to strongly agree. A sample items is "I have not received everything promised to me in exchange for my contributions"

Organizational Cynicism measure was developed by Bedeian (2007), asking participants to point-out the whether they agree or disagree as (1 = strongly disagree; 5 = strongly agree). The measure includes 12 items, sample item is "I doubt about Institution's integrity".

Emotional Exhaustion, a six-item emotional exhaustion subscale of the Maslach Burnout Inventory (Maslach and Jackson, 1981) was used to measure emotional exhaustion. Sample item includes 'I feel emotionally drained from my work'. Items were rated on a five-point scale ranging from 'strongly disagree' to 'strongly agree'. Table 2 shows the reliability of constructs (α value) of all scales used in this study. Study tool is available as Appendix A.

Table 2: Reliability of Scales

Reliability Analysis	
Measures	Cronbach's alpha
Internal Ethics Agenda Legitimacy	0.904
Observed Unethical Behavior	0.882
Psychological Contract Breach	0.746
Organizational Cynicism	0.883
Emotional Exhaustion	0.839

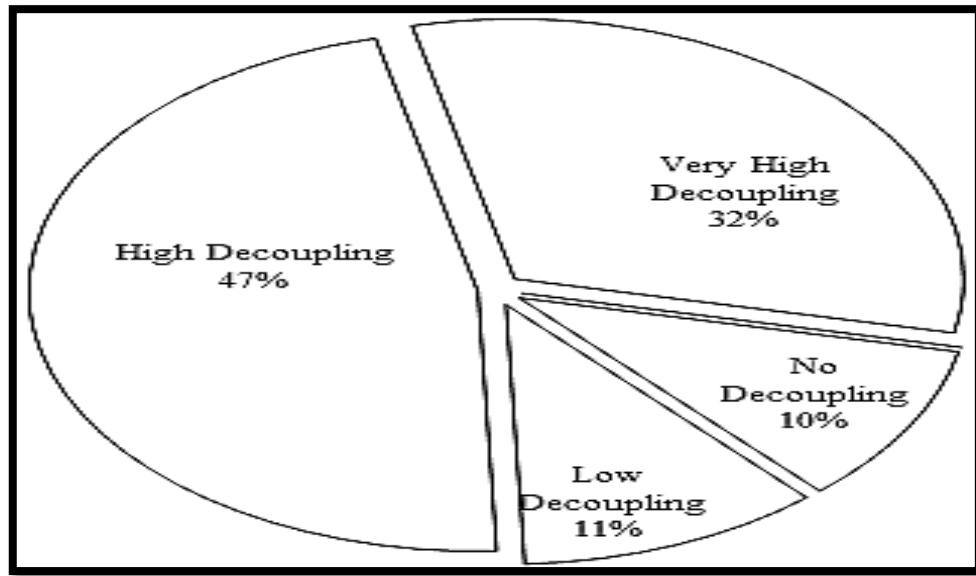


Figure 2: Reported Decoupling in Public Sector Universities

4. Results and Analysis

We considered gender, marital status, job type, education and age of participants as control variables. The results express a significant negative relation of gender with decoupling, psychological contract breach (PCB), emotional exhaustion (EE), but a significant positive relation with organizational cynicism (OC). Furthermore type of job and participants age significantly correlates with internal ethics agenda legitimacy (IEAL) and observed unethical behavior (OUN) respectively. Other control variables do not present a significant relation with our main study variables.

The study was aimed at exploring the effects that decoupling might have on employees; and the data was gathered from public sector higher education institutions. Decoupling was calculated by the difference between the observed ethics compliance and the prevalent ethics programs in the respondents' organizations. The data were divided as very high decoupling (values ranging from -5.0 to -2.0), high (-1.99 to -.59), low (-.58 to -.01) and no decoupling (.00 to 5.0). Accordingly, 47% of the respondents were of the view that their organizations had high decoupling, i.e. the ethics program was ineffective in promoting compliance. 32% of the respondents observed high non-compliance of the ethics, despite the training and monitoring efforts. Only 10% of the employees reported that employees at their organizations were observing ethics (see Figure 2).

To find the impact of afore-measured decoupling, examined the size and significance of association between our variables using bivariate Pearson's correlation. The data for the purposes was checked for various assumptions; and, it was found to be linear and had no significant outliers. For normality, we used the Shapiro-Wilk Test and found the distribution to be normal, as the significance value of the Shapiro-Wilk Test was greater than 0.05 for all variables. Proceeding further, we found significant associations and support for majority of our proposed hypotheses. Decoupling has negative relationship with Internal Ethics Agenda Legitimacy ($r = -.211$ at $p = .002 < .05$), and positive

relationship with Observed Unethical Behavior ($r = .162$ at $p=.017<.05$) thus supporting H₁ and H₂ respectively. IEAL has significant negative relationship with OUB ($r = -.251$, $p=.000<.05$), significantly carries negative relation with Organization Cynicism ($r = -.233$, at $p=.000<.05$). Higher IEAL lowers perceived Psychological Contract Breach, however the relationship was not found to be significant (with $r= -.091$, at $p=.181$), so our H_{3a} and H_{3b} are supported, but H_{3c} is not well supported.. OUB has a negative relation with OC (with $r=-.046$, at $p=.505$) thus H₄ is not accepted. PCB has a significant positive relationship with Emotional Exhaustion (with $r=.800$ at $p=.000<.05$) which supports our H_{5a}. On the other hand, a positive association was found between PCB and OC ($r=.014$, $p=.836$), however, it was not significant. Similarly, we did not find support for the association between OC and EE ($r= -.009$, $p=.89$), hence H_{5b} and H₆ are not supported. Table 3 represents the details of relation between variables.

Table 3: Bivariate Correlations

Variables	1	2	3	4	5	6	7	8	9	10	11
1 Gender	1										
2 Marital Status	.121	1									
3 Job Type	-.089	-.010	1								
4 Education	-.022	.058	-.008	1							
5 Participants Age	.042	.356*	-.019	.032	1						
6 Decoupling	-	.197*	-.034	-.065	-.048	-.019	1				
7 Internal Ethics Agenda Legitimacy	.074	.082	.185*	-.037	.055	-	*	1			
8 Observed Unethical Behaviour	-.072	.045	-.085	.055	.272*	.162*	.251*	1			
9 Psychological Contract Breach	-	.320*	.053	.011	-.074	.080	.003	-.091	-.028	1	
10 Emotional Exhaustion	-	.382*	.057	-.057	-.030	.049	-.038	-.082	.006	.800*	1
11 Organizational Cynicism	.212*	-.005	-.070	.062	.029	-.100	-.233*	-.046	.014	-.009	1

5. Discussion and Conclusion

The results of current study are almost aligned and validate various relationships of variables earlier proposed by MacLean & Litzky (2014), (see Figure 3). The inclusion of emotional exhaustion in the framework extended our understanding of the far reaching effects of decoupling one step further. Emotional exhaustion is a factor leading to Maslach's (1993) burnout concept, and results in severe depletion of emotional and physical health (Maslach & Leiter, 2008), and as results show that psychological

contract breach significantly relates to emotional Exhaustion whereas organization cynicism does not. Therefore, if employees perceive that organization is not fulfilling its commitment, it might result in severe emotional and physical damage to individual employee that could result in either demotivation or unethical and corrupt behavior (Manz et.al. 2005).

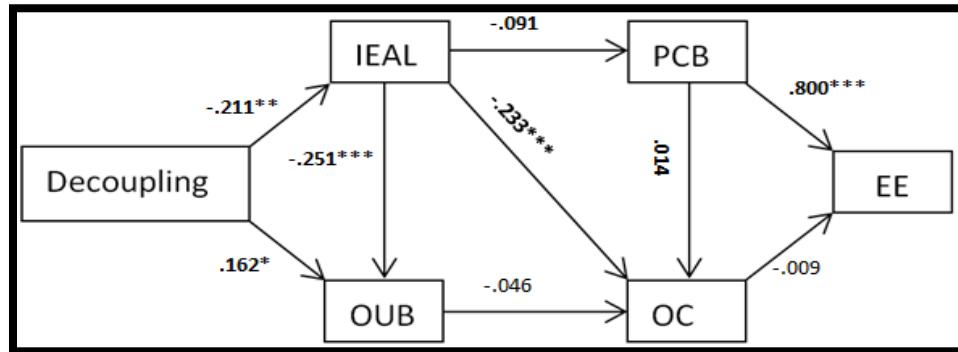


Figure 3: Results of the Study

* $p<0.05$, one-tailed; ** $p<0.01$, one-tailed; *** $p<0.001$, one-tailed Bold numbers represent the accepted hypotheses

Our study presents a model that expands and enhances our know how of the far reaching consequences of decoupling at an individual level. Most research in the area of decoupling has explored organization-level effects(reference); whereas this paper displays compelling individual-level consequences of decoupling that negatively trigger the perception of employees such as perception about decline in legitimacy of institution's policy, increase in observed unethical behavior, intensification of institution cynicism, escalation of belief that organizations does not fulfill the commitment it makes, and thus proliferate the emotional exhaustion within employees. All these consequences damage the productivity and its quality, and in case of educational institution, all of it results in producing cynic, hopeless, and valueless generation.

While implementing the ethical agenda or to assure the compliance of ethical agenda, training and monitoring both are important variables but monitoring has stronger impact on compliance, therefore an effective monitoring system helps in curtailing decoupling.

5.1 Theoretical Implication

This paper extends the works of MacLean & Litzky (2014) by empirically testing the effects of decoupling on individuals, but it is a first empirical study to test the effect of decoupling on individual-level perceptions and behaviors in the higher education sector of Pakistan. The study validates that decoupling does not only effect the organization as prior studies focused (Westpha et al., 1997; Zajac & Westphal, 2004), but has strong association with the perception of organizational members; employees/ individuals, from which we can infer that it ultimately effect the work performance and productivity of employees.

5.2 Practical Implication

The study proposes numerous areas of worry and concern on the part of organizational leaders in general and leaders in educational institutions in particular. For instance this study affirms the importance of recognizing the risks of figurative implementation of ethics agenda and its serious implications on the perception and behavior of employees. Though showoff by making policies and procedures for organizational formal ethics agenda bring in legitimacy from outsiders but a poor implementation of such set of policies may negatively affect employees and perhaps the organization itself in a longer run.

In case of public sector educational institutions the fear is not of losing students e.g. customers, but the real concern is that employees of an organization carry negative perception and behavior toward their institution and definitely it will transfer into the students and would have a long lasting negative impact over a society, therefore the study results and its practical implications appear important and essential.

We can infer from the results of the study that avoiding decoupling or its perception among employees requires an alignment between policies and organizational activities. It means that if one claims to have ethics monitoring system in place, then that system must be able to trace (un)ethical behavior; conduct training programs, integrate such trainings with ethical agenda; and have compensation systems e.g. reward/ punishment that reflects to ethics appraisal. The true integration of ethics agenda into other performance management mechanisms will increase legitimacy among employees and would have positive far reaching consequences on the perception and behavior of employees.

Lastly it is pertinent to mention that leaders ought to be careful to “contradiction of code and conduct” especially when it comes to their own behaviors. If leaders use the ethics agenda to guard themselves and just providing lip service to ethics, then it transmits absence of alignment between saying and doing, which may influence employees to perceive that the institution is decoupling its ethics agenda from practices.

5.3 Limitations

In the academic setting, students are most important stakeholders, thus, future study can examine the impact of decoupling on the perception of students. This study does not look into the causal relationships between the variables; therefore future longitudinal study can fill this gap. Secondly, researchers can investigate mediation and moderation role of decoupling. Thirdly we selected public sector higher education institutions for our study; researchers can examine the effect of decoupling in other public sector organizations in Pakistan, which would help in generalizing the results.

5.4 Conclusion

Purpose of this research was to enrich the literature and our understanding about decoupling formal ethics agenda and its effect on employees' perception, specifically in higher education sector. By doing this we better comprehend the possible results of adopting formal ethics agenda, that is figurative in nature and lack pragmatic system for controlling unethical behavior, thus the study reveals more harmful rather progressive consequences of decoupling on the individuals.

The study affirms that, it is immensely pertinent for any educational institution to comply with the set policies and procedures. Designing and establishing policies for the sake of

satisfying the external stakeholder or to fulfill the requisites imposed by higher authority while not implementing those polices in true spirit would seed negative perceptions in employees toward legitimacy of all actions taken by the institution, thus would consequently detach task motivation and employees.

REFERENCES

- Abraham, R. (2000). Organizational cynicism: Bases and consequences. *Genetic, Social, and General Psychology Monographs*, 126(3), 269-292.
- Adams, J. E., Highhouse, S., & Zickar, M. J. (2010). Understanding general distrust of corporations. *Corporate Reputation Review*, 13(1), 38-51.
- Andersson, L. M. (1996). Employee cynicism: An examination using a contract violation framework. *Human Relations*, 49(11), 1395-1418.
- Andersson, L. M., & Bateman, T. S. (1997). Cynicism in the workplace: Some causes and effects. *Journal of Organizational Behavior*, 18(5), 449-469.
- Bedeian, A. G. (2007). Even if the Tower Is “Ivory,” It Isn’t “White:” Understanding the Consequences of Faculty Cynicism. *Academy of Management Learning & Education*, 6(1), 9-32.
- Behnam, M., & MacLean, T. L. (2011). Where is the accountability in international accountability standards? A decoupling perspective. *Business Ethics Quarterly*, 21(01), 45-72.
- Bitektine, A. (2011). Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status. *Academy of Management Review*, 36(1), 151–179.
- Bromley, P., & Powell, W. W. (2012). From smoke and mirrors to walking the talk: Decoupling in the contemporary world. *The Academy of Management Annals*, 6(1), 483-530.
- Brønn, P. S., & Vidaver-Cohen, D. (2009). Corporate motives for social initiative: legitimacy, sustainability, or the bottom line? *Journal of Business Ethics*, 87(1), 91-109.
- Brown, A.D. (1998), “Narrative, politics and legitimacy in an IT implementation”, *Journal of Management Studies*, Vol. 35 No. 1, pp. 35-58.
- Certo, S. T., & Hodge, F. (2007). Top management team prestige and organizational legitimacy: An examination of investor perceptions. *Journal of Managerial Issues*, 19 (4), 461-477.
- Chapman, D. W., & Lindner, S. (2016). Degrees of integrity: the threat of corruption in higher education. *Studies in Higher Education*, 41(2), 247-268.
- Coburn, C. E. (2004). Beyond decoupling: Rethinking the relationship between the institutional environment and the classroom. *Sociology of Education*, 77(3), 211-244.
- Cropanzano, R., Rupp, D. E., & Byrne, Z. S. (2003). The relationship of emotional exhaustion to work attitudes, job performance, and organizational citizenship behaviors. *Journal of Applied Psychology*, 88(1), 160-169.
- Dean, J. W., Brandes, P., & Dharwadkar, R. (1998). Organizational cynicism. *Academy of management review*, 23(2), 341-352.

- Deephouse, D. L., & Carter, S. M. (2005). An Examination of Differences between Organizational Legitimacy and Organizational Reputation*. *Journal of management Studies*, 42(2), 329-360.
- Eddleston, K. A., Kidder, D. L., & Litzky, B. E. (2002). Who's the boss? Contending with competing expectations from customers and management. *The Academy of Management Executive*, 16(4), 85-95.
- Elsbach, K. D., & Kramer, R. M. (1994). Members' responses to organizational identity threats: Encountering and countering the business week rankings. *Administrative Science Quarterly*, 41(3), 442-476.
- Elsbach, K. D., & Sutton, R. I. (1992). Acquiring organizational legitimacy through illegitimate actions: A marriage of institutional and impression management theories. *Academy of Management Journal*, 35(4), 699-738.
- Evans, J. M., Treviño, L. K., & Weaver, G. R. (2006). Who's in the ethics driver's seat? Factors influencing ethics in the MBA curriculum. *Academy of Management Learning & Education*, 5(3), 278-293.
- Fiss, P. C., & Zajac, E. J. (2006). The symbolic management of strategic change: Sensegiving via framing and decoupling. *Academy of Management Journal*, 49(6), 1173-1193.
- Fiss, P. C., & Zajac, E. J. (2006). The symbolic management of strategic change: Sensegiving via framing and decoupling. *Academy of Management Journal*, 49(6), 1173-1193.
- Foreman, P., & Whetten, D. A. (2002). Members' identification with multiple-identity organizations. *Organization Science*, 13(6), 618-635.
- Gioia, D. A., Schultz, M., & Corley, K. G. (2000). Organizational identity, image, and adaptive instability. *Academy of management review*, 25(1), 63-81.
- Gkorezis, P., Petridou, E., & Krouklidou, T. (2015). The Detrimental Effect of Machiavellian Leadership on Employees' Emotional Exhaustion: Organizational Cynicism as a Mediator. *Europe's Journal of Psychology*, 11(4), 619-631.
- HEC (2016). Higher Education Commission, retrieved on 01-2-2016;
<http://www.hec.gov.pk/InsideHEC/Divisions/QALI/Others/Pages/Enrollment.aspx> and
<http://www.hec.gov.pk/insidehec/divisions/qali/others/Pages/StatisticalInformationUnit.aspx>
- Johnson, J. L., & O'Leary-Kelly, A. M. (2003). The effects of psychological contract breach and organizational cynicism: Not all social exchange violations are created equal. *Journal of Organizational behavior*, 24(5), 627-647.
- Kanter, D. L., & Mirvis, P. H. (1989). *The cynical Americans: Living and working in an age of discontent and disillusion*: Jossey-Bass.
- King, A. A., & Lenox, M. J. (2000). Industry self-regulation without sanctions: The chemical industry's responsible care program. *Academy of Management Journal*, 43(4), 698-716.
- King, B. G., & Whetten, D. A. (2008). Rethinking the relationship between reputation and legitimacy: A social actor conceptualization. *Corporate Reputation Review*, 11(3), 192-207.

- Kingshott, R. P., & Dincer, O. C. (2008). Determinants of public service employee corruption: a conceptual model from the psychological contract perspective. *Journal of Industrial Relations*, 50(1), 69-85.
- MaccLean, T. (2003). *How structural decoupling facilitates organizational misconduct*. Paper presented at the Academy of Management Proceedings.
- MacLean, T., Litzky, B. E., & Holderness Jr, D. K. (2014). When organizations don't walk their talk: A cross-level examination of how decoupling formal ethics programs affects organizational members. *Journal of Business Ethics*, 128(2), 351-368.
- MacLean, T. L., & Behnam, M. (2010). The dangers of decoupling: The relationship between compliance programs, legitimacy perceptions, and institutionalized misconduct. *Academy of Management Journal*, 53(6), 1499-1520.
- Manz, C. C., Joshi, M., & Anand, V. (2005). *The role of values and emotions in newcomers' socialization into organizational corruption*. Paper presented at the Academy of Management Proceedings.
- Maslach, C. (1993). *Burnout: A multidimensional perspective*. Taylor & Francis, Philadelphia, US.
- Maslach, C., & Jackson, S. E. (1981). The measurement of experienced burnout. *Journal of Organizational behavior*, 2(2), 99-113.
- Maslach, C., & Leiter, M. P. (2008). Early predictors of job burnout and engagement. *Journal of Applied Psychology*, 93(3), 498.
- Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340–363.
- Morrison, E. W., & Robinson, S. L. (1997). When employees feel betrayed: A model of how psychological contract violation develops. *Academy of management review*, 22(1), 226-256.
- Pate, J., Martin, G., & McGoldrick, J. (2003). The impact of psychological contract violation on employee attitudes and behaviour. *Employee Relations*, 25(6), 557-573.
- Pelletier, K. L., & Bligh, M. C. (2006). Rebounding from corruption: Perceptions of ethics program effectiveness in a public sector organization. *Journal of Business Ethics*, 67(4), 359-374.
- Piccoli, B., & De Witte, H. (2015). Job insecurity and emotional exhaustion: Testing psychological contract breach versus distributive injustice as indicators of lack of reciprocity. *Work & Stress*, 29(3), 246-263.
- Powell, W. W., & Colyvas, J. A. (2008). Microfoundations of institutional theory. *The Sage handbook of organizational institutionalism*, 276, 298.
- Reger, R. K., Gustafson, L. T., Demarie, S. M., & Mullane, J. V. (1994). Reframing the organization: Why implementing total quality is easier said than done. *Academy of Management Review*, 19(3), 565-584.
- Robbins, J. M., Ford, M. T., & Tetrick, L. E. (2012). Perceived unfairness and employee health: a meta-analytic integration. *Journal of Applied Psychology*, 97(2), 235.
- Robinson, S. L. (1996). Trust and breach of the psychological contract. *Administrative Science Quarterly*, 41(4), 574–599.

- Robinson, S. L., & Morrison, E. W. (2000). The development of psychological contract breach and violation: A longitudinal study. *Journal of Organizational behavior*, 21(5), 525-546.
- Rousseau, D. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*: Sage Publications.
- Rousseau, D. M., & McLean Parks, J. (1993). The contracts of individuals and organizations. *Research in Organizational Behavior*, 15, 1-1.
- Ruef, M., & Scott, W. R. (1998). A multidimensional model of organizational legitimacy: Hospital survival in changing institutional environments. *Administrative Science Quarterly*, 43(4), 877-904.
- Rumyantseva, N. L., & Caboni, T. C. (2012). Are academics in Kazakhstan capable of self-regulation? A study of faculty's normative structure in the midst of higher education decentralization reforms. *Tertiary Education and Management*, 18(1), 1-16.
- Scott, W.R. (1995), *Institutions and Organizations*, Sage, Thousand Oaks, CA.
- Stivers, C. (1994). The listening bureaucrat: Responsiveness in public administration. *Public Administration Review*, 364-369.
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of management review*, 20(3), 571-610.
- Tilcsik, A. (2010). From ritual to reality: Demography, ideology, and decoupling in a post-communist government agency. *Academy of Management Journal*, 53(6), 1474-1498.
- Transparency International (2013). *Global Corruption Report 2013, Corruption in Education*. Published in the USA and Canada by Taylor & Francis Group, New York.
- Treviño, L. K., Butterfield, K. D., & McCabe, D. L. (1998). The ethical context in organizations: Influences on employee attitudes and behaviors. *Business Ethics Quarterly*, 8(03), 447-476.
- Treviño, L. K., & Weaver, G. R. (2001). Organizational Justice and Ethics Program Tollow-Through': Influences on Employees' Harmful and Helpful Behavior. *Business Ethics Quarterly*, 11(04), 651-671.
- Trevino, L. K., Weaver, G. R., Gibson, D. G., & Toffler, B. L. (1999). Managing ethics and legal compliance: What works and what hurts. *California management review*, 41(2), 131-151.
- Urbany, J. E. (2005). Inspiration and cynicism in values statements. *Journal of Business Ethics*, 62(2), 169-182.
- Vardi, Y., & Weitz, E. (2004). *Misbehavior in organizations: Theory, research and management*. Mahwah: Lawrence Erlbaum Associates.
- Wanous, J. P., Reichers, A. E., & Austin, J. T. (2000). Cynicism about organizational change measurement, antecedents, and correlates. *Group & Organization Management*, 25(2), 132-153.
- Weaver, G. R., Trevino, L. K., & Cochran, P. L. (1999). Corporate ethics programs as control systems: Influences of executive commitment and environmental factors. *Academy of Management Journal*, 42(1), 41-57.

- Westphal, J. D., Gulati, R., & Shortell, S. M. (1997). Customization or conformity? An institutional and network perspective on the content and consequences of TQM adoption. *Administrative science quarterly*, 42(2), 366-394.
- Woodward, D. G., Edwards, P., & Birkin, F. (1996). Organizational legitimacy and stakeholder information provision. *British Journal of Management*, 7(4), 329-347.
- Zajac, E. J., & Westphal, J. D. (2004). The social construction of market value: Institutionalization and learning perspectives on stock market reactions. *American Sociological Review*, 69(3), 433-457.
- Zucker, L.G. (1987). Institutional theories of organization. *Annual Review of Sociology*, 13, 443-464.

Appendix A: Survey Questionnaire for Behavioral Research

Greetings!

Thank you for allowing us to communicate with you. The goal of this questionnaire is to help us better understand the impact of GAP between ethics policy and its implementation on employees' perception. We sincerely request you to fill the questionnaire because your responses are highly valuable to our work. We assure to maintain the confidentiality of your responses.

Using the given scales kindly respond to the following statements.

S r	<i>Ethics Monitoring Considering your Institution please indicate the extent to which you agree or disagree with the following statements.</i>	Items	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
			1	2	3	4	5
1	Assessment of a person's ethics is a formal part of performance appraisals.		1	2	3	4	5
2	People are formally evaluated on the ethics of their behavior.		1	2	3	4	5
3	Chairmen/Dean is asked to formally assess the ethical performance of their subordinates.		1	2	3	4	5

Sr	Ethics Compliance <i>Considering your Institution's policy regarding ethical conduct, please indicate the extent to which you agree or disagree with the following statements.</i>	Items				
		Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	Employees violating ethical expectations are strictly disciplined.	1	2	3	4	5
2	Employees failing to abide by policies will be disciplined.	1	2	3	4	5
3	People not conforming to ethical standards are disciplined.	1	2	3	4	5
4	Even employees minor violations of ethical expectations are disciplined.	1	2	3	4	5

Sr	Observed Unethical Behavior <i>Over the past year, how often have you observed the following types of behavior in your organization? Record your answer by selecting one of the five options given.</i>	Items				
		Never	Rarely	Occasionally	Frequently	Very frequently
1	Taking longer than necessary to do a job	1	2	3	4	5
2	Misuse of on-the-job time	1	2	3	4	5
3	Concealing/ Hiding errors	1	2	3	4	5
4	Falsifying time/quality/quantity reports	1	2	3	4	5
5	Calling in sick just to take a day off	1	2	3	4	5
6	Lying to Chairman/ Dean	1	2	3	4	5
7	Stealing from the Institution; by any means i.e. factual stealing, cuts in purchases etc	1	2	3	4	5

Sr	<i>Internal Ethics Agenda Legitimacy</i> <i>Following statements are to assure the extent to which ethics compliance program is operational in your Institution. Record your answer by indicating to which extant you agree or disagree with following statements.</i>	Items				
		Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	My Institution's ethics policies and practices guide me in my decision-making at work.	1	2	3	4	5
2	My Institution's ethics policies and practices help me do my job more effectively.	1	2	3	4	5
3	Our ethics program is a valuable Institutional resource.	1	2	3	4	5
4	Our ethics program adds to the effectiveness of our organization.	1	2	3	4	5
5	Our ethics program is appropriate to public education sector.	1	2	3	4	5
6	Students, staff, faculty, parents, and other outsiders consider our ethics program acceptable.	1	2	3	4	5
7	My Institution's ethics policies and practices support employees in their day-to-day work.	1	2	3	4	5

S r	<i>Perceived Contract Breach</i> <i>The purpose of statements given below is to find out the extent to which you believe that your organization fulfills the promises whether written, verbal or understood. Record your answer by indicating to which extant you agree or disagree with following statements</i>	Items				
		Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	I feel that my organization has violated the contract between us.	1	2	3	4	5
2	I feel betrayed by my organization.	1	2	3	4	5
3	My employer has broken many of its promises to me even though I have upheld my side of the deal.	1	2	3	4	5
4	I feel extremely frustrated by how I have been treated by my organization.	1	2	3	4	5
5	I have not received everything promised to me in	1	2	3	4	5

	exchange for my services.					
--	---------------------------	--	--	--	--	--

S r	Organizational Cynicism <i>Indicate the extent to which you agree or disagree with the following statements.</i>	Items	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
			1	2	3	4	5
1	I have no confident that institution will do what is right when interacting with its staff		1	2	3	4	5
2	I wonder about the real purpose behind institution's decisions		1	2	3	4	5
3	I doubt about institution's integrity		1	2	3	4	5
4	I have reservations whether the institution is forthright regarding its actions		1	2	3	4	5
5	I suspect the institution is deliberately evasive/vague in things it says		1	2	3	4	5
6	I am sure institution officials do not put institution's interest ahead of their own		1	2	3	4	5
7	I don't have complete faith in the institution's good intention		1	2	3	4	5
8	When institution says it is going to do something I know it is not meant in real		1	2	3	4	5
9	I am confident that the institution public rhetoric does not reflect its actual intentions		1	2	3	4	5
10	I wonder at the difference between reality and the institution's claim		1	2	3	4	5
11	I have question whether institution's officials are interested in institution problem		1	2	3	4	5
12	I have suspected that the institution's public statements reflect more spin than reality		1	2	3	4	5

S r	Emotional Exhaustion <i>Following statements are to measure your emotional association with your present job. Record your answer by indicating to which extant you agree or disagree with following statements.</i>	Items	Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
			1	2	3	4	5

1	I feel emotionally drained from my work.	1	2	3	4	5
2	I worry that this job is hardening me emotionally.	1	2	3	4	5
3	I feel burned out from my work.	1	2	3	4	5
4	I feel tired when I get up in the morning and have to face another day on the job.	1	2	3	4	5
5	I feel frustrated by my job.	1	2	3	4	5
6	Working with people all day long requires a great deal of effort.	1	2	3	4	5

Demographic information

Gender: Male Female **Marital Status:** Single Married

Job: Teaching Non-Teaching

Tick the highest level of education completed	Indicate the frequency of ethics training that occurs in your Institution	Weekly	Age Group	Below 20	Tick your income range in thousand s (000)	Below 13
		Monthly		20-30		13-20
		Quarterly		30-40		20-40
		Bi-Annually		40-50		40-60
		Only one time		Above 50		60-100
		Never				Above 100

This is the end of the questionnaire. Thank you for your participation.