

# Managerial Accountability in Decision Making

**Amit Dhiman**

---

*Accountability of managers for the decisions is a fundamental driving force that often leads to desirable quality of the decision outcomes. Managers (agents) are pulled in multiple directions in a decision context because of the web of constituencies (principals) to whom they are accountable, including to themselves and to more proximal and distal stakeholders. This paper proposes a comprehensive testable model identifying antecedents salient to the decision, the principal's and agent's relative power and relations, and agent's key individual factors as shaping the agent's felt accountability to the most dominant principal, including self. The paper also identifies key conditions related to accountability form that act as moderators influencing the choice of decision heuristics that agents may adopt in response to the felt accountability.*

**Amit Dhiman** is Professor, Indian Institute of Management Calcutta. E-mail: amitdhiman@iimcal.ac.in

## Introduction

In the recent past, there has been increasing concern among business leaders, principals, governments, and regulators of the need to curb the agency problem in the organizations. Cases of governance impropriety in organizations such as Enron in US, Satyam Computers in India, subprime loans crisis leading to financial meltdown in 2008, demonstrates the harm fraudulent behavior executives of can cause to the legitimate interests of various stakeholders (Beecher, 2003). These incidents have highlighted the need to make managers more accountable for their decisions and actions inside the organizations.

Accountability is relatively an under-researched construct in the management and social psychology research (Frink & Klimoski, 1998; Hall et al., 2017). However, in other streams such as economics and public policy there exists extensive literature on accountability. Agency theory in economics focuses on accountability in its formal form e.g., monitoring of managerial actions and alignment of actions with their incentives (Eisenhardt, 1985; Jensen & Meckling, 1976). The social psychologists have extended the concept to include

informal accountability mechanisms e.g., personal relations, and its cognitive, affective, and behavioral consequences (Tetlock, 1985). Besides some scholars have conceptualized self accountability as an internal regulatory mechanism (Schlenker & Weigold, 1989), which is guided by decision maker's personal values and ethics.

Despite some development in the field, there exists gap in integrating accountability conceptualization from different perspectives. It is proposed in the current paper that, in a given decision context, decision maker's accountability is the net result of its various forms pulling the decision maker in different directions. The current paper presents a comprehensive model to understand manager's accountability in a decision context. Based on different perspectives, it identifies various factors which contribute to the accountability forces on a decision maker. The model also specifies accountability contingencies which make a decision maker adopt a particular decision heuristic.

### **Economics Perspective**

Agency theory, in effect, delineates formal mechanisms to make agents (the managers) accountable to principals (the owners) for their actions in an organization. Typically, principal (owner or a superior) delegates work to an agent (manager or subordinate) and expects it to be accomplished. However, the interests of two parties often do not meet, and agents fulfil their self-interests at the cost of principal's or organization's interests.

There exists information asymmetry between principal and agent, and the latter often behaves opportunistically to fulfil their goals. The theory suggests that agents' opportunistic behavior can be curbed through accountability mechanisms such as performance linked incentives (Jenson & Meckling, 1976). Agency problem concerns with finding the optimal contract or the most efficient accountability mechanism which minimizes cost of monitoring and curbs agent's dysfunctional actions (Eisenhardt, 1985). Empirical research has widely supported the theory (e.g., Eisenhardt, 1988). Researchers have highlighted some of the common assumptions that agency theory shares with the organizational theories, such as control theories (Eisenhardt, 1989), having direct import for accountability concept.

### **Social Psychological Perspective**

In social psychology stream, majority of empirical work on accountability is based on its conceptualization by Tetlock (1985). It holds that decisions are not taken in vacuum and managers are held accountable for the decisions by different constituencies or stakeholders, e.g., by superiors and decision recipients. Managers take decisions depending on which constituency they feel most accountable to, including self (Schlenker & Weigold, 1989). Their primary goal is to maintain a positive regard of important constituencies to whom they feel most accountable (Tetlock, 1985). Two hard core assumptions of this conceptualization are as follows: accountability of conduct is a universal feature of natural

decision environment, and people are approval and status seekers. Tetlock (1985) identified three motives for people to seek approval and adhere to accountability measures: protect and enhance social image, protect and enhance self image, and secure control of desirable resources. Three motives are complementary and mutually reinforcing.

**‘Decision makers as a politician’, whose underlying motive is to safeguard their interest, whether it aligns with the organizational goals or not.**

The basic assumption of Tetlock’s conceptualization and agency theory is same. Both assume ‘decision makers as a politician’, whose underlying motive is to safeguard their interest, whether it aligns with the organizational goals or not. But whereas economics theory propounds incentives-based accountability measures, social psychology additionally proposes people-based measures such as ‘clan control’ (Ouchi, 1979), personal relations (Shapiro, 2005), informal norms within teams (Barker, 1993), or organization wide cultural norms.

Frink & Klimoski (1998) made a major contribution to theoretical development of accountability. They used Katz & Kahn’s (1978) role theory to base their accountability conceptualization. The relationship between role sender (principal) and role taker (agent) forms the central unit of analysis in role theory. The accountability forces are formed based on role related expectations principal has

from the agent. These expectations are formed on the basis of formal mechanisms such as rules as well as informal means like interpersonal relations. Frink & Klimoski (1998) argued that this conceptualization is eclectic, and allows for expansion of accountability theory. Specifically, they proposed that working relationship, principal’s power, agent’s tenure in the organization, agent’s perceived ability, multiple principals, and peer’s expectations will affect agent’s felt accountability one way or the other.

### **Ethics Perspective**

Despite the existence of extensive accountability measures, agency problem pervades managerial decision making. And it is not desirable to institute bureaucratic controls in situations where managerial discretion is a necessity e.g., quick decision making, and innovative decision making. Today more and more organizations are adopting flexible structures to remain agile and meet competition. Thus, it is desirable that managers are aligned to the organizational goals without too stifling formal accountability structures. As discussed, ‘clan control’ is one alternative, the other is role of ethics in decision making.

Simply put, ethics define good or bad, right or wrong human conduct (Beauchamp & Bowie, 1983). In an organization, in a given decision context, ethics can be the result of unwritten social norms or of well-defined rules, ethical codes, principles, and standards applicable to the decision (Maheshwari & Ganesh, 2006). A moral (ethical) issue is

present where a person's actions, when freely performed, may harm or benefit others (Valquez & Rostankowski, 1985). This means that in the absence of any external accountability demand, decision makers may be self-accountable for their actions when ethical concern is salient (Dhiman, Bhardwaj & Sen, 2018). Such accountability is not only shaped by rules and norms, but also by agent's own ethical standards or values. Ethical issues are also important when agents are accountable to a principal. Jones (1991:7) defined a construct, moral intensity of decision, which "captures the extent of issue-related moral imperative of a situation." So higher is the decision's moral intensity, more accountable will managers' feel to a principal. Moral intensity has been shown to affect the quality of decisions or ethical decisions (Beu, Buckley & Harvey, 2003).

### Felt Accountability

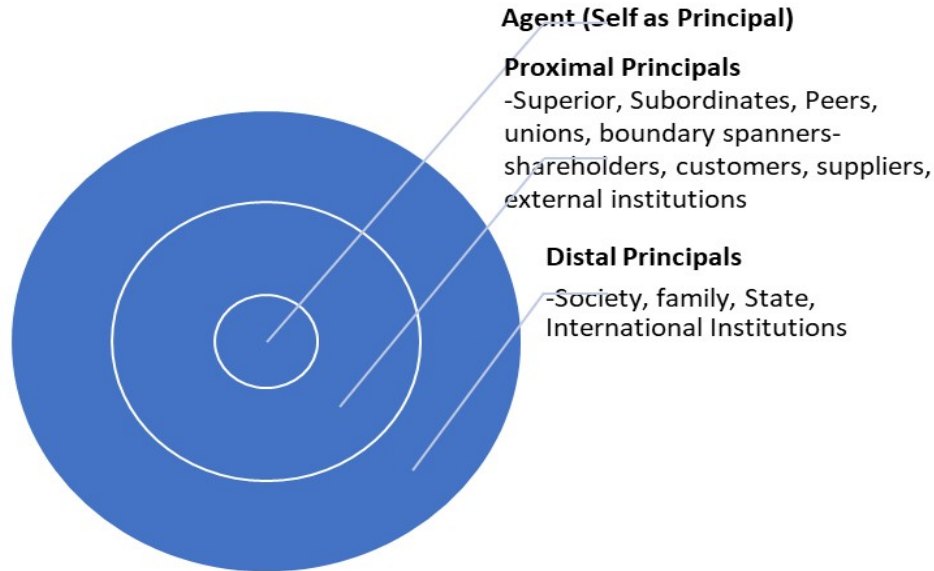
What do we mean when we say that a manager/ decision maker is accountable to a principal? A broader definition which matches our conceptualization in this paper defines "accountability as perceived need to justify or defend a decision or action to some audience(s) which has potential reward and sanctions power, and where such rewards and sanctions are perceived as contingent on accountability conditions" (Frink & Klimoski, 1998 :9). Hall, Frink & Buckley (2017) defined felt accountability similarly. However, the audience's rewards and sanctions power may not always be explicit, as in case of unknown identity of decision maker. But

decision maker may still feel accountable to self, if decision's moral imperative is high. Therefore, we define felt accountability as perceived need of focal manager or 'agent' to justify or defend a decision or action to some audience(s), which may include self. Thus, accountability is a felt condition, 'state of mind' rather than an imposed structure or 'state of affairs' (Frink & Klimoski, 1998). In this paper we adopt and expand the agency theory terms, agent and principal, in referring to the decision maker and the constituency to whom they are accountable respectively. Typically, an agent feels accountable to multiple constituencies or principals (fig 1) e.g., agent's superior, decision recipients, and agents themselves. Decision makers often face conflicting accountabilities due to different goals of the stakeholders in a given decision context. In such a situation agents try to cope with the dominant accountability force (Frink & Klimoski, 1998).

**Decision makers often face conflicting accountabilities due to different goals of the stakeholders.**

In fig 1 the accountabilities of an agent for a decision have been classified based on the 'distance of influence' the decision may have from the constituency (principals) to whom agent is accountable and includes – self (decision maker is principal and agent rolled in one), proximal (principals who may directly get impacted by the decision), and distal (principals at large that may get impacted by decision indirectly).

Fig 1. Web of Accountabilities of an Agent



Accountability as a concept is quite close to responsibility (Frink & Klimoski, 1998). Cummings & Anton (1990) proposed an accountability model which posited that in case of a decision event, agent assumes responsibility for which he/she can be held accountable. Cummings & Anton (1990: 262) defined this responsibility as “personal causal influence on an event”. But agents feel responsibility only when they emotionally and cognitively accept it. Further they are held accountable by external decision stakeholders. Thus Cummings & Anton posited that felt responsibility and accountability are different outcomes of responsibility- former an internal process and latter an external, public process. In our conceptualization felt responsibility is akin to self- accountability. Accountability always refers to answerability to someone and in case of felt responsibility or self accountability agent is answer-

able to self. Cummings & Anton also have referred to felt responsibility as internal justification (1990:268).

Frink & Klimoski (1998) identified six essential elements associated with accountability. These include social context in which agent is situated; observation and evaluation by a principal; standards and expectations against which agent’s behavior is judged; agents’ belief that they will have to answer, justify or defend the decisions; decision related outcomes highly valued by agent (specified or unspecified, objective or subjective); and actual decision or action.

Empirical research has shown both positive and negative effects of accountability on decision quality. Lab studies prove that it reduces judgmental biases such as primacy effects

(Tetlock, 1983), reduces overconfidence in personality prediction (Tetlock & Kim, 1987), reduces sunk cost effects (Simonson & Nye, 1992), and leads to more accurate judgments and decisions (Ashton, 1992; Brtek & Motowidlo, 2002; Mero & Motowidlo, 1995). On the negative side, it can inflate sunk cost if decision maker is already committed to a decision (Tetlock, Skitka & Boettger, 1989), shifts decisions towards undesirable views of constituencies (Adelberg & Baston, 1978), and forces decision maker to even consider irrelevant information reducing quality of decision (Tetlock et al., 1989). Thus, just creation of accountability mechanisms is not sufficient (Hall et. al., 2017), but there are certain conditions under which accountability to a principal can improve decision quality. These are discussed in the accountability model that follows.

### **Accountability Model**

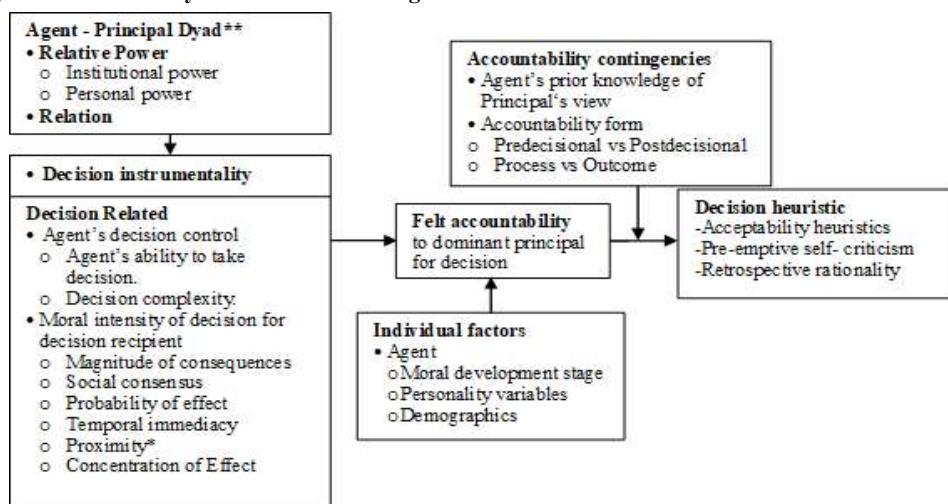
The proposed accountability model (fig. 2) considers the decision event as the unit of analysis. The model differs from earlier conceptualization (e.g., Frink & Klimoski, 1998) which considers overall agent accountability to principal, but neglects the decision itself. There are important decision characteristics which cannot be ignored because of their implications for the agent's accountability. Agent's accountability will differ from decision to decision. Thus, keeping with its objective of proposing a comprehensive model, the current paper incorporates these characteristics while not ignoring others.

The model specifies the antecedents of agent's felt accountability based on different perspectives discussed earlier. By doing so the model addresses the need for focusing on antecedents of felt accountability, including personality variables - a research gap observed by Hall et al. (2017) in their review. Further it is hypothesized that certain accountability contingencies interact with the agent's felt accountability to determine their choice of a particular decision heuristic.

### **Antecedents of Felt Accountability**

Past literature (e.g., Frink & Klimoski, 1998; Gelfand, Lim, & Raver, 2004; Hall et. al., 2017) has identified structural, social, and interpersonal conditions affecting accountability forces. Structural conditions include presence of formal evaluation system, rewards, disciplinary procedures, policies and practices, and communication of these policies. Social contingencies include organizational culture, social norms, informal networks, and politics. Interpersonal conditions include supervisor-subordinate relationship, and personal characteristics. There is hardly any empirical research on testing antecedents of accountability while there is significant research on the boundary conditions or moderators between felt accountability and outcomes (Hall et. al., 2017). Ferris et al. (1997) tested effect of organizational and job characteristics on job incumbent's felt accountability. However, Ferris et al. considered overall job accountability, and did not test for decision related variables. In the current model antecedents are classified in the following three categories:

Fig 2. Accountability in Decision Making



\* In case when principal is the decision recipient, proximity will overlap with relation.

\*\*In case principal is 'self' or 'agent' himself/herself, then dyadic variables do not apply.

agent–principal dyad related variables, decision related variables, and individual variables.

*Agent's Decision Instrumentality:* As mentioned in the definition, rewards and sanctions or agent's outcomes are the essential pre-conditions of felt accountability. Invariably every decision is associated with both tangible and intangible rewards for the agent. Good decisions can build agent's reputation, and can also bring tangible rewards such as pay hike, and promotion. Bad decisions can ruin relationships, and can result in loss of promotion chances. Agent's overall decision instrumentality is defined as closeness of decision – agent's reward relation, and value individual agent puts on reward, tangible or intangible; value thus assessed determining the valence of reward. Agent's overall decision instrumentality will differ from decision to decision. For example, routine decisions may not reap

high rewards for agent, but critical decisions can bring high rewards or highly punitive consequences. Thus, an agent, in a given decision situation, cognitively calculates net benefit or loss of all alternatives available and takes decision accordingly. Therefore, as decision instrumentality increases, agent's perceived need for justification for decision to the principal also increases. Also, every decision will have differing instrumentalities controlled by various principals.

However, certain rewards, e.g., reputation or satisfaction, may not be contingent on any particular external principal's judgment. These are more internal to the agents, and one can argue that they will feel more self-accountable (Dhiman et al., 2018) if these are the rewards at stake. Carver & Scheier (1982:120) argued that "directing attention to self, when a behavioral standard has been evoked by the nature of one's role or

setting, engages the comparator at the level of control that is superordinate. The result is tendency to compare one's perceptions of one's present state or behavior against the standard, leading to a reduction of perceptible differences between the two". This reduction may lead to more satisfaction with one's own conduct. Therefore, we propose that,

*Proposition 1.* For a given decision event, greater is the perceived decision instrumentality for the agent, more will be the agent's felt accountability to the principal who controls that particular instrumentality.

The following propositions identify conditions which determine the salience of particular decision instrumentality, and hence salience of felt accountability to a particular principal.

*Agent - Principal Relative Power:* The actual or perceived power difference between agent and principal is one of the major sources of the agent's felt accountability. Power is defined as the ability to influence others to believe, behave, or to value as those in power desire them to or to strengthen, validate, or confirm present beliefs, behaviors, or values. French & Raven (1959) classified power into five forms- coercive, legitimate, rewards, expert, and referent. While the first three forms are more institutional in nature, latter two are more personal (Gibson, Ivancevich & Donnelly, 1991). Above power bases can also be termed formal or informal. While legitimate type is formal, coercive and referent are more informal in nature. Rewards and expert forms can be

formal as well as informal. The five power bases in above classification are not independent of each other. For example, authority to reward a subordinate refers to both legitimate and reward forms. Similarly, one can be coerced with the threat of withholding future rewards. Examples of legitimate power are as follows: performance appraisals, appeals, rewards, punishments, explanation call. In general, agent's superiors hold legitimate power over the agent due to their organizational positions, and they can utilize most of the above listed administrative tools to exercise their power. The decision recipients may be junior to agent in the organizational hierarchy, but they can also possess legitimate power in the form of appeal against decision, or upward performance appraisal, if organizations provide so. Typical examples of referent power are union membership, and influential social network. Examples of expert power include knowledge of processes, techniques, and standards. Reward power can take tangible or intangible form. Tangibles include promotions, salary raise, and preferred work assignment, and intangibles may consist of cooperation, and in-group membership.

In a given decision situation different principals may hold different power relative to agent. The relative power is the difference of total principal and total agent power, formal or informal, institutional or personal. But the overall perceived power differential is critical in our conceptualization. Based upon this perceived power differential, agents believe that their rewards and sanctions are controlled or influenced by principals and hence perceive higher accountability.

Bartol & Martin (1990) provided evidence that manager's (agent) awarded higher salary to subordinates (principal) when they were dependent on subordinate's expertise, and when subordinate had political connections. However, for the relative power to be effective, it is essential that power is exercised (Bartol & Martin, 1990). The agent felt the need to keep the principal happy because latter had influence on former's reward outcomes. Thus,

*Proposition 2.* For a given decision event, greater is the perceived relative power of a principal compared to the agent, more salient will be the agent's decision instrumentality controlled by the principal, and more will be their felt accountability to the principal.

**Close relation enhances a tendency among the agents to avoid decisions with negative consequences for the principals.**

*Agent - Principal Relationship:* The agent - principal relationship will affect agent's felt accountability to a principal, irrespective of power differential between the two. In this case the decision instrumentality for agents is the close relationship they have with the principals. Close relation enhances a tendency among the agents to avoid decisions with negative consequences for the principals and promote decisions with positive consequences for the principals, just to keep the relationship intact. Thus, superiors may inflate performance ratings of subordinates close to them, avoid disciplinary actions for their misconduct, and de-

cision recipients may not appeal even against unfair decisions (Duarte & Goodson, 1994; Lefkowitz, 2000). Adverse agent-principal relations may evoke opposite reactions.

Agents may also value relationship with subordinates who are similar or appear to be similar to them to perpetuate their own self-image (Wayne & Liden, 1995). Agents may enhance and maintain relationship with successful principals to expand their own influence within the organization or for want of associating or identifying themselves with successful principal groups. Therefore, closer relationship with principal may put accountability pressure on agent not only because of the relationship as an end in itself, but also because relationship might be a mean to an important end. Therefore,

*Proposition 3.* Closer is the agent-principal relation, more salient will be the decision's relationship instrumentality for the agent, and more will be the agent's felt accountability to the principal.

*Agent's Decision Control:* Agents will be held more accountable for the decisions on which they have more control. This control may be perceived by the principal in terms of agent's ability to take decisions and complexity of a certain decision. Agent's felt accountability to a principal increase when they know that they cannot hide behind 'excuses' of their inability or complexity of decisions. Principal expects them to take high quality decisions because either they are competent enough or the decision com-

plexity is manageable. Such excuses are often used by managers as accounts to defend their poor performance (Scott & Lyman, 1968).

Agent's ability is a measure of their know-how, experience, and authority for a particular decision. Specifically, their ability includes efficacy to process information, analyze alternatives, knowledge of norms and procedures, ethical codes, and requisite authority. Higher expectations by supervisor about subordinate's performance leads to higher performance mediated by higher self-efficacy. But this ability alone is not sufficient because certain decisions by nature may be very complex. Decision's complexity may be measured in terms of availability of information. Thompson (1967) proposed that decisions involve two main dimensions- certainty about outcome of a particular decision, and consensus about organization's preference regarding possible outcome. In case of certainty about both dimensions, decision making is easier and analytical. The complexity increases when information about one of the two dimensions is uncertain. For example, when information about outcome preferences is certain, but about decision-outcome relation is uncertain, then judgmental strategy is used (Thompson, 1967). Judgment is more complex than computation or analysis. And most complex cognitional approach would be when information about both is missing. Therefore,

*Proposition 4.* For a given decision, greater is the agent's perceived control on the decision, more will be the agent's felt accountability to the principal.

*Proposition 4 (a).* Greater is the agent's ability to take decision, more will be the agent's felt accountability to the principal.

*Proposition 4 (b).* Greater is the decision complexity, lesser will be the agent's felt accountability to the principal.

*Decision's Moral Intensity:* Moral intensity of a decision represents its moral imperativeness (Jones, 1991). In other words, it determines the proportion of moral responsibility in a particular decision event that befalls on an agent. Moral intensity of a decision will affect felt accountability to both self and others. It has the following components: magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect (Jones, 1991). Magnitude of consequences of decision is defined as "sum of the harms (or benefits) done to the victim (or beneficiary) of the decision in question" (Jones, 1991: 9). There exists empirical support for positive relation between seriousness of consequences and ethical decisions. The social consensus on a decision situation is defined as the degree of social agreement that proposed decision or act in the situation is good (or bad). Thus, it is a social norm related to a decision event and reduces ambiguity. And it exerts pressure on agent to adhere to the norm. The probability of the effect of a decision is the joint probability of the decision being implemented and the decision actually causing the consequences predicted (Jones, 1991). Agents will be able to estimate these probabilities and will

know chances of the consequences. Higher value will make them feel more accountable. For example, appraiser's estimate of acceptance of their rating recommendations to top management and estimate of its links to appraisee's rewards will influence appraiser's felt accountability, especially to self. Temporal immediacy of a decision is the length of time between the present and the onset of consequences of the decision in question (Jones, 1991). Shorter is the period, greater is the immediacy. If the consequences of a decision emerge long after decision has been taken, it will reduce the moral responsibility of the decision maker. Many other factors might have influenced, and decision-outcome information is ambiguous. Also, people discount the effect of decisions taken today which will have consequences long after (Jones, 1991). The proximity of the decision is the feeling of nearness (social, cultural, psychological, or physical) that agent has for decision recipient (Jones, 1991). This factor overlaps with the agent-principal relation discussed earlier. But the focus there was on social relation between the agent and the principal, latter includes superior or the decision recipient. Proximity refers to decision recipient only. Thus, it is relevant when we are determining the felt accountability to decision recipient only. Concentration of the effect refers to the intensity of decision consequences for an individual

**If the consequences of a decision emerge long after decision has been taken, it will reduce the moral responsibility of the decision maker.**

decision recipient. It is the inverse function of the number of the people affected by a decision of given consequences (Jones, 1991). It makes agent more conscious of their moral responsibility while taking decision. Thus, following propositions can be stated.

*Proposition 5.* For a given decision, greater is the agent's perceived moral intensity (including all its dimensions independently) of the decision, more will be the agent's felt accountability to the principal.

#### **Agent's Individual Factors**

In decision events where there does not exist strong external accountability forces, especially in terms of tangible rewards for good decisions, role of moral values or ethics become important. For example, appraisers often face ethical dilemma; whom to favor? One who has worked hard or the other whom appraiser likes but has not performed. If appraiser is the sole and final authority, a lot depends on ethical factors. One of the important factors is agent's cognitive moral development stage.

*Moral Development Stages:* Kohlberg's (1969) cognitive moral development model is a major contribution to the development of ethical decision-making theory. Kohlberg proposed that individuals progress sequentially through various moral development stages. A stage provides them a basic framework to think through and take decision in a particular decision event, typically in case of ethical dilemma. This framework provides prescriptive guidelines

about what is right or wrong in a decision situation (Trevino, 1986). Kohlberg's six stages are divided under three levels: pre-conventional, conventional, and principled (Trevino, 1986). In the pre-conventional stage, individuals take decision which avoids punishment, which safeguards their self-interest, and which focuses on instrumental exchange or fair deal. Conventional stage involves more consideration of other's views, focus on interpersonal and social accord, and is about upholding laws. People follow laws except in extreme cases when these conflict against well-defined social responsibilities. Principled stage is more about upholding universal ethical principles. Individuals think and decide beyond prevailing norms, laws, or authority (Trevino, 1986).

There is strong empirical support for the Kohlberg's model. Moral development is negatively related to cheating, negatively related to obedience to harmful authority (Kohlberg, 1969), positively related to helpful behavior (Kohlberg & Candee, 1984). Snarey's (1985) review of 45 studies established the universality of sequential nature of moral development stages across cultures. Kohlberg's studies also found that continued education results in moral development (Trevino, 1986). Ethics training based on moral development stage model has been shown to result in transition of trainees to next stage (Penn & Collier, 1985). Studies in work related ethical issues found the effect of manager's moral stage on decisions. Based on the above discussion, following is proposed:

*Proposition 6.* An agent in the pre-conventional moral development stage

will feel more accountable to principals who hold clear/ tangible reward/sanction power for them. In majority of situations such agents will feel most accountable to their superiors who hold authority/ power.

*Proposition 7.* An agent in the conventional moral development stage will feel more accountable to principals who uphold rules, and prevailing interpersonal or social norms. Such agents will feel accountable to both superiors and decision recipients.

*Proposition 8.* An agent in the principled moral development stage will feel more self- accountable, upholding the ethics he/she believes in even against prevailing rules or social norms.

*Personality Variables.* In the current model, we have adopted a 'state of mind' perspective compared to 'state of affairs' perspective of accountability in line with Frink and Klimoski's (1998) conceptualization. Thus, individual factors are critical in determining individual agent's reaction to prevailing accountability conditions. There is enough evidence supporting effect of personality variables on agent's decision- making heuristics. Past evidence suggests that agents high on self-monitoring and conscientiousness tend to align their views with their prospective principals' views (Chen, Shecter & Chaiken, 1996; Mero, Guidice & Anna, 2006; Snyder, 1974). Ethics literature provides evidence for the effect of following personality variables on ethical decision making: locus of control (Trevino, 1986), type A personality

(Perry, Kane, Bernesser & Spicker, 1990), and Machiavellianism (Hegarty & Sims, 1978). These studies show that external locus and higher value on latter two traits are related positively to unethical behavior or decisions. Type A personalities are highly achievement oriented (Beu, Buckley & Harvey, 2003) and can indulge in questionable practices to achieve their ends. Extreme achievement orientation makes a person High Mach who more often than not adopts unethical practices (Beu et al., 2003). This indicates that high achievement -oriented agents will feel more accountable to external principals if the former feel that latter are key to their goals. Otherwise, such agents will follow own path (even unethical) if they feel that no one else can help them achieve their goals except they themselves. Locus of control is the degree to which individuals believe that the outcomes are dependent on their personal characteristics or behavior rather than on external factors e.g., luck (Beu et al., 2003). Agents with internal locus will feel more responsible for their actions due to self- attribution. One interesting area for future research can be studying the effect of big five personality traits on felt accountability (Hall et al., 2017). Based on existing research following is proposed:

*Proposition 9.* High self-monitors will feel more accountability pressure due to external principals.

*Proposition 10.* Type A and High Mach agents will feel more accountability pressure either due to external principal or due to self.

*Proposition 11.* Agents with internal locus of control will feel more self-accountable, whereas externals will feel more accountable to external principals.

### **Accountability Coping Strategies/ Decision Heuristics**

Decision makers adopt different strategies to face accountability pressure from their principals. Severe accountability pressures can make agents stressed at work place (Hall et al., 2017). Accountability affects both: what people think i.e., choices they express, and how people think i.e., reasoning strategy (Tetlock et al., 1989). People are ‘cognitive misers’ and adopt a strategy which involves limited cognitive effort. Tetlock et al. (1989) found empirical support for three social and cognitive strategies used by decision makers to cope with accountability to institutional and interpersonal principals. Those who knew principal’s views and were unconstrained by past commitments relied on low effort “acceptability heuristics” by aligning their views with principal’s views. Those who did not know the principal’s view and were unconstrained by past commitments, used “pre-emptive self-criticism”, did more analysis, and thought flexibly. People who were committed to certain positions, used “retrospective rationality” by trying to justify their positions to the principal. In the accountability literature, these three strategies have been termed as ‘accountability coping mechanisms.’ We label them as decision heuristics defined as the decision strategy adopted by an agent in the face of specific accountability contingency.

Agents will adopt a particular strategy depending on the principal they feel more accountable to and depending on the associated accountability contingencies (Frink & Klimoski, 1998; Lerner & Tetlock, 1999). Past research shows that, out of three strategies described above, “pre-emptive self-criticism” strategy, involving effortful thinking and more data analysis, will lead to better decision making (Hall et al., 2017). It is equally applicable to the cases where ‘self’ is the principal. In the case of self-accountability, what is acceptable to agents will be either based on their well-formed schema for a particular decision situation (retrospective rationality or acceptability heuristics), or based on their motivation to analyze situation deeply. Later situation is desirable.

### Boundary Conditions

Under what conditions agents adopt different heuristics? Firstly, agent will adopt decision strategy keeping in mind felt accountability to most dominant principal (Frink & Klimoski, 1998). Dominant principal can be a superior, decision recipient (or subordinate), or even agent him/herself.

As noted above, analytical decision heuristic is better for high quality decision making. Past research has found that it is most likely to be activated when the agent is accountable to a principal whose views are unknown, who is interested in processes/procedures rather than specific outcomes, who is interested in decision quality, who is reasonably well-informed, and who has a legitimate reason for inquiring into the reasons behind partici-

pants’ judgments (Lerner & Tetlock, 1999). Under such accountability conditions, agents adopt more effortful information processing. As explained earlier, agents are ‘cognitive misers’ and will align to principal’s views if it needs least effort. But the above conditions either prevent them from knowing the principal’s views, or indicate to them that principal expects more cognitive effort. It is proposed in the current paper that knowledge of principal’s views and accountability form will affect the relation between the felt accountability and the choice of certain heuristic to cope with accountability and arrive at decision. Specifically,

*Propositions 12.* Agents who know principal’s view on a decision, will adopt “acceptability heuristic”, and those who do not know principal’s views will adopt “analytical heuristic”.

*Propositions 13.* Agents who are accountable to a principal for decision processes rather than the decision itself will adopt “analytical heuristic”.

*Propositions 14.* Agents who are accountable to a principal before the decision rather than post decision will adopt “analytical heuristic”, and those who are accountable post decision will adopt “retrospective rationality”.

Above propositions are stated with reference to the dominant principal only. These also apply when principal and agent are same or the principal is self. For example, proposition 12 asserts that when agents do not know their preferred choice in a decision event, they will adopt an ana-

lytical strategy, otherwise they will take decision based on their schema or based on what they had earlier experienced in the past. Proposition 13 posits that when agent themselves believe in diligently following the decision process, they will follow analytical strategy. Such an agent will not be too much bothered about the outcomes believing that if right procedure/process is followed right results will be achieved. On the other hand, if the agent focuses only on desirable outcome without bothering about the process, they may adopt questionable means. They may use retrospective rationality to justify to themselves the wrong means adopted for achieving premeditated outcome. Proposition 14 conveys similar meaning in the case of self-accountability.

### Concluding Remarks

This conceptual paper attempted to develop an integrated framework outlining the key accountabilities that decision makers face in the organizations. The key contribution is the identification of key proximal sources of external accountabilities and internal or self-accountability that decision maker is answerable to in any given decision context. Such an integration allowed identification of key variables related to agent-principal dyad, nature of decision itself including the related moral imperative, individual agent's personality, and accountability contingencies. Further the paper developed testable propositions related to influences of these variables on felt accountability and decision heuristics followed by decision maker. By doing so the paper recognizes that decision makers have to deal with web of accountabili-

ties and act as "intuitive politician" to pander to the demands of most dominant principal(s) including self.

### References

- Adelberg, S. & Batson, C.D. (1978), "Accountability and Helping: When Needs Exceed Resources", *Journal of Personality and Social Psychology*, 36 (4): 343-50.
- Ashton, R.H. (1992), "Effects of Justification and a Mechanical Aid on Judgment Performance", *Organizational Behavior & Human Decision Processes*, 52 (3): 292-306.
- Barker, J.R. (1993), "Tightening the Iron Cage: Concertive Control in Self-managed Teams", *Administrative Science Quarterly*, 38(4): 408-37.
- Bartol, K.M., & Martin, D.C. (1990a), "Influences on Managerial Pay Allocations: a Dependency Perspective", *Personnel Psychology*, 41(2):361-78.
- Beauchamp, T.L. & Bowie, N.E. (1983), *Ethical Theory and Business*, Prentice Hall, Englewood Cliffs, NJ.
- Beecher-Monas, E. (2003), "Corporate Governance in the Wake of Enron: An Examination of the Audit Committee Solution to Corporate Fraud," *Administrative Law Review*, 55(2): 357-93.
- Beu, D.S., Buckley, M.R. & Harvey, M.G. (2003), "Ethical Decision-making: a Multidimensional Construct", *Business Ethics: A European Review*, 12(1): 88-107.
- Brtek, M. D. & Motowidlo, S. J. (2002), "Effects of Procedure and Outcome Accountability on Interview Validity", *Journal of Applied Psychology*, 87 (1): 185-91.
- Carver, C.S. & Scheier, M.F. (1982), "Control Theory: A Useful Conceptual Framework for Personality- Social, Clinical, and Health Psychology," *Psychological Bulletin*, 92(1): 111-35.

- Cummings, L.L. & Aton, R.J. (1990). The Logical and Appreciative Dimensions of Accountability. In S. Srivastva, D. Cooperrider, & Associates (eds.), *Appreciative Management and Leadership*. (pp. 257-286). Jossey-Bass, San Francisco.
- Chen, S., Shecter, D. & Chaiken, S. (1996), "Getting at the Truth or Getting Along: Accuracy- versus Impression-motivated Heuristic and Systematic Processing", *Psychology*, 71(2): 262-75.
- Dhiman, A., Sen, A., & Bhardwaj, P. (2018), "Effect of Self- accountability on Self -Regulatory Behavior: a Quasi – experiment", *Journal of Business Ethics*, 148 (1): 79-97.
- Duarte, N.T. & Goodson, J.R. (1994), "Effects of Dyadic Quality and Duration on Performance Appraisal", *Academy of management Journal*, 37(3): 499-521.
- Eisenhardt, K. (1985), "Control: Organizational and Economic Approaches", *Management Science*, 31 (1): 134-49.
- Eisenhardt, K. (1988), "Agency and Institutional Explanations of Compensation in Retail Stores", *Academy of Management Journal*, 31: 488-511.
- Eisenhardt, K. (1989), "Agency Theory: An Assessment and Review", *Academy of Management Review*, 14(1): 57-74.
- Ferris, G.R., Dulebohn, J.H., Frink, D.D., George-Falvy, J., Mitchell, T.R. & Matthews, L.M. (1997), "Job and Organizational Characteristics, Accountability, and Employee Influence", *Journal of Managerial Issues*, 9(1): 162-75.
- French, J.R.P. & Raven, B. (1959), "The Bases of Social Power", in D. Cartwright (Ed.), *Studies in Social Power*, Ann Arbor: University of Michigan Institute of Social Research.
- Frink, D.D. & Klimoski, R.J. (1998), "Towards a Theory of Accountability", in Ferris, G.R., (Eds.), *Research in Personnel and Human Resource Management*, Vol 16: Elsevier Science/JAI Press.
- Gelfand, M. J., Lim, B. C. & Raver, J. L. (2004), "Culture and Accountability in Organizations: Variations in Forms of Social Control across Cultures", *Human Resource Management Review*, 14 (1): 135-60
- Gibson, J.L., Ivancevich, J.M. & Donnelly, J.H. (1991), *Organizations*, Homewood, IL, Irwin.
- Hall, A.T., Frink, D.D. & Buckley, M.R. (2017), "An Accountability Account: A Review and Synthesis of the Theoretical and Empirical Research on Felt Accountability", *Journal of Organizational Behavior*, 38 (2): 204-24.
- Hegarty, W.H. & Sims, H.P.Jr. (1978), "Some Determinants of Unethical Decision Behavior: An Experiment", *Journal of Applied Psychology*, 63 (4): 451-57.
- Jensen, M.C. & Meckling, W.H. (1976), "Theory of Firm: Managerial Behavior, Agency Costs and Ownership Structure", *Journal of Financial Economics*, 3 (4): 305-60.
- Jones, T.M. (1991), "Ethical Decision Making by Individuals in Organizations: An Issue Contingent Model", *Academy of Management Review*, 16(2): 366-95.
- Katz, D., & Kahn, R.L. (1978), *The Social Psychology of Organizations* (2nd ed.), John Wiley, New York.
- Klimoski, R. & Inks, L. (1990), "Accountability Forces in Performance Appraisal", *Organizational Behavior & Human Decision Processes*, 45 (2): 194-208.
- Kohlberg, L. (1969), Stage and Sequence: The Cognitive-developmental Approach to Socialization", in D.A. Goslin (Ed.), *Handbook of Socialization Theory and Research*, Rand McNally, Chicago.
- Kohlberg, L. & Candee, D. (1984), "The Relationship of Moral Judgment to Moral Action", in W.M., Kurtines & J.L., Gerwitz (Eds.), *Morality, Moral Behavior, and Moral Development*, Wiley, New York.

- Lefkowitz, J. (2000), "The Role of Interpersonal Affective Regard in Supervisory Ratings: A Literature Review and Proposed Causal Model", *Journal of Occupational & Organizational Psychology*, 73(1): 67-85.
- Lerner, J. S. & Tetlock, P. E. (1999), Accounting for the Effects of Accountability, *Psychological Bulletin*, 125 (2): 255-75.
- Maheshwari, S.K. & Ganesh, M.P. (2004), Ethics in Organizations: The Case of Tata Steel, Working paper series, Indian Institute of Management, Ahmedabad.
- Mero, N.P. & Motowidlo, S.J. (1995), "Effect of Rater's Accountability on Accuracy and Favorability of Performance Rating", *Journal of Applied Psychology*, 80 (4): 517-24.
- Mero, N. P., Guidice, R. M., & Anna, A. L. (2006), "The Interacting Effects of Accountability and Individual Differences on Rater Response to a Performance-Rating Task", *Journal of Applied Social Psychology*, 36(4): 795-819.
- Ouchi, W. (1979), "A Conceptual Framework for the Design of Organization Control Mechanisms", *Management Science*, 25(4): 833-48.
- Penn, W. Y. & B. D. Collier (1985), "Current Research in Moral Development as a Decision Support System", *Journal of Business Ethics*, 4: 131-36.
- Perry, A.R., Kane, K.M., Bernesser, K.J. & Spicker, P.T. (1990), "Type 'A' Behavior, Competitive Achievement- striving and Cheating Among College Students", *Psychological Reports*, 66 (2): 459-465.
- Schlenker, B.R., Britt, T.W., Pennigton, J., Murphy, R. & Doherty, K. (1994), "The Triangle Model of Responsibility", *Psychological Review*, 101 (5): 632-52.
- Schlenker, B.R. & Weigold, M.F. (1989), "Self-identification and Accountability", in R.A. Giacalone & P. Rosenfeld (eds), *Impression Management in the Organization*, Hillsdale, NJ: Lawrence Erlbaum.
- Scott, M.B., & Lyman, S.M. (1968), "Accounts", *American Sociological Review*, 33 (1): 46-62.
- Shapiro, S.P. (2005), "Agency Theory", *Annual Review of Sociology*, 31:263-84.
- Simonson, I. & Nye, P. (1992), "The Effect of Accountability on Susceptibility to Decision Errors", *Organizational Behavior and Human Decision Processes*, 51 (3): 416-46.
- Snarey, J. R. (1985), "Cross-cultural Universality of Social-moral Development: A Critical Review of Kohlbergian Research", *Psychological Bulletin*, 97(2): 202-32.
- Snyder, M. (1974), "Self-monitoring of Expressive Behavior", *Journal of Personality and Social Psychology*, 30 (3): 526-37.
- Tetlock, P.E. (1983), "Accountability and Complexity of Thought", *Journal of Personality & Social Psychology*, 45 (1): 74-83.
- Tetlock, P.E. (1985), "Accountability: The Neglected Social Context of Judgment and Choice", in L.L. Cummings & B.M. Staw (Eds.), *Research in Organizational Behavior* (Vol.1), Greenwich: JAI Press.
- Tetlock, P.E., & Kim, J.I. (1987), "Accountability and Judgment Processes in a Personality Prediction Task", *Journal of Personality and Social Psychology*, 52 (4): 700-09
- Tetlock, P.E., Skitka, L. & Boettger, R. (1989), "Social and Cognitive Strategies for Coping with Accountability", *Journal of Personality and Social Psychology*, 57 (4): 632-40.
- Thompson, J.D. (1967), *Organizations in Action: Social Science Bases of Administrative Theory*, McGraw-Hill: New York.
- Trevino, L.K. (1986), "Ethical Decision Making in Organizations: A Person-situation Interactionist Model", *Academy of Management Review*, 11(4): 601-17.
- Velasquez, M. G. & Rostankowski, C. (1985), *Ethics: Theory and Practice*, Englewood Cliffs, NJ: Prentice-Hall.