

**A RESEARCH OF DECISION-MAKING WHILE REPORTING SUSPICIOUS TRANSACTIONS  
IN A BANK**

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degree of Doctor of Business Administration

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## **ABSTRACT**

### **Research of decision-making while reporting suspicious transactions in a bank**

**By Sona Loretsyan**

The thesis's aim is to understand and improve the decision-making inefficiencies in cases when employees from the researcher's work-place report transactions suspected to be connected to money laundering, sanction evasion and other types of financial crimes. Using the broadly defined research question 'What data-emergent theory can help to explain the barriers to effective decision-making when reporting the suspicious transactions?' the researcher conducted a literature review that highlighted complexities of the decision-making behaviours and resulted in initial conceptual understanding.

Using a qualitative research method that combined a case study, grounded theory and action research, the researcher used a framework of data collection and analysis that focused on emergent grounded theory and identification of informed actions. The study utilised data collected from the interviews and experiences at the workplace as well as other data sources such as notes from the action research project, historical documents and foundational literature. Extensive data collection and analysis framework used the grounded theory principles of open, selective and theoretical coding as well as concepts of theoretical memoing, constant comparison and abstraction saturation.

A core category of 'Aligning organisational and individual values' emerged from the data that illuminated the core phenomenon of 'Sustained barriers to decision-making'. The theoretical conceptualisation brought up variables of Communication, Values and Culture each influencing the socially constructed environment at the researcher's work-place. This thesis shows by constructing a theoretical model with five propositions how core category of a basic social process (BSP) is strongly interlinking with identified variables.

By integrating the emergent theory from the data, literature findings and short-term action research activities, several long-term recommendations were put forth for the managerial actions. The thesis closes with a discussion of the contributions to the practice and personal development, study's limitations and suggestions for future researches.

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## LIST OF ACRONYMS AND ABBREVIATIONS

| <b>Abbreviation</b> | <b>Description</b>  |
|---------------------|---|
| <b>AI</b>           | <b>Artificial Intelligence</b>                              |
| <b>AML</b>          | <b>Anti-Money Laundering</b>                                |
| <b>AMLi</b>         | <b>Anti-Money Laundering investigations department</b>      |
| <b>AMLO</b>         | <b>Anti-Money Laundering and Counter-Terrorist Finance</b>  |
| <b>AR</b>           | <b>Action Research</b>                                      |
| <b>BSA</b>          | <b>US Bank Secrecy Act of 1970</b>                          |
| <b>BSP</b>          | <b>Basic social process</b>                                 |
| <b>DOJ</b>          | <b>Department of Justice of USA</b>                         |
| <b>CMB</b>          | <b>Commercial banking department</b>                        |
| <b>eUAR</b>         | <b>Unusual Activity Report in electronic format (eForm)</b> |
| <b>FATF</b>         | <b>The Financial Action Task Force on Money Laundering</b>  |
| <b>FCC</b>          | <b>Financial Crime Compliance</b>                           |
| <b>FinCEN</b>       | <b>United States Department of the Treasury Financial</b>   |
| <b>GBM</b>          | <b>Global Banking and Markets department</b>                |
| <b>KYC</b>          | <b>Know Your Customer</b>                                   |
| <b>KPI</b>          | <b>Key Performance Indicators</b>                           |
| <b>MAS</b>          | <b>Money Authority of Singapore</b>                         |
| <b>MI</b>           | <b>Management Information</b>                               |
| <b>RBWM</b>         | <b>Retail Banking and Wealth Management department</b>      |
| <b>RM</b>           | <b>Relationship Manager</b>                                 |
| <b>SAR</b>          | <b>Suspicious Activity Report</b>                           |
| <b>SFC</b>          | <b>The Hong Kong Securities and Futures Commission's</b>    |
| <b>UAR</b>          | <b>Unusual Activity Report</b>                              |
| <b>UNODC</b>        | <b>UN Office on Drugs and Crime</b>                         |

## CHAPTER 1: INTRODUCTION

### 1.1. Chapter introduction

Human's decision-making is an everlasting human activity that can directly impact behaviours and action outcomes and hence has self-evident importance. As such, there is a significant interest in this topic for researchers and practitioners from a variety of different areas such as economics, psychology, behavioural studies and law. The concepts of decision-making are widely presented in the literature, as researchers analysed initially deceptively simple processes founded on the principles of logic, rationality and past experiences (Leonard et al., 1999). Majority of these studies are problem-focused, decision-making is approached linearly as a response to a problem, and aimed to provide decision-makers with new that would maximise decision outputs (Eisenhauer et al., 2015). These tools and methods can be highly useful in certain environments and are popular in practice and theory.

The environment where this research is conducted is located within the settings of one of the major global banks. The study is grounded within the decision-making processes related to the reporting of transactions suspected to be connected to cases of financial crime. Money laundering and sanction evasion are forms of the financial crime and topics of high importance to commercial organisations, their regulators and broader society. Despite stringent regulations and the billions of dollars that banks spend on enhancing their operational controls, money laundering globally per year is around 2-5% of the global GDP, which amounts to trillions of US dollars (UNODC, 2018). While employees are conscientious about possible money laundering, there are significant issues in the decision-making processes. Specifically, there are observed inefficiencies in decision-making by the bank's employees that either over or under-report the cases, thus resulting in a real pain of possibly missing out real suspicious circumstances or creating unnecessary workload.

This thesis is a study that aims to explore the problems related to decision-making and discover theoretical elements that would explain the underlying deficiencies in current processes, observed within the researcher's work environment. The thesis objective is also to develop a useful framework of recommendations for informed managerial actions.

These aim and objective of the research are achieved by the application of the combined qualitative method and mainly grounded theory principles that facilitated the emergence of

relevant conceptualisation from the empirical data collected from the workplace. Grounding this research within the work environment allows exploring emerging theory where other models and tools of effective decision-making may no longer be as effective, given the substantial regulatory and compliance influences. The thesis research used a combined methodology of a case study, grounded theory and action research resulting in creating informed managerial actions (Billinger et al., 2004).

This first chapter provides with an introduction to the thesis's research problem, explains the current setting in the workplace and the wider industry, and introduces definitions concerning suspicious transactions. The chapter then defines the research question and objectives and outlines the applied methodology and thesis's structure.

## **1.2. Why research decision-making while reporting suspicious transactions**

The concept of decision-making is a significant component of organisational life. With a history of research starting from ancient theory, the foundation for understanding the corporate impact emerged from various organisational disciplines (Simon, 1979). Academics identified a need to understand better behaviours that drive decision-making and underlying psychological processes. This need led researchers to conceptualise paradigms to explain the human mind's capacity. In modern days, new theories continue to develop as researchers attempt to explore new philosophical viewpoints (Colladon & Remondi, 2017; Kahneman, 2003; Badaracco, 1992).

Even though there is a significant amount of research regarding the decision-making processes available to organisations, there is still a certain disconnect between the theory of decision-making and the underlying characteristics preventing the financial crime in the banks.

As I observed at the workplace of a global bank in Hong Kong, my organisation failed in the past to prevent the bank from being used for laundering money and financing terrorists' activities, as well as for transferring money to certain sanctioned and prohibited countries and individuals. These actions resulted in major regulatory fines, negative news, and damage to the bank's reputation, along with an adverse effect on financial returns and the overall perspective regarding the sustainability of the bank's operations. As with any large commercial bank, millions of transactions pass through the bank's networks, and the bank manages thousands of new customer requests each day. Nevertheless, not all of them have money from legitimate sources,

and criminals regularly use the bank's networks for various types of financial crime. The criminals are very innovative and try to use new channels to overcome the bank's controls. Thus, the banks need to be ahead of the offenders, such as applying automated solutions and proper processes to identify suspicious patterns of behaviours. The observed inefficiencies of staff decision-making hamper the bank's ability to prevent these crimes effectively.

Frequently the outcomes of efficient reporting of suspicious cases depend on human judgment, including the decisions to block transactions that are potentially linked to a crime. Bank's employees are trained to understand what to do and when but the inefficient decision-making still results in inconsistent outcomes. Internal statistics and management information (MI) show inconsistencies of reporting questionable transactions. In certain parts of the bank, the reporting of cases is robust and justified. In other departments, it is either of insufficient quality or illustrates incidents that should not have been reported. Regulators, in turn, identify cases during their visits that should have been reported, thus highlighting issues with critical decision-making and a need to have a better understanding of various contextual information and the underlying phenomenon.

I currently work in a bank-wide compliance program, which aims to increase the capability of my organisation to manage the risk of financial crime. My main areas of responsibility related to improving our processes, procedures, system capabilities, and developing behavioural characteristics that will help staff to identify and report transactions that are suspected of being associated with financial crimes. As part of my work, I have access to the internal statistics, audits reports and regulatory checks, which illustrate that the quality of reporting of suspicious cases is still an issue. Specifically, the quality of suspicious activity reporting (SARs) filed with the regulators should commensurate with the number of transactional alerts generated by the system and passed through the internal investigations. The regulators in Hong Kong have raised their concern that the bank files too many SARs which should not have been raised, calling them 'defensive' reporting.

Another regulatory visit report specifically highlighted a case with the payments for a particular client that has a connection to sanctioned individuals in Sudan. This information was available to the relationship manager (RM). Despite this, the RM, who had sufficient training and experience, failed to see the connection and agreed on the transaction, thus putting the bank in a breach of the sanctions-related regulations. From further investigation, it was revealed that this RM

assumed that other colleagues should have analysed particulars of the transactions, thus neglecting necessary due diligence.

From the observed inefficiencies of the decision-making in departments that provide services to smaller corporates and individuals, the problem of inefficiency of decision-making presents itself through reporting of too many cases, which are of low quality and filed as 'defensive' ones. Commentaries from auditory and regulatory checks often indicate a lack of good judgment and 'tick-box' compliance applied by employees. At some point, the bank had 500 investigators hired in Hong Kong to investigate the cases. This high number of investigative staff is very costly for the bank and indicates deficiencies in the quality of the reporting of suspicious cases. From the bank's MI, only approximately 40% of cases may be reported. This MI indicates that 60% of UARs (Unusual Activity Reports) were raised unnecessarily and investigated by several layers only to be dismissed. There were some sporadic and ad-hoc activities in the bank around these problems. However, the issues with inefficiencies persist.

The current decision-making approach in raising UARs is observed to be very mechanistic, with a significant emphasis on 'ticking the boxes' and following the routine and standardised processes and rules. Failures in decisions are recorded and reported, but create the cycles of more decisions around standardisation of procedures and making them more mechanical and automated. The persistent inefficiencies in reporting of suspicious cases usually lead to accumulation of a workload in other areas of the bank, requiring additional resources and time for processing. The tactical decisions to invest more resources are also observed, with little efforts made to explore the cause of the deficiencies.

The bank has millions of dollars invested in systems to make the automatic alerting of suspicious transactions work effectively. There are clear policies and procedures; adherence to them is carefully monitored for compliance. There is a strong compliance culture in the bank, which was instilled by a strict regulatory environment and monitoring. The observation from practice is that on the one hand, inefficient decisions create possible risks that the bank may miss real cases resulting in significant regulatory penalties and reputation damage. On the other hand, low quality and high quantity reports create unnecessary defensive referrals which need to go through layers of investigations. This process is very costly to the bank and distracts from reporting the real suspicious cases.

The issue of preventing financial crime is vital to banks and the financial industry, regulators, staff, and the broader society. Financial crimes have a remarkable impact on the community and employees. Banks that unable to comply with regulations and prevent financial crime are penalised and suffer operational losses, which disrupt the economy and financial industry. While the banks and other financial institutions are making efforts to comply with strict regulations and protect themselves from criminals, just applying compliance enforcement using laws and regulations is insufficient (Hong, 2017).

Given the magnitude and importance of the topic, I have developed a personal interest in understanding how various behavioural criteria of staff's decision-making inefficiencies can be explored and mitigated. Hence the topic of decision-making was selected as a basis of a broad enquiry to initiate this study. There is a transparent practical value in researching the area of decision-making inefficiencies, given the workplaces observed issues and the potential benefits of understanding and resolving problems related to the processes of reporting UARs. This research can contribute to a better understanding of elements that cause deficiencies and identify mitigations. In addition to the practical relevance of the study, there is a possible theoretical value of this research due to the limited contemporary literature that draws the right understanding of decision-making issues in the environment of the strict compliance and regulatory pressure. Literature related to the area of the decision-making does not include recent theoretical and practical developments within the organisations. It may not be relevant to the current dynamic businesses and regulatory and social environment.

### **1.3. The environment settings where decision are made**

As the thesis is grounded within a global bank's environment where inefficiencies in decision-making exist, there is a need to present the detailed background of the environment where the deficiencies observed. This section serves three aims:

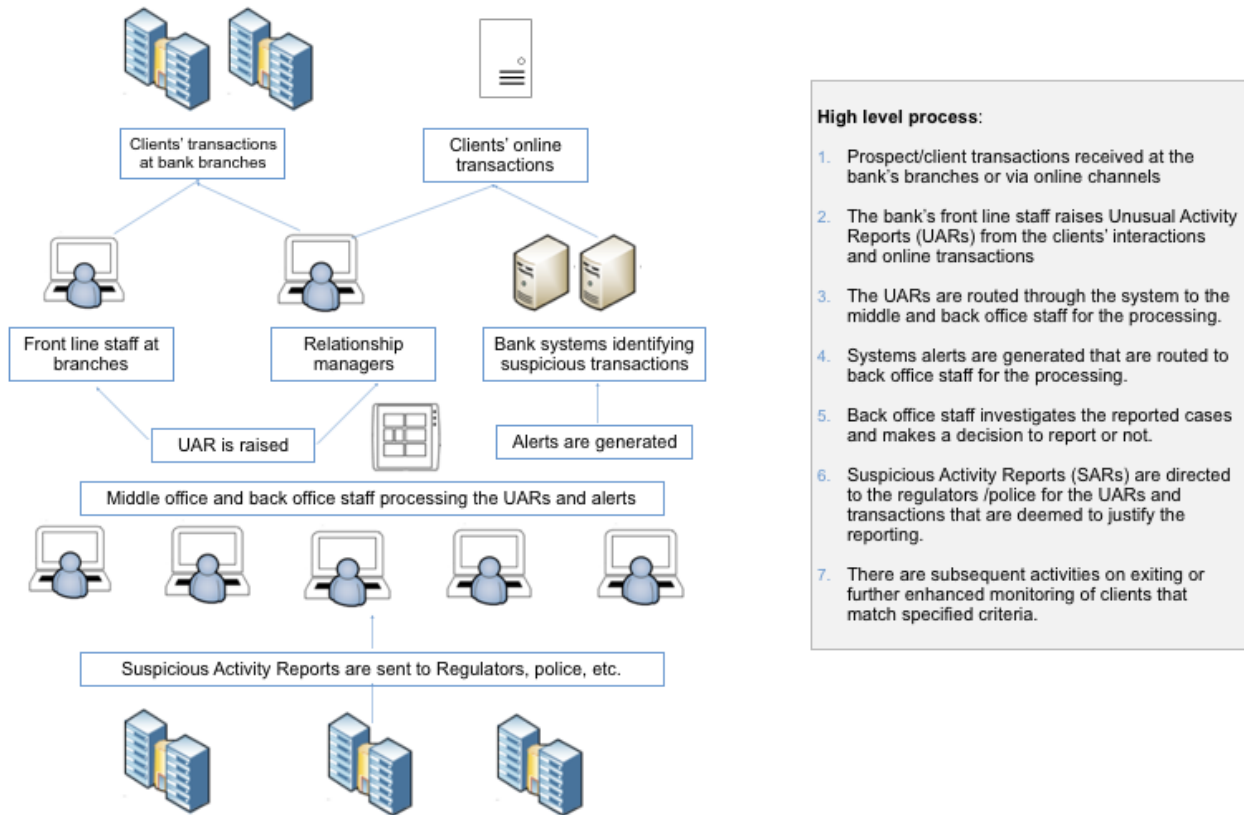
- i. Provide background to the organisational issue being investigated.
- ii. Clarify and introduce related definitions, such as financial crime terminology, relevant industry outlook that forms a problematisation and the researcher's role within the context of the research issue.
- iii. Provide an initial understanding of what this thesis considers as 'inefficiencies in the decision-making'.

### **1.3.1. Organisational issues being investigated**

To enable the reader to understand the organisational issues being investigated, I explain in this section the high-level procedures and processes that are in place by the bank to manage the financial crime risks.

As a complex global multinational, my organisation has a robust governance structure and a reliable business conduct documentations. With the recent pressure from the regulators and society to manage the financial crime better, the bank has undergone a massive transformation to enhance the compliance procedures. The number of compliance-related staff increased significantly as a temporary measure to uplift the required capabilities. Responsibilities of the bank's staff working directly with the customers have been changed to incorporate the required understanding of the clients and their financial needs. All bank employees have been trained and continue to be trained on an ongoing basis on what they should know and do about financial crime.

The high level and simplified view of the suspicious transactions reporting process that exists within the bank is illustrated in Figure 1.1. Several areas within the bank participate in the process: the front line which directly deals with the customers, middle office that is adjusted to the front line and helps to eliminate administrative and time-consuming tasks from the front line, and the back office which is usually located in offshore operational offices and deals with a significant mass of the transactions. There is also an element of system processing, which perpetually changes as bank introduces more and more automation. The example in Figure 1.1 is given solely for the UAR processes.



**Figure 1.1 High-level process flow**

The procedural uplifts in the bank are performed collaboratively and usually managed globally but in consultation with the regions. The procedures comprise of a complex mechanism that is not easy to navigate. There is a hierarchy of the procedures that define the highest level of the bank's strategic goals, then cascade to the global functional instruction manuals and business-specific procedures. Each department then has its detailed procedural documents on the components of the work they perform. There is a mechanism in place that governs the overall procedural changes. For the massive overhaul of the financial crime related procedures, the bank spent almost two years in designing, testing and implementing them. At this stage, the bank has declared the uplift as complete, and now we work on the sustainability and simplification of the processes and procedures.

As the processes are relatively complex, it is not easy for the bank's employee to navigate them. Also, they have undergone a massive transformational stage which required time to understand, accept and adjust. The messaging at the beginning of the journey were not very clear as some



stated that it is everybody's responsibility to report the financial crime without clearly identified criteria. It needed time to bring granularity into the picture and to clearly define the roles of employees at each key stage of the process.

One of the significant need for the procedural uplifts was based on cases where the judgment of staff reporting the suspicious transactions was failing or inconsistent. This was prevailing at the part of the processes involving staff in the branches or Relationship managers in the corporate world. The inefficiencies of the decisions made by staff in reporting were becoming prominent when reaching the middle and back offices and transpiring as either regulatory breaches or as unnecessary reporting.

The thesis focus hence starts from the decision making of the front-line staff and those who initiate the reporting of the suspected transactions.

### **1.3.2. Definitions of financial crime**

The forms of financial crime can be different and the reasons for crimes can be different too. One of the reasons is to obtain profit in the way of physical property, cash or financial instruments. To better understand the workplace issue and its importance, relevant definitions and associated risks for the bank should be considered.

Often financial crime is defined as a crime against someone's property, which involves the illegal transfer of a property that belongs to someone else to another person's benefit. Financial crime is an unlawful and profit-driven activity to gain access and control over property (Gottschalk, 2016). Pickett and Pickett (2002) in turn define financial crime as the concealment of the true nature of the property and ownership for the illegal gain, typically involving a breach of trust.

The term 'financial crime' can present different concepts depending on the jurisdiction. However, Henning (2009) summarised that financial crime could be present in various forms, i.e. fraud, bribery, corruption, money laundering, embezzlement, insider trading, tax violation, cyber-attack and the likes. The Federal Bureau of Justice provides this useful definition:

*“Nonviolent crime for financial gain committed by means of deception by persons whose occupational status is entrepreneurial, professional or semi-professional and utilising their special occupational skills and opportunities; also a nonviolent crime for financial gain utilising deception*

*and committed by anyone having special technical and professional knowledge of business and government, irrespective of the person's occupation" (Federal Bureau of Justice (cited in the Dictionary of Criminal Justice Data Terminology, 1981, p. 33)).*

In summary, financial crime is deceitful, intentional, involves a breach of trust and losses, and it may be concealed.

Money laundering as a form of financial crime is a relatively simple concept of moving the proceeds from criminal activities and hiding the actual, illegal origin. Most countries subscribe to the definition adopted by the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988, p.9) (Vienna Convention) and the United Nations Convention Against Transnational Organized Crime (2000, p. 31) (Palermo Convention):

*"i. The conversion or transfer of property, knowing that such property is derived from any (drug trafficking) offence or offences or from an act of participation in such offence or offences, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an offence or offences to evade the legal consequences of his actions;*

*ii. The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from an offence or offences or from an act of participation in such an offence or offences, and;*

*iii. The acquisition, possession or use of property, knowing at the time of receipt that such property was derived from an offence or offences or from an act of Participation in such offence or offence" (United Nations Convention Against Transnational Organized Crime, 2000, p. 31).*

The Financial Action Task Force on Money Laundering (FATF), which is recognised international standard for Anti-money Laundering (AML) efforts, in turn, defines the term 'money laundering' as the processing of criminal proceeds to disguise their illegal origin to 'legitimise' the gains of a crime.

Money laundering is a huge global issue. Illegally-obtained money is 'cleaned' by transferring the proceeds via banks or legitimate businesses. This crime is also often closely linked to terrorism, drugs, arms trafficking and human exploitation (Gottschalk, 2016). It can have a substantial impact on the economy since it aids corruption, which makes countries less appealing to investors and harms the stability of financial institutions (Schott, 2006).

Financial criminals may use sophisticated techniques to launder money, which adds to the complexity of the issue. Such methods involve using various types of financial organisations. Unknowingly, intermediaries such as advisors, accountants, shell companies and other businesses help criminals to transfer and pass funds through different countries to obtain value-storing assets and properties. Other forms of financial crime such as terrorism financing, structuring, evasion of taxes and sanctions are also associated with disguising the origin of illegal proceeds and using financial organisations to channel illicit funds. Criminals appear to be thought to use sophisticated techniques to remain uncaught and undetected.

The risks related to financial crimes have implications for the broader financial industry. Criminals launder billions of dollars annually impairing the global financial system and bank transactions are the primary vehicles used to process their illegal money (Johnson, 2008). According to the UN Office on Drugs and Crime (UNODC, 2018), money laundering globally in one year is 2 - 5% of the global GDP, or USD 800 billion - \$2 trillion. Even the lower estimates highlight the magnitude of the problem that society, governments and financial organisations need to address. Criminals continue to use the banking industry to hide the illegal origin of their money (Clunan, 2006). Moreover, criminals use the financial sector to conceal the origins of these proceedings and present them as legitimate sources (Viquaruddin, 2010).

Besides, the financial sector is used to illegally transfer money to the restricted areas that are subject to sanctions by the US and other governments. Criminals became very smart in their attempts to launder illegal wealth. Identification of these transactions becomes difficult for the banks and other financial parties such as insurance and brokerage companies. As a result, financial crime poses a danger to the broader society as they create instability and chaos by providing the channels for drug dealers, illegal arms dealers, terrorists, and others to operate and expand their criminal activities (Khrawish, 2014).

### **1.3.3. Financial crime regulations in the banking industry**

Money laundering is a common way of concealing illegal proceeds and avoid prosecution as the origin of money is disguised and converted into legitimate proceeds. The regulatory criminalisation of financial crimes is of utmost importance to prevent crimes. Regulations can direct efforts to prevent money launderers from using financial organisations and gaining illegal proceeds. For the past decades, numerous new anti-money laundering and anti-terrorism financing regulations have been published in many countries. Economic and financial sanctions

are applied to territories, organisations and individuals who are believed of being associated with financial and other crimes. Banks and different types of financial institutions have regulatory obligations to apply definitive preventive measures to minimise money laundering processing through their channels.

Banks, insurance and security companies and other financial institutions that are non-compliant with anti-money laundering (AML) obligations may jeopardise their economic profits and reputation, which in turn may impact broader financial system, society and the economy as a whole. Financial sector regulators are the main 'police' for banks and continue to apply formal and close monitoring as well as penalties for breaches. These regulations intend to adjust behaviours and also pose significant operational costs decreasing operating performance and increasing the capital risks (McIntosh, 2016). Banks that do not safeguard themselves from financial crimes through strong internal operations may incur significant penalties and fees by regulators. Therefore, it will be very costly for banks to repeat the same mistakes when they are already on the notice from the government's enforcement agencies.

United States Department of the Treasury Financial Crimes Enforcement Network (FinCEN, 2018) highlights that money laundering compliments other criminal activities. Hence, the US Bank Secrecy Act (BSA, 1970) requires banks to record and report all suspicious cases. The well-known legal framework that comprises of AML Act 2 aims to enhance BSA's original AML provisions.

The AML regulatory regime in the majority of developed countries currently represents a complex construct across the globe (Verhage, 2009). Severe non-compliance with AML laws warrant the issue of formal and publicly announced enforcement such as cease orders, civil money penalties, and forfeiture orders. Verhage (2009, 2017) mentions several widely publicised penalties: \$2.05 billion levied against JP Morgan Chase Bank, N.A. on 1 July 2014 for its admitted AML non-compliance; \$8.97 billion against BNP Paribas on 30 June 2014 after the bank pled guilty to intentional breaches of AML obligations; c. \$1.90 billion were levied against HSBC Holdings and its affiliates on 12 December 2012 for AML non-compliance that facilitated transactions gained from drug trafficking in Mexico and the transmission of funds to and from sanctioned Iran.

However, detailed analyses of the legislative history of the AML regime are beginning to reveal deep flaws in the rationale of regulatory enforcement. Collin *et al.* (2016) highlight compounding

errors of assumptions and assertions of effectiveness that lack evidentiary support. The research also highlights that one law cannot cut across all countries and higher risk (generally poorer) countries because the impact of the law will be felt more influential in the developing countries (Collin *et al.*, 2016).

HSBC is spending \$750 to \$800 million on its compliance programs (Arnold & Hughes (2014), which represents a \$150 million to \$200 million increase from the 2013 financial year. Zeidan (2012) finds no significant effect of these enforcement actions on the financial performance of banks violating banking regulations. There are some solutions provided by the regulators on identified gaps between the regulations and the reality. The benefits and approach, however, still differ depending on the geographies and even sizes of the banks (Falzon *et al.*, 2017).

In Hong Kong, the financial regulators become stricter with new guidelines and regulations. The Hong Kong Securities and Futures Commission (SFC) has worked on new AML guidelines prompted by assessment of its regime by the Financial Action Task Force (FATF), where transparency of beneficial ownership will become the main focus for a broader scope of organisations (Lai, 2018). The Money Authority of Singapore (MAS) observes similar tendencies.

Widening the application of Anti-Money Laundering and Counter-Terrorist Finance Ordinance (AMLO) to a broader group of entities implies strict customer due-diligence and record-keeping obligations. Now even accounting professionals, estate agents, legal professionals, trusts, and company service providers should have more stringent controls. Organisations will need to register under the new TCSP Licensing Regime with the Companies Registry by 28 June 2018. Kareena Teh, a senior collaborator at Dechert, stated that "amendments were made to the ordinances regulating legal practitioners, real estate, and professional accountants. For TCSPs, the Registrar of Companies has been put in charge by the AMLO for ensuring compliance and has been empowered to impose sanctions in cases of non-compliance" (Lai, 2018, p.43). Such processes are effective in detecting and preventing the dealings in criminal proceeds (Lai, 2018).

#### **1.3.4. Banking industry measures to prevent financial crimes**

Most, if not all, global financial institutions, have implemented measures to fight criminal activities (Johnston & Carrington, 2006). In these efforts, the identification of suspicious activities is a critical task, and it helps banking experts to monitor their customer's habits and identify suspicious

activities that are potentially related to a financial crime (Wood, 2014). There are many processes that banks perform using sophisticated systems and also use automated tools to identify unusual patterns amongst thousands of daily transactions (Heidarinia, 2014). These systems generally work well and indeed identify the crime patterns and help banks to take the necessary measures, including reporting to the regulators (Helmy, 2016).

Banks and other organisations consolidate all of their innovation efforts to comply efficiently with the new and tighter regulations. Researchers are exploring the application of network analytical techniques and more automated solutions to help to prevent money laundering. This kind of research offers the potential to predict risk profiles by using social network metrics and network-based approach when looking for potential criminals (Colladon & Remondi, 2017). There is considerable research into the better use of the tools and methods for analysing system-generated alerts (Abdelhamid et al., 2014). However, the majority of modern research is about AML system logic improvements (Colladon & Remondi, 2017), machine learning automation (Álvarez-Jareño et al., 2017), other types of network surveillance (Savage et al., 2016), and automated ways for quicker identification of customers potentially involved in financial crimes (Le-Khac, 2016). These studies do not take into consideration the human decision-making necessary in real-time and often done in front of the customers.

There continues to be a firm reliance on human decision-making and judgment in the identification of potential financial crime. There are millions of dollars invested in hiring and training specialist personnel to understand suspicious transactions and deal with them accordingly (Deng, 2009). Of those institutions surveyed by the Accenture Compliance Risk Study (2017), 89% project these investments to rise further over the next two years. Nevertheless, if inefficiencies of current decision-making remain, all these investments will be directed only to deal with the observed negative outcome of increased volumes of reported alerts. While automatic systems can detect the patterns of transactions, human intelligence is a key to analysing live events and making conclusions, especially when dealing with a client's face-to-face. In the future, Artificial Intelligence (AI) and sophisticated robots may be able to perform these tasks for us (Moustafa, 2015). Meanwhile, one of the main observations by the Department of Justice of the USA (DOJ) during their audit of banking activities was a lack of critical thinking and sound judgment by banking personnel.

While regulators are monitoring all banks, some banks are scrutinised much closely. There are many internal audits and checks performed to test the strength of the bank's ability to prevent

illegal activities (Hong, 2017). Unfortunately, these checks also highlight that banks fail to detect some restricted activities and that the staff involved in these transactions do not report them appropriately (Bello & Harvey, 2017). Due to massive efforts in training and ongoing attempts to instil employee's obligations to report transactions, internal investigators, central banks and regulators are inundated with 'defensive' reporting as a result of the inefficient application of notions of financial crime reporting. Financial institutions' staff are scared of further penalties and prefer to report more than less. The inefficient monitoring and reporting of transactions became a 'tick box' compliance exercise for those involved (Bello, 2017) and caused additional workloads within the bank and outside of it. These cases of staff behaviours and inefficiencies of decision-making form the part of the thesis's area of interest.

### **1.3.5. My role in the research**

I have worked in my organisation for almost 25 years in seven different countries. Over the last decade, I have observed closely how financial crime and preventive measures have developed. I currently work in the risk advisory and transformational programs, and hence, have direct access to information about historical cases and statistics related to the reporting of financial crimes. I also have access to internal colleagues and the systems they use. This gateway was very helpful during the data collection phase. By being connected to various departments, I managed to obtain the relevant approval to easily access information and staff for the project (Appendix 1). My experience in multiple geographies and markets also allowed me to add to the findings' analysis in the way of an assessment whether the recommendations are suitable and would have a positive impact from multiple perspectives. Being part of a significant compliance transformational program helped me to gain access to the investigators who are specialists in their role and the subject matter experts. This experience gave me considerable insight into suspicious transaction reporting requirements and practices.

The compliance program I work in is critical to the bank and its overall strategy. Hence, I anticipated that the results of the research would interest senior stakeholders. As a practising manager engaged in scholarly research and an 'insider' (Brannick & Coghlan, 2007) to daily managerial practice, I certainly anticipated both constraints and opportunities for the study. It would have been naive to think that my biases and decision style would not influence the research. Hence, there was a need for extensive reflections and independent evaluation of my assumptions and thoughts. This was taken into consideration when designing and executing the research. I

have used reflections sessions with my colleagues to question, challenge and reconfirm ideas, therefore eliminating my own biases. As the topic of work is closely linked to human psychology and behaviour, I was also clear that there will be a need for extensive reviews of supplementing literature and theoretical concepts.

### **1.3.6. Defining decision-making inefficiencies**

Generally, staff decisions in reporting suspicious transactions may appear as frequent and individual, although collectively these 'non-critical' decisions can impact the overall outcomes and success of the organisation. The inefficiencies are most evident in poor preparation of reports, missing required elements of the reporting by assuming that someone else has done the required steps in investigations and raising UAR without substantial basis to do so. Based on my experiences, these inefficiencies contribute to organisational failures, reflected in higher than required costly resources and missed regulatory deadlines. Table 1.1 presents several examples of typical decision inefficiencies that occur during suspicious transaction reporting.

For this thesis, I view the decision-making inefficiencies as decisions that have not met the expected level of results and caused outcomes that deviate from anticipated standards of efficiency. The incidents presented in this thesis highlight gaps between the expected and realised end-results. As discussed so far in the thesis and further chapters, the nature of the problem is vague and ambiguous to understand, mainly related to causes and reasons for persistence which are yet to be identified.



| Area of concern | Focus  | Issue  |
|-----------------|--|--|
| Quality         | Deciding what details to include in the report.  | Submitted reports with missing information and written in bad English, resulting in the misunderstanding of provided details and delays in investigations.         |
| Reasoning       | Deciding if UAR report should be raised in cases where customer details are not available. | Not submitting a report, waiting for the occurrence of another transaction, which potentially may result in missing reporting of a genuine suspicious transaction. |
| Communication   | Deciding what feedback need to be provided to staff failed in previous submissions.        | Not following feedback processes, which results in missed learning opportunities and repeated instances.   |

**Table 1.1 Examples of decision-making inefficiencies**

As the problem continues to linger, it is clear that my bank has not identified reasoning or cause-and-effect of decision-making inefficiencies. A high degree of persistent inefficiencies denotes that there are underlying issues (Miles et al., 1978).

#### **1.4. The research problem: Decision-making inefficiencies while reporting suspicious transactions**

Grounded theory, which is applied for this thesis as part of the combined qualitative approach, discourages from specifically identifying the problem details as this may create *a priori* misleading towards pre-understanding the organisational problem before the completion of the research data analysis. Instead, a researcher is suggested to identify a broad area of interest. This allows a researcher to avoid predetermined biases towards a problem or its solutions, which are yet to be fully understood (Corley, 2015). The exploratory grounded theory principles eliminate premature

research problem statements and speculating around particular causes and dynamics of inefficiencies in decision-making. It is expected in this thesis that by using decision-making inefficiencies in reporting the suspicious transaction as a focal point, a more clear research problem will emerge from the data collection and analysis processes of a combined qualitative method (Gilgun, 2015). The focus is hence on the emergence of ideas (Oktaç, 2012) instead of forcing the data to fulfil a preconceived specific solution (Glaser & Strauss, 1967).

The thesis's interest and the aim were abreast by the previous studies about decision-making presented in Chapter 2 and my practical experience. The evidenced deficient decision-making process in the bank and lack of theoretical framework related to reporting suspicious transactions legitimised the area of a concern as a research topic for this thesis. It was discovered from the study of the literature, data collection and analysis that concepts of *Communication*, *Value* and *Culture* are interlinked to a core category of '*Aligning organisational and individual values*' and presented a core phenomenon of '*Sustained barriers to the efficient decision-making*' that led to identifying mitigations and recommendations framework for informed managerial actions.

In the beginning, there was a lack of clear understanding of the problem's dynamics. The combined qualitative approach was found later as the most appropriate method for the cases where some knowledge about the study is available, but a better understanding is required (Backman & Kyngäs, 1999). It emphasises a neutral stance towards the investigated social action at the workplace and is guided by the 'abstract wonderment' to allow the problem to manifest itself better later in the research (Berge et al., 2012).

### **1.5. Research objective and aim**

This research objective is to come to a better understanding of the processes and associated issues during reporting of suspicious transactions and to develop a framework for managerial actions that could potentially address the situation. This objective of the thesis is achieved by the emergent theory that explains the inefficiencies and, in relevance to the literature and the researcher's interpretation, developing recommendations for managerial actions. It was essential to identify the reasons and causes of the observed issues for a better understanding of the workplace problems and provide recommendations for actions. For example, an employee may think it is unnecessary to report transactions as they are unaware of the consequences.

Alternatively, the investigator reviewing the suspicious transaction may choose not to report it due to personal agendas, perhaps to avoid additional hustle and paperwork.

Hence the following broad research question was established to guide the research design, the literature search, and to uncover explicit and implicit influencers:

*What data-emergent theory can help to explain the barriers to effective decision-making when reporting suspicious transactions?*

The research kick-started by using this research question as an initial tool with the expectation that new ideas and concepts from data and literature will transform the generic research question into more refined questions at the of the data analysis stage. This initial data-dependent research question forms the 'abstract wonderment' of the grounded theory (Cutcliffe, 2005) waiting for the emergent theory to be developed and further saturated by the literature and data. The anticipation from the senior management that sponsored the research was that the framework for recommendations should be developed to help to validate previous managerial actions and provide feedback for further improvements. Therefore, the recommendations from this study findings need to offer a new and improved way of practising as the old methods were inefficient, costly and prone to regulatory concerns.

## **1.6. The role of literature in this thesis**

The thesis started with an initial literature search on the topic of decision-making. The purpose of the review is to provide a general and broad understanding of debates in theory related to the decision-making and supplement the data collection and analysis stage. Although Glaser (2001) and other authors of the grounded theory have warned that conducting an extensive literature review should be avoided, it is unrealistic to research the area ignoring existing empirical knowledge (Barley, 1990). Hence the critical literature review was done before the data collections and analysis stage aimed to achieve the following outcomes:

- i. Provide a reader with a broad peripheral understanding of the current state of play in various theories and contemporary research related to the area of my interest.
- ii. Critically analyse and evaluate selected topics and key debates.
- iii. Allow for the theoretical scaffolding and additional data for the emergence of theory.

- iv. Provide with a general understanding of existing gaps in the literature.
- v. Define the boundaries of this research.

The literature review hence has intentionally included the various areas of theoretical debates related to the notions of the decision-making.

### **1.7. Applied research methodology**

This thesis uses the qualitative combined method of grounded theory, case study and action research. The decision on using a qualitative approach was a result of recognising that decision-making inefficiencies within the contextual situation can be better facilitated by utilising qualitative framework rather than the quantitative. The theory considers qualitative researches as reflective, exploring and belonging to the interpretivist epistemology (Klenke, 2015) as compared to other methods which are viewed to have more positivist stance with a focus on measurability (Golafshani, 2003).

As qualitative and quantitative methods belong to different epistemologies, it was paramount to clarify my epistemological position first. Crotty (1998) suggested a researcher to consider the following four questions when choosing between methods:

- i. What is the thesis's epistemology?
- ii. What are the methodology's theoretical perspectives?
- iii. Which methodology is used?
- iv. What data collection methods will be applied?

As the research's goal is to illuminate the inefficiencies of decision-making and find mitigations through informed actions, a qualitative combined research method was selected as the most appropriate (Billinger et al., 2004). The sense-making of the data follows the method selection and derives to patterns and insights developing into a descriptive theory. The selection of the research framework is described in details in Chapter 3, including the identification of epistemological and philosophical stance, the methodology analysis, and overview of data collection and analysis process.

## 1.8. The thesis structure and outline

The thesis consists of four phases that collectively inform how the thesis progresses.

**Phase 1** defines the research framework through Chapters 1, 2 and 3. This framework guides the further direction and details necessary for data collection and analysis. This first phase has the presentation of theoretical debates and practical cases, the research aim and objective, as well as used design and methodological framework. The thesis's data include interviews, review of internal documents and the literature.

**Phase 2** and its Chapter 4 aims at explaining the data generation and how the analysis of the results was performed.

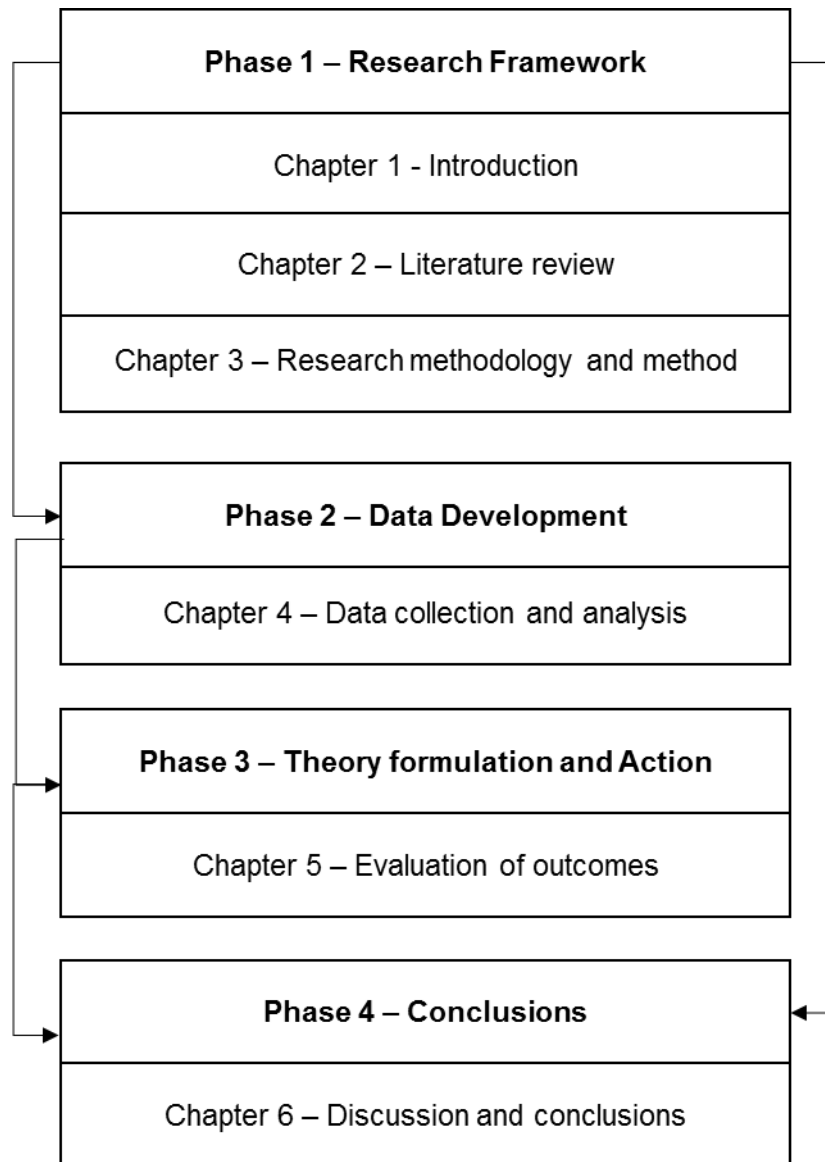
**Phase 3** with Chapter 5 presents the theory and propositions emergence.

**Phase 4** with the final Chapter 6 offers a discussion and the conclusion of this thesis. It includes the implemented AR actions, further recommendations for managerial actions as well as the implications for the researcher, practice, limitations, and future research potential. The flow of the thesis is presented in Figure 1.2.

Below is each chapters' content:

**Chapter 1** presents the background and logic of the research as well as identifies the research problem and the focus area. It presents the research objectives, the environment of the workplace and explains the main definitions related to the research.

**Chapter 2** contains an introductory critical literature review with various findings from the theory that guided the research design. The critical literature review focuses on essential debates related to the theory of decision-making by individuals, the impact of compliance culture on employees' behaviours, and identifies frameworks and authors that informed the area of interest the most.



**Figure 1.2 Thesis Structure**

**Chapter 3** details how the qualitative method was selected and adopted. It also covers the rationale for choosing a combined methodology and how it is utilised within the thesis. The chapter covers the process of data collection and deployed data sources. The section also covers data collection details such as how semi-structured interviews were conducted, data from the historical documents collected, and how the literature contributed to the overall data collection process.

**Chapter 4** shows how data analysis that used coding procedures for the collected data identified various core category and the emergence of core phenomenon and related concepts.

**Chapter 5** presents the analysis that led to the emergent theory as a theoretical model with five propositions and interlinked emergent concepts.

**Chapter 6** finalises the thesis and discusses the theoretical model and how informed short-term actions were designed and executed. The chapter presents the long-term recommendations for managerial actions, the thesis's implications for practice and includes research limitations and prospects for future research.

I maintained a researcher's reflective journal throughout the study. My reflexive thoughts and challenges are discussed throughout the thesis in “a way in which the researcher and the research process have shaped the collected data, including the role of prior assumptions and experience” (May & Pope, 2000, p. 40).

### **1.9. Chapter summary**

Chapter 1 lays down the foundations for the thesis. It introduces the research issues that are linked to decision-making inefficiencies while reporting suspicious transactions. Next, I presented the relevant definitions, described the workplace setting, industry regulations, and explained the pressure on banks to ensure that internal processes adequately cover financial crime prevention requirements. The research was initiated to explore these issues, understand them better, and find suitable criteria for improvements. The chapter presents the thesis's structure and the way how literature search and research design was derived. The thesis next proceeds to the literature review chapter.

## CHAPTER 2: LITERATURE REVIEW

### 2.1. Chapter introduction

This chapter presents the critical literature review, beginning with an explanation of the search process and why certain authors were selected. The critical literature review is an essential part of the research and provides a foundation for the research design and supplements to the selection of the research method. As indicated in Chapter 1, the use of grounded theory method implies limitations to the literature approach (Glaser & Strauss, 1967), hence the literature review focuses around presenting the extant theories related to the research's initial and broad area of interest and helping with the further problematisation.

To guide the critical literature review, I have linked the literature search to the organisational problem and developed questions for better understanding of critical themes related to the employees' decision-making in the environment of strict compliance. By critically evaluating the findings from the theory, the chapter maps the terrain to inform research design and methodology choice rather than prematurely starting to explain the organisational issue. This mapping works within the context of the grounded theory, which was selected as part of the combined qualitative research method and described later in Chapter 3. The principles of the grounded theory methodology do not require a full literature review before the data collection to avoid researcher bias and jargon (Glaser & Strauss, 1967).

As the literature review follows the principles of the grounded theory, there is no deliberate theoretical conceptualisation or a full comprehensive review of gaps in the literature presented in this chapter. Instead, research will allow for the concepts and theory emergence naturally from the collected data and will not force understanding of issues. The role and objective of Chapter 2 are as follows:

- i. Provide a reader with a broad peripheral understanding of the current state of play in various theories and contemporary research related to the area of interest.
- ii. Critically analyse and evaluate selected topics and key debates.
- iii. Provide a theoretical scaffolding for the emergence of theory from the data.
- iv. Provide with a high-level understanding of existing gaps in the literature.
- v. Define the boundaries of this research.



Comparable presentation of a contextual background only and high-level literature gaps in the grounded theory is a common strategy used in various researches (Dainty et al., 2010; Crook & Kumar, 1998).

## 2.2. Problematisation categories for the literature search

The workplace problem presented in Chapter 1 informs us about the area of interest connected to the decision-making inefficiencies when the bank's staff reports suspicious transactions. Hence, the literature search focuses on human decision-making and understanding the underlying motivations and processes that drive those decisions, though without prematurely finalising the problematisation. This focus helps to shed some light on the possible causes and impacts on the identified problematic area. As explained in Chapter 1 and 3, the application of the grounded theory establishes certain limitations to have specific literature searches, nevertheless, the researcher is allowed to develop a general understanding of the areas of interests.

The literature search for this research is based on the problems of inefficiencies in decision-making, so to bring a structure into the literature search I have established certain categories linked to the currently observed issues at the workplace. Table 2.1 presents the categories identified to aid the literature search.

| Category of observed issues                              | The research area of interest                                  | Categories for the literature search  |
|--|--|---|
| Incomplete and low-quality submissions                   | Decision-making barriers in complex organisational processes   | Decision-making styles<br><br>The tension between individual moral and organisational needs |
| Compliance culture puts pressure on the bank's employees | Impact of compliance culture on staff behaviours and decisions | Role of organisational culture in decision-making   |

|   |   |   |
|---|---|---|
| Procrastinations in decisions                               | Decision-making barriers despite existing code of conducts                            | Role of the code of conducts in decision-making<br><br>Ethics and decision-making |
| Inefficient communication and feedback loops                | Decision-making barriers in communication between staff and management                | Motivation in decision-making<br><br>Decision-making styles                       |
| There are no structured decision-making frameworks observed | Decision-making frameworks and tools, other than those based on the chain of command. | Various decision-making frameworks  |

**Table 2.1 Categories of observed decision-making inefficiencies**

I have also considered the following questions linked to the research problem area and categories of observed issues for the literature search:

- i. What theory of decision-making can help the researcher to understand the problem better? I have summarised the main aspects of the theory and points which are relevant to the research and will inform methods and recommendations.
- ii. What are the current debates in theory about decision-making inefficiencies and are there ones which are relevant to my situation? There are many debates in modern literature in relations to decision-making, albeit not precisely matching the decision-making when reporting the suspicious transactions. The parallel can be made however to the situations that have aspects of moral dilemma and ethical conflicts as our employees frequently face these dilemmas at work.
- iii. Which part of the theoretical debates should I as a researcher be aware of but not to cover here to delimit the research? As the theory on decision-making is very vast, the focus of the search was on those authors whose work is related to the organisational issues rather than purely individualistic ones. Besides, the work on how individual leaders make

strategic decisions was mostly omitted because the problem area for the research looks at important but relatively routine decisions by the staff and their middle-level managers.

- iv. What is the role of organisational culture, in particular, compliance-led culture, and how it influences employees' decision-making? As explained in the introduction, my bank currently has an overwhelming compliance culture, which has resulted in years of being closely monitored by the Department of Justice (DOJ) of the USA. The regulatory pressure brought up the observed issues in decision-making such as raising too many UARs in fear to miss out some real cases.
- v. What is the role of business ethics and codes of conduct for the organisational culture? Despite the strong business ethics of the bank and rigorous following of the robust codes of conduct, the issues of judgment in applying them by the staff still exist. Therefore, I have explored literature that can shed light on the importance of business codes of conduct and their application in complex organisations.
- vi. Which decision-making frameworks can inform the research? As the research aims to understand the issues better and derive to the emerging theory that can then inform managerial actions, this component of theory would potentially guide the study.
- vii. To what degree may decision-making frameworks and models are useful and relatable to the current issues at the bank? There are no observed structural decision-making frameworks that the bank's staff is equipped with when raising UARs, except for following a rigid checklist and escalating to line management.

I found that it was useful to divide the literature review chapter into the three separate sections to differentiate theoretical debates related to the decision making and a review of various practical decision-making frameworks from the critical evaluation of the findings.

### **2.3. Theoretical debates related to decision-making**

The inefficiencies observed at the workplace when reporting the suspicious cases are attributed to the decision-making processes in the organisation. There is a vast amount of conceptual literature related to the decision-making processes. This conceptual literature includes cross-

disciplinary topics from economics, management, psychology, strategy, and sociology (Rousseau et al., 1998). The section below highlights various debates organised by the categories in Table 2.1.

The main aim of this section is to highlight how theoretical debates related to business ethics and personal moral decisions are linked to the nature of the observed inefficiencies in the decision-making.

### **2.3.1. Ethics and decision-making**

The foundation of ethics and morality in classic theory presents insights into the elements of conflict that can build up in organisations concerning decision-making processes. In the analysis of foundations of the ethics-related theory, which are rooted in classical writings, the ethics and moral are impacted by the characteristics of wisdom and temperance in human decisions (Crossan et al., 2013).

The term 'ethics' describes the way we understand life concerning good and evil or right and wrong (Poon & Hoxley, 2010). Within the social science terms, professional ethics defines criteria of acceptable behaviours in groups (Bayles, 1988).

The moral theory explains individual decision-making, beliefs and the underlying justification for an individual's moral judgments (Anon, 2009). These classic moral and normative ethical theories are based on assumptions of consequentialism, deontology and virtue ethics, which were dominating over the last 300 years. Consequentialism, a form of utilitarianism (Mills, 1861-1962), favours moral actions that promote the happiness of most people. In contrast, deontology focuses on the means of achieving goals and supports categorical rule creations based on duties and moral obligations (Kant, 1889). Aristotle's virtue ethics turns to the importance of a person's character for morality and excellence of moral and intellectual virtues.

So the idea of an ethical mindset comes from two frameworks in moral philosophy: consequentialism and deontology (Singer, 1991). Past research has demonstrated that individuals reflecting on their behaviour are more flexible when choosing types of a moral pattern (Uhlmann et al., 2009).

In research about the moral dynamics of individuals' decisions and the occurrence of conditional patterns of moral behaviour, individual's ethical mindset moderates the impact of an initial ethical or unethical activity on the likelihood of behaving ethically on a subsequent occasion (Cornelissen et al., 2013). Studies of moral self-regulation have demonstrated that recent behavioural history is an essential factor in shaping one's current ethical conduct (e.g., Monin & Jordan, 2009; Zhong et al., 2009). Moral balancing theory (Nisan, 1991) suggests that likelihood of engaging in specific behaviour changes depending on initial engagement in ethical or unethical behaviour (Merritt et al., 2010; Sachdeva et al., 2009). Individuals tune their future actions in such a way that their moral self-image fluctuates around a moral-aspiration level (Jordan et al., 2011; Merritt et al., 2010).

Each individual's moral-aspiration level is not perfection but rather a reasonable level of moral behaviour (Nisan, 1991). When the moral self-image is below the moral-aspiration level, people tend to experience emotional distress (Higgins, 1987; Klass, 1978) and become motivated to enact some corrective behaviour for moral compensation. In contrast to moral balancing, moral consistency theory (Foss & Dempsey, 1979; Thomas & Batson, 1981) suggests individuals are more likely to behave similarly after engaging in the ethical or unethical act due to a psychological need to maintain self-concept (Aronson & Carlsmith, 1962), self-perception (Bem, 1972) and behavioural consistency (Albarracín & Wyer, 2000; Cialdini et al., 1995).

The importance of these studies on the initial choice of ethical decisions indicates the criticality of getting employees to make right choices from their first working day and getting into the habit of understanding acceptable ethics at the workplace.

### **2.3.2. Decision-making styles**

Some of the principles and viewpoint of the clerical writings of ancient philosophers, such as developing character, wisdom and identifying moral duties for employees, can be of practical use for the modern organisations (Small, 2010). Moral and forward-thinking wisdom becomes a necessity for successful leadership (Rozuel & Kakabadse, 2010).

Many researchers seek to understand how people arrive at a specific decision (Epstein et al., 1996) and how people make right decisions suitable for the context of the specific situation (Franken & Muris, 2005; Parker & Fischhoff, 2005). Although decisions can be quite different, experts argued that people have habitual tendencies to approach various problems in consistently

similar ways (Dane & Pratt, 2009; Harren, 1979). On the other hand, decision-making styles (Scott & Bruce, 1995) emphasise the individual differences between people. Errors in a judgment can be associated with poor decision-making styles and processes that contribute to adverse effects for individuals (Kahneman, 2003).

Cognitive styles are heuristics that determine the way people process information (Kozhevnikov, 2007) and make conclusions based on observations (Leonard et al., 1999). These cognitive styles may be as well influenced by environmental factors (Kozhevnikov, 2007) and should not be confused with more fluid cognitive strategies appropriate to a situation (Hayes & Allinson, 1994). Some researchers (Scott & Bruce, 1995; Thunholm, 2004) consider decision-making style to be a habitual response influenced by individual and situational characteristics.

Hence, the environment and the situation can influence decision-making styles. Relating to this, Kahneman (2003) labelled two decision-making styles as System 1 and System 2 for intuition and reasoning, respectively. System 1 is rather quick and emotionally driven, whereas System 2 is slow and controlled. Epstein et al. (1996) used almost similar gradation when discussing the intuitive-experiential and analytical-rational thinking styles.

When Herbert Simon (1967, 1983) introduced a revolution in decision-making theory, he created the concept of bounded rationality that included cognitive and situational constraints. Simon also knew the importance of the role of emotions, which had critical attention across various disciplines starting from philosophy (Solomon, 1993) to neuroscience (Phelps et al., 2014) and became an important subject of research of emotions in judgment and decision-making.

From earlier research, though not explicitly stated, it appears that some authors view good decision-making as a conscious, effortful mental activity with limitations imposed by conscious cognition such as serial processing and other errors (Payne et al., 1988). It was believed that one could measure good decision making by asking research participants to think aloud their cognitive processes (Harte et al., 1994). However, Nisbett & Wilson (1977) challenged this by showing that people sometimes struggle to understand and access reasons for their choices, specifically, their thoughts could have consisted of subjective causal theories and not the actual reasons for the options.

Levine et al. (1996) also shown that attempts at introspection can be distracted during decision-making processes. These studies led to some researchers questioning the superiority of conscious deliberations in comparison with intuition (Kahneman, 2003). Some even stated that intuitive choices are better, especially when dealing with complex decisions (Usher et al., 2011).

Variety of the decision-making styles and their influence on the overall quality of the decisions highlights the need to look closer at the communications styles and behavioural characteristics of employees participating in the processes.

### **2.3.3. Motivation in decision-making**

The agenda and inner motivations of the bank's employees are also a factor to consider in this research. Normative models of decision-making theory are built on utility maximisation theory (Edwards, 1954). According to this theory, people consider options while making decisions that bring the most significant benefit to them. This theory implies a logical, rational decision process where the pros and cons of options are weighted and the best one is selected. Milkman et al. (2009) suggested that the right decision is indicated by the satisfaction with one's choice when reflecting on it. Crossley & Highhouse (2005) and Singh & Greenhaus (2004) found that people using a rational career decision making, enjoyed a greater sense of person-job fit than those who used intuitive style.

Bruine de Bruin et al. (2007) evidenced that better decision making was associated with the experience of fewer adverse outcomes in organisational life. Parker & Fischhoff (2005) attempted to take a different approach to base items on established theories. They identified three parts of good decision-making: identifying relevant information, utilising one's values and combining various pieces of input.

Dane & Pratt (2009) similarly found three persistent dimensions in research on good decision-making: problem-solving, moral, and creative. In contrast to reason-based decision making, values-based decision making is found in emotional, cultural and social standards (Haidt, 2001; Parker & Fischhoff, 2005). Humans sometimes are not able to describe why they believe a specific choice is the best; it just feels like 'the right decision' and has the potential for the positive outcome.

There is a link between individuals' motivations and the quality of the decisions at work, hence this aspect can be investigated further in the research.

#### **2.3.4. The tension between individual moral and organisational needs**

Poon & Hoxley (2010) suggested using the moral theory in analysing how to build professional, ethical environments depending on the nature of the organisation and its ethical norms. The rules can be created based on the ethics of deontology, thus putting a higher emphasis on the excellent character of organisational members rather than just achieving results. This statement by authors suggests that when an organisation pursues its goals, the emphasis on individual virtues diminishes in comparison.

Even though a few studies have been observed in recent years (Zografos et al., 2000), empirical evidence and understanding of decision-making processes are still impaired by complexities seen in real situations. It is often noted that decision-makers use their own experience and common sense to respond to critical events within the organisations.

The ability of organisations to make the right decisions at the right time is critical to success (Wernz & Deshmukh, 2010; Roberto, 2013). There are fundamental underlying tensions between an individual's morals and manager's responsibilities that need to be reconciled to achieve preferred outcomes. Personal values and reasoning influence behaviours and decisions at work (Weber, 1993).

Kohlberg (1984) explained moral reasoning and moral developing theory by identifying three levels and six stages of individual moral development, thus exposing how people evolve over time and under different circumstances. The implications of moral developments and its relevance to personal values can bring tensions at work because the organisational decisions can come to a conflict with individuals' ideals, which are defined by personal values evolution. The alignment of personal and corporate values hence becomes a necessity for positive work outcomes (Posner, 2010).

Organisational decision-making can be broadly defined as series of steps that begins with a definition of a problem, identification of alternative solutions, evaluation of alternatives based on specific criteria and the choice of one of these solutions (Melé, 2010). Many managerial decision-



making models also include a final implementation step (Caruth et al., 2009). Organisations' decision-making can be tactical pushing short-term goals (Lant & Hewlin, 2002) or strategic, that have long-term consequences connected to complex issues and significant investment (Mintzberg, 1973). External factors also profoundly impact on the outcomes of decisions (Dean & Sharfman, 1996). Internal politics in large and complex organisations also affect decision-makers (Bottom & Kong, 2010).

On the other hand, there are complex components that influence individual decision-making, impact the evolution of the values and may conflict with organisational needs. These factors, found from the literature, include:

- i. Intuition (Hensman & Sadler-Smith, 2011) and emotions (Barsade & Gibson, 2007);
- ii. Social aspects and relationships among organisational members (Addleson, 2001);
- iii. Availability and accessibility of information (Lant & Hewlin, 2002);
- iv. Emotional intelligence (Scott-Ladd & Chan, 2004);
- v. Past performance (Amason & Mooney, 2008);
- vi. Group thinking (Janus, 1972; Ben-Hur, 2012);
- vii. Technology ease and effectiveness (Shattuck & Lewis Miller, 2006).

I indicated in Chapter 1 cases where an individual struggled to report facts despite being trained. These incidents could be related to the conflicts between organisational needs and the intentions of the individual. Hence these tensions should be investigated more closely.

### **2.3.5. Role of organisational culture in decision-making**

The cultural components that amplify the tensions between the management and the staff should not be underestimated. Individual decision-making can vary depending on geographies and cultures. In a study by Lam et al. (2002), the relationship between perceived participative decision-making and employee performance was examined in the Hong Kong and U.S. branches of one organisation. Self-efficacy in decisions and idiocentrism influenced the relationship between perceived participative decision-making and individual performance. Idiocentrism and allocentrism appeared to explain regional differences in how participative decision-making and efficacy perceptions interacted to predict performance (Lam et al., 2002). In Asia, it would not be surprising to mention that there is a need for detailed consideration of different national and

cultural behaviours. International differences (Hofstede, 1980) and their influences on managerial practice (Hofstede, 1993; House, 2004) add complexity to the attempts to change the organisational cultures (Schein, 1992) and reconcile opinions.

It is important to mention that my organisation currently works in a centralised manner where the policies are driven by a central office based in the UK. However, the sense-making is made by local management according to their understanding and views. Communications about current challenges are highly influenced by high and low-context communication ways (Hall, 1976; Hooker, 2008). Even though the borders between East and West disappear due to globalisation and migration patterns, there are still clear cultural implications as they regulate behaviours, relationships, contract structuring, ways of negotiations and business decision-making (Liu et al., 2008).

Suggestions on how to improve organisational decision-making and align them to employees vary across researchers. Roberto (2013) proposes leaders to strengthen decision-making processes by involving the right individuals, creating safe environments and establishing communication structures. Hsu (2001) offers empirical research to support a hybrid decision-making model using a combination of rational and experimental behaviours to compensate for limited information during turbulent conditions. Hensman & Sadler-Smith (2011) support combining intuitive and analytical decision-making by banking leaders and offer a framework to improve decision-making in fast-paced business environments. McGrath & Moore (2001) propose in their research based on a 'garbage can' decision-making style several tactics to deal with political issues such as forming coalitions. Kouzes & Posner (2012) outline five practices of effective leaders that can help, one of which is 'enable others to act' recognising the importance of employees' engagement and their contribution.

Differences between personal values and moral reasoning that influence decisions (Weber, 1993) can sometimes go unnoticed due to the organisational silence phenomena (Verhezen, 2010). Organisations' 'thin moral' which is absolute and universal requires leaders to be sensitive to the 'thick moral' of cultural differences (Warren, 2011). Getting employees to participate more in the decision-making processes can help organisations to be more responsive to change (Drucker, 2006) and can result in improved levels of support and better decision outcomes (Black & Gregersen, 1997). The ability of employees to behave in ways that will be supporting important

decisions can be influenced and moderated (Scott-Ladd & Chan, 2004) by creating a trusting environment that allows employees and leaders to work together (Aboyassin, 2008).

It is possible to introduce more collaborate ways of working with a better understanding of the relationships such as communities of practice (Wenger, 2000), 'hot groups' (Lipman-Blumen & Leavitt, 1999), 'leaderful' practices (Raelin, 2003) and forums to loop-in the feedbacks.

The importance of collaboration and communication in the organisational culture is highlighted in the empirical review of issues faced by the compliance staff when dealing with AML issues (Verhage, 2017), such as a need for more comprehensive reviews of AML methods, data collection and regulations.

The importance of the role of organisational culture is prominently highlighted in the literature and closely associated with the identified issues for this research.

### **2.3.6. Role of the code of conducts in decision-making**

In my bank, comprehensive codes and rules govern ethical behaviour when making decisions about UARs. However, they are only followed superficially (Fisher, 2003) as part of the strictly followed compliance culture (Verhezen, 2010) rather than as part of well-thought processes which are reflective and could eliminate self-interests. As explained in the introduction chapter, this 'compliance tick' culture results in inadequate and low-quality decisions.

Scholars are engaged in extensive discourse concerning the benefits and challenged of the international codes of conduct as well as their role in defining and fixing ethical problems. Classic writings of Aristotle, Kant and Cicero can also practically explain the need of developing virtue character in leaders such as wisdom and understanding of moral duties for managers in organisations (Small, 2010).

Varying individual morality results in differences in how ethical questions are interpreted (Holt, 2006). Professional ethics relate to the acceptance criteria for behaviours in large groups (Bayles, 1988). These acceptance criteria are linked to understanding that decisions by groups of individuals eventually have broader ethical implications than those made by one strong leader (Williams, 2011).

Nowadays, the big international organisations are anticipated to have a more significant influence on social behaviours. They should play an active role in setting universal standards of business norms (Carroll, 2004), which should have a positive effect on the organisational success (Adams et al., 2001; Somers, 2001; Kim et al., 2015). These standards are beneficial as they bring more clarity in complex business priorities (Warren, 2011) and enable similar ethics language amongst various nations (Singhapakdi et al., 2001). They can hence enhance collaboration among employees and customers (Svensson & Wood, 2008).

From the perspective of the challenges, scholars mention the need for business norms and universal standards to take into consideration business environment diversity (Singhapakdi et al., 2001) and conflicting environmental forces at macro and micro levels (Marano & Kostova, 2015). Organisations should safeguard public trust as well as to be able to educate its executives (Kennedy & Malatesta, 2009) to become more transparent and ethically conscious instead of only pursuing profits (Kolk, 2008).

Despite the prominent benefits, businesses face challenges in applying universal norms. One of the reasons for failures is due to misalignment of personal and organisational values (Posner, 2010). Another relates to the diversity of interpretation and cultural impact (Robertson & Athanassiou, 2009).

It is becoming increasingly important to pay attention at the role of employees in global organisations by ensuring that an ethical vision and attitudes are present in decision-making and cascaded through the corporate governance systems to reach all levels of staff (Mittal et al., 2013). On this matter, scholars suggest applying distinct spheres of moralities for maintaining ethical decisions without compromising personal moral obligations (Badaracco, 1992).

It is also essential that leaders develop critical reflective practices (Cunliffe, 2004) to review feelings and solve differences and conflicts. Considerable effect on the corporate ethical culture comes from the top of the organisation (Rake, 2004; Godos-Diez et al., 2011), including the impact on the professional, ethical environment (Poon & Hoxley, 2010) and relationships of individuals engaged in 'communicative reasoning' (Korthals, 2008).

Svensson & Wood (2008) found that business conducts application shows a positive effect on employee's ethical behaviours. Ethical standards are valuable for establishing guidance in

strategic decisions and re-emphasise the link to organisational values and vision. Ethical standards are now assumed to be established internationally to help global organisations to emphasise their corporate values and create harmonised business partnerships across regions (Wood, 2002). International business standards can also help to eliminate confusing business priorities within complex environments and enhance collaboration between employees and other stakeholders (Warren, 2011).

International standards of business conduct cannot, however, be rigid and fixed; they need to be used as general guidance acknowledging the diversity of the business environment and the conduct of local business (Svensson & Wood, 2008). Regional diversity and varied global business environments can bring complications and go against the intended objectives of the international standards creating multiple challenges.

Communicating expectations from international business rules cannot solve ethical dilemmas because underlying individual morals may differ considerably between the parties involved (Adams et al., 2001). Robertson & Athanassiou (2009) agree that there are cultural gaps that managers must resolve while balancing economic benefits and strategic directions to success. While certain aspects of morality are broadly understood internationally and are applicable universally, the diversity of cultures, beliefs and geographies prove the need of the flexibility in the application of the core universal norms (Warren, 2011).

Several studies explain the cultural, age and educational diversity impact on how managers and employees view the codes of ethics. For example, several factors are affecting Muslim managers' ethical behaviour, including legal, social and organisational (Rizk, 2008). Upbringing, family and peer influence can also have negative and positive effects (Abuznaid, 2009). Preferred ethical ideologues are heavily influenced by the need to survive the harsh competition and have practical negotiating wisdom (Al-Khatib et al., 2007).

There are universal ethical norms that managers from different backgrounds can use to balance contradictions between the requirements of individuals and organisations (Gill, 2010). There is a condition however, that there should be an explicit commitment from organisations that the set of standards remains dynamic and evolve with the complexity and diversity of an environment, especially in the global organisations. Multinational global organisations are more prominent than some nations these days and they play a crucial role in applying international business norms

(Caroll, 2004). With the application of 'thin moral' which is absolute and universal, large organisation are inevitable require to be sensitive to the 'thick moral' of cultural and other differences in the business (Warren, 2011).

Given the importance of globalisation and its impact on business ethics, my bank as any major corporation has robust yet straightforward business values and principles detailed in Appendix 2, which are supplemented by a detailed and comprehensive Code of Conducts, that everyone reads and signs before the joining. However, issues still exist regardless of having proper documents in place. The research hence can aim to investigate the benefits of business ethics and whether they are aligned with the individuals' inner values.

### **2.3.7. Critical reflection on theoretical debates**

In parallel to reviewing the theoretical elements of the literature related to the issues identified at the beginning of this chapter, I have conducted the critical reflection to evaluate the impact of below areas of the literature review on the overall thesis design.

- i. Ethics and decision-making
- ii. Decision-making styles
- iii. Motivation in decision-making
- iv. The tension between individual moral and organisational needs
- v. Role of organisational culture in decision-making
- vi. Role of the code of conducts in decision-making.

I have found that various types of debates indicate that the behaviours and approaches of individuals participating in the decision-making processes can be further investigated by applying qualitative research similar to those presented in this section. The debates from the literature emphasise that decision-making inefficiencies can be found in the larger settings than banks and have a close relationship to the ethics and moral components of individuals, their decision making styles and internal motivations. The debates also indicate that certain tension between individual and organisational needs can be described by the different understanding of the organisational culture and business objectives. There is no conclusion at this stage whether the debate can be formed into the theoretical conceptualisation, hence thesis continues to follow the grounded theory concepts that assume the theory emergence from the data collection and analysis.

## **2.4. Decision-making frameworks and models in the literature**

As indicated in Section 2.2, there is an observed lack of defined and structural decision-making frameworks that staff can use when raising the UARs except for some checklists as aids and repetitive reminders to escalate further, if in doubt. Hence one of the areas of research interest was to look at the topic of a degree that decision-making frameworks and models from literature can be useful and reliable to the current situation in the bank.

Instead of structural decision-making frameworks for reporting the suspicious transactions at work, there are some instances of traditional rational and rule-based thinking and chain of command escalations, but they are random and not systematically applied. Hence, there was a need for a selected relevant frameworks for evaluation in relation to the workplace's situation.

To enable the search for the relevant tools and frameworks, I needed to apply certain search criteria, as an initial attempt to review the literature related to decision-making models have produced too many results. It was practically impossible to analyse hundreds of search results critically. Hence I have applied certain filters to de-limit the literature search and focus only to those that would be relevant to my specific study.

The filtering was targeted to identify relatively recent empirical studies that have been used in the complex organisations, related to the larger population of the organisations instead of focusing on the senior leaders and aimed at the human behavioural factors. Those studies that have been considering only a narrow application of findings to only specific industries; or providing tools and methods to guide straight-forward decisions; or focusing merely on importance of strategic decisions made by leaders were dismissed as being outside of the research area of interest.

The result of narrowed selection was arriving at four framework which had a potential to shed more light during the research by explaining decision-making inefficiencies due to the distanced moral representation (CLT framework); the necessity of linking individual and organisational for improving the quality of decision-making (Badaracco's frameworks); evaluating choices and creating value-based quality (Spetsel's framework); and the importance of moral courage and human aspects in decisions (Kidder's framework).

This section discusses selected decision-making frameworks that I have found to be relevant to the inefficiencies of decision-making based on the characteristics similar to the workplace situation. It is essential to indicate that the reason for the inclusion of this section is not to confirm or reject frameworks and models prematurely but to add to a better understanding of the types of modern studies. This was done to support the goals of the research without extensively focusing at already researched areas that grounded theory method asks for.

#### **2.4.1. Construal Level Theory (CLT) framework**

Construal Level Theory (CLT) provides a framework of potential relevance to decision-making inefficiencies by linking mental representations to moral judgment. The theory proposes that the same event can be represented at various levels of abstraction (Trope & Liberman, 2010). The authors of the theory argue that more weight is given to global and abstract features at the individual level, whereas local features are more influential at the low-level construal.

According to CLT, psychological distance is a significant determinant of what level of construal is activated. If we distance a target on any dimension of psychological distance, in time and place, this leads to greater activation of high-level construal than low-level construal (Liberman et al., 2002). Crucially, this is often assumed to align with more utilitarian decision-making (Trope & Liberman, 2010). The impact of this distancing or absence of distance was shown in experiments where people's moral judgments and decisions depended on the Digital Context in which a dilemma is presented, becoming more utilitarian vs deontological when using technology (Singer, 1991). Increased psychological distance induces utilitarianism. Hence, decisions on raising UARs will be different when transactions occur at the front line, face-to-face with a customer, versus when an employee reviews the transaction in the back office setting using a computer.

Utilitarian reactions result from the unemotional and controlled reflections driven by conscious evaluation of the potential outcomes (Greene & Haidt, 2002; Slovic, 2007; Koenigs et al., 2007). A deontological perspective evaluates an act based on its conformity to a moral norm (Alexander & Moore, 2008). On the other hand, the utilitarian perspective evaluates actions depending on its consequences (Sinnott-Armstrong, 2008).

Many studies have shown that language manipulation (foreign vs mother tongue) in which an ethical scenario is presented, can also have a particular effect on judgments by increasing



distance from the situation (Costa et al., 2014). The choice of utilitarian judgments versus deontological depends on the emotional reactivity (Valdesolo & DeSteno, 2006; Wheatley & Haidt, 2005). Establishing which conditions favour these two is fundamental to understanding the psychology of moral choice and related quality of the decisions when raising UARs.

Similarly, Gong et al. (2012) identified that whether a person focuses on actions or outcomes while making moral choices depends on the psychological distance from the moral situation. Aguilar et al. (2013) examined whether psychological distance gives rise to an abstract representation of actions that make goals more prominent and can help us ignore their immediate effects. This psychological distance weakens the intensity of people's reactions and judgments and influences choices (Williams et al., 2014), and this aspect is relevant to the decision-making processing by the front office staff while raising the UARs.

#### **2.4.2. Badaracco's framework of moral cycles**

The literature highlights the necessity of linking individual and organisational moral as an essential step for improving the quality of decision-making (Badaracco, 1992). Making difficult 'right versus right' decisions is an important concept to consider when investigating the viewpoints related to moral conflicts at work. These concepts determine the thinking processes that happen in an employee's mind when facing complex situations. For example, when dealing with clients when one is not sure whether there is a definitive suspicious transaction. Badaracco (1998) calls this 'defining moments' and relates to the discipline of building a good character.

Another key concept from Badaracco's work is finding ways to improve the quality of decision making; this is based on linking decision-making processes to staff's inner values and those of the organisation. To make the right decisions, individuals must pass through cycles of critical questions to understand the consequences (Badaracco, 1992). Interestingly, this process coincides with the way how my bank's core value statements are constructed with questions that each member should ask themselves before making critical decisions (Appendix 2). These concepts are also part of specialised 'conduct' training, which is targeting front-line settings where a significant risk of making incorrect decisions and harming clients and our reputation exists. However, these concepts are not adopted (at least not yet) to improve processes related to raising UARs.

Badaracco proposes staff to pass through cycles of critical decision-making by asking five essential questions to determine what one must do when making decisions:

- i. *“What are the net, net consequences?”*
- ii. *What are one’s core responsibilities?*
- iii. *What will work as it is?*
- iv. *Who am I or who are we as a company?*
- v. *What can I live with as a result of the decision?”*

The base of Badaracco’s work that contrasts normative ethics was the notion of spheres of justice (Walzer, 1983) where the four spheres came from famous works of Mill on consequences, Jefferson on rights, Aristotle on integrity, and Machiavelli’s practicality about the nature of managers’ decisions and ethics. He suggests that managers and employees should approach to dilemmas practically and discuss the situation they are in and not distance themselves from it. For the staff facing a customer, they need to understand what is going on with the transaction before declaring it reportable or not. For the team in the back office, they should be able to understand the concerns and use correct information about the situation to make the final call. In this capacity, Badaracco arguments are similar to critics of modernity, such as Alasdair MacIntyre (MacIntyre, 2013).

Badaracco’s work was acknowledged as bringing more clarity in understanding morality in the context of the complexities of moral decision-making, albeit counteracting prominent subjectivism or relativism. Because of its innovative aspects, there were multiple opposing arguments by other authors in the literature. For example, in a study on morality and the tensions between management duties and individual virtues, Holt (2006) based his analysis on the work of MacIntyre (1985) who also stated the absence of morale in fulfilling managerial responsibilities. MacIntyre (1985) argued that moral questions should be separated from the management role, as it will become economically undesirable for managers that need to ensure business returns.

On the other hand, there are supporters of Badaracco’s work. For example, McDonalds (2010) in his research on ethical relativism at several levels and Badaracco Jn. (2016) continued arguments on how managers can leverage on their inner values and test commitment to those values, thus ultimately shape their characters.

In his works, Badaracco illustrated examples of a new framework for approaching management moral and ethical dilemmas in decision-making with increased complexity and uncertainty. There are similarities in his work to the decision-making issues that are related to my workplace issues, as it is not always clear whether employees understand the consequences of their decisions and may misinterpret management messaging about the compliance rules. The concepts offered by Badaracco on linking the values of individuals and organisations and looking into arrangements situationally may help this research to understand the underlying concerns further.

#### **2.4.3. Septzler's Decision Quality framework**

Badaracco is not the only author whose ideas resonated with workplace issues. There is also a long array of associated studies on business integrity and necessity of a strong alignment of individual and organisational values (Posner, 2010) and universal standards of business norms (Carroll, 2004).

For example, Carl Septzler and his team (2016), stating that decision quality can be learned and trained, also provided practical support and examples of a similar framework from their consulting practice. Their book *"Decision Quality"* published in 2016 has a systematic method for achieving a higher decision quality by using a series of exercises for evaluating choices in decision-making and creating value-based guideposts for choosing the right decision. In the authors' opinion, the high level of decision qualities can be guaranteed by having all necessary components achieving 100% of efforts made by decision-makers.

The dialogue decision process is a useful antidote to the advocacy and approval trap in strategic decisions (Septzler; 2016). It exchanges the trap with a deliberate, rational and transparent process where a careful comparison of meaningful alternatives replaces selling of one option. This robust process however requires time and may be suitable for critical strategic decisions. Some components of the findings can be useful for this research design, for example, exploiting relevant and reliable information during the decisions.

#### **2.4.4. Kidder's moral courage framework**

The critical concept of linking difficult decisions to report suspicious transactions also echoed in Rushworth Kidder's works *"How good people make tough choices"* (1995) and *"Moral Courage"*

(Kidder & McLeod, 2005) that give perspective on the situations that are not exactly as simple as 'right or wrong'. Kidder, similar to Badaracco, suggested that decision-making is driven by our core values, morals and integrity and falls into two categories: moral temptations and ethical decisions. Kidder (cited in Kidder & McLeod, 2005) defines four paradigms for understanding ethical dilemmas by contrasting truth vs loyalty; individual vs community; short-term vs long-term; justice vs mercy. Then the author lays out nine checkpoints for achieving ethical decision-making.

The author outlined aspects of ethical decision making such as the importance of an act, moral courage and finding a 'win-win' solution, concepts which closely relate to my workplace issue too. Kidder addresses the thorny issue of whether humanity, at large, has a 'common moral framework' with shared values across cultures. His claim came from research that included face-to-face interviews with people from sixteen countries, facilitated discourse in seminars across twenty-seven countries, and textual analyses of corporate codes of ethics. Although author indicates that there are five common values across cultures and settings (honesty, fairness, respect, responsibility, and compassion), he also acknowledges that cultures place different priorities and moral boundaries on these values.

Kidder's work is instrumental and enlightening from the perspective of understanding the decision-making processes, especially when big and complex strategic decisions need to be made. Nevertheless, when employees require fast decisions, this framework will be challenging to put in place, unlike the Badaracco's one.

#### **2.4.5. Critical reflection on decision-making frameworks**

Although all four frameworks described in this section lack the full alignment with the characteristics of the workplace issue, they still provide useful highlights on suggestions related to the routine decision-making in complex organisations. The CLT framework explains the importance of psychological distancing in decisions and frameworks by Badaracco, Septzler and Kidder focus on improving the efficiencies and quality of decisions in difficult situations. The common theme in all these frameworks is that they apply to a more or less strategic and sequential decision making and not so much to the routine and urgent ones as in my workplace cases. They are also assumed to be aimed at maximising the decision making efficiencies in situations where the issue is already clearly defined with the data and information provided that can be analysed for the solution, which is also not precisely the case with my workplace issues.

## 2.5. Critically evaluating findings from theory

The purpose of this section was not to prematurely find a theoretical conceptualisation or find a decision-making model that will explain and resolve the work-place issues. The literature review followed the grounded theory principles and aimed to arrive at a better theoretical understanding of central and peripheral debates in the literature about decision-making in organisations. Also, the literature review itself can be considered as a valuable source of data for the grounded theory application (Glaser, 1978).

The research aim is to allow the data collected on the grounds of the research place lead to a better understanding of the current issues. The data analysis will later determine the commensurability of the notions from theoretical debates and decision-making frameworks discussed in Chapter 2.

Decision-making discourse is highlighted by the determination of researchers to find a systematic process and useful tools that would apply to a variety of situations. These themes are founded on attempts to maximise efficiencies using the available information when dealing with uncertainty and ambiguity. There are useful components in these discourse and findings, albeit not all elements can be directly matched to the situations of reporting the suspicious transactions by banking staff.

The key findings from the theoretical debates from the literature that I found to be applicable to my research are summarised below.

- 2.5.1. Applicability of the qualitative research similar to those discussed in this section: the various empirical research are rather qualitative in nature as connected to the enquiries of human behaviours and explanations of the situation. This finding helped to identify the research method and apply to the design in the further stages of the research.
- 2.5.2. Decision-making inefficiencies can be found in larger and complex organisations, impacting various layers of the staff and not only leaders and senior managers' strategic decisions. Even simple day-to-day tasks require critical decisions and this part is heavily influenced by individual ethics and even by the moral distancing of participating parties. This

part of the theoretical debate indicates the benefits of participative research that includes actions and thoughts from the bank's staff as opposed to the distanced observations by the researcher.

- 2.5.3. The theoretical debates indicate that there is a close relationship between the ethics and decision making styles. Staff internal motivations impact the decision-making efficiency they demonstrate at the work settings. Hence to be able to understand the workplace problem better, these ethical and moral components influencing staff decision-making need to be included in the research scope and investigated.
- 2.5.4. The barriers to quality decision-making can be influenced by the organisational culture, prevailing compliance rules as well as universal codes of conduct, thus creating certain pressure on the decision-making styles of the organisational players. The organisational culture and current strict compliance nature of it at the workplace is a potential influencing component that needs to be investigated further.
- 2.5.5. The literature debates also indicate that certain tension between individuals and organisational needs can be described by the different understanding of the organisational culture and business objectives. This finding is closely linked to the way how communication flow is organised within the organisation and whether it creates barriers to decision-making.
- 2.5.6. Theoretical frameworks and models that focus on the individual and organisational morals provide a better understanding of the research problem from the viewpoint of the interactions of organisation and staff and possible tensions between them that result in inefficiencies.

There is no conclusion at this stage whether the debates can be formed into the theoretical conceptualisation, hence thesis continues to follow the grounded theory concepts that assume the theory emergence from the data collection and analysis.

Further development of an understanding of the research areas from the experiences of individuals participating in decision-making while reporting UARs is required next by the aim of this thesis. They can provide first-hand knowledge and direct experiences in relations to the underlying characteristics and implications for efficient decision. These experiences, in turn, offer

the empirical data for new and novel insights and lead to the emerging theory and a relevant and applicable framework for actions, contributing to both research and practice. I will be able to collect relevant data for analysis through the engagement with the individuals, who are directly involved in decision-making.

## **2.6. Chapter Summary**

This chapter has informed about the debates in decision-making theory and relevant frameworks that have been searched in relevance to the initial problem area and categories of issues identified in the introductory chapter. The literature review followed the grounded theory principles and did not aim to achieve a comprehensive review of all available literature relevant to the topic. Instead, it aimed developing an initial broad understanding of the available literature, provide a high-level understanding of the gaps and help to design and delimit the research project. In the next chapter, I will investigate which methodology can be applied to this research, based on the problem area and literature findings.

## **CHAPTER 3: RESEARCH METHODOLOGY AND METHOD**

### **3.1. Chapter introduction**

Chapter 2 provided the foundational literature review for this thesis. This chapter describes principles that informed the research design for the thesis, which aimed to explore the problem of inefficiencies in decision-making when reporting suspicious transactions. The combination of grounded theory, case study and action research methods was adopted to generate an exploratory understanding of variables that impact decision-making. The focus is placed on presenting how the workplace problem area and literature findings guided methodological stages and influenced research design. The chapter presents principles of methodology selection and explains how research design was derived and evolved over time. The chapter also describes the application of the method, including how the research site was selected and ethical implications of the dual role of a researcher and a manager.

### **3.2. Selecting the approach to guide the research's design**

This study explores factors influencing decision-making while reporting suspicious transactions and attempts to observe and understand variables that affect current issues and concerns. As it will be presented in this section, considerations for the selection of the methods were influenced by the nature of the problem and earlier studies reviewed in Chapter 2, Section 2.5, in particular, referring the findings from the literature review to qualitative participative researches dominating in the modern decision-making studies. The decision on the selection of combined qualitative method using grounded theory, case studies and action research was not an immediately apparent and easy choice.

From the nature of the problem and the review of previous studies, it was noticeable that a qualitative framework was necessary to capture the complexity of the underlying phenomenon, which is behavioural and not fully understood. The qualitative approach allows for the research designs to remain flexible without dictating a specific rigid set of district methods (Guba & Lincoln, 1989). This flexibility enables researchers to have a research design that is cognisant of the possible types of data available in the study field.



When comparing the qualitative methods with the quantitative ones, I needed to take into consideration the situation at the workplace and the philosophical stance of the study (Carr & Kemmis, 1997). A series of questions can describe philosophical definitions of terminology:

- i. **Ontology:** What is the nature of reality?
- ii. **Epistemology:** How can we be sure that we know what we know?
- iii. **Methodology:** How can we go about finding things? (Guba & Lincoln, 1989)

An adopted philosophical stance can influence the research construction and interpretation of results (Creswell, 2013). It also closely interrelates ontology, epistemology and methodology of the research (Rolfe, 2006).

**Ontology** is a system of belief that deals with the nature of reality and acceptance of facts. The central focus of ontology is to question whether the social entity or event to be perceived objectively or subjectively, thus identifying whether positivism or subjectivism drives the research view. **Objectivism** "portrays the position that social entities exist in reality external to social actors concerned with their existence" (Saunders et al., 2012, p.14). According to Reason (2000), a positivist worldview has been accepted more widely by the research world. Natural science and positivism is an attempt to explain everything in existence as a string of variables, each representing certain aspects of the phenomenon being studied. Notably, all these variables can then be related to each other in a mathematical or statistical equation. Positivist scientists aim to demonstrate a strong causal relationship between social events and explain phenomena through the law-like generalisation. **Subjectivism**, also called constructionism or interpretivism, on the contrary states that social phenomena are created from the perceptions and actions of social actors and are concerned with their existence. Subjectivism stance assumes that reality is socially constructed, subjective, may change, and is multiple (Bryman, 2012, p. 35). The ontological position, which is *subjectivism* for this behavioural research assumes that there are multiple socially constructed realities and with no single truth. Ontologically this research is very subjective and presented with my and participants' prior understandings and beliefs.

The nature of the problem and unidentified influencers ask for the qualitative research based on notions of neutrality that allows approaching the problem without fixed theoretical limitations and biases. This research is derived from the research participants' views of the contextual setting and requires elements of interpretivism within the research process. Hence, this research adopts

an *interpretivist* ontology in the way how data is constructed, collected and saturated for the theory creation.

**Epistemologically**, all data that I obtained during the study were filtered through my values and experience. Hence my experience may change the understanding of the situation (Fay, 1987). Therefore, a positivistic approach cannot be considered as suitable as I, as a researcher could not arrange for the necessary objectivity and value-free perspective. The *social constructionist* stance that investigates the development of socially constructed understandings of the world with shared assumptions about reality (Easterby-Smith et al., 2002; Andrews, 2012) determined the research's epistemological approach.

### **3.2.1. Selecting the qualitative methodology for the research**

There are qualitative and quantitative methodologies that can guide research in finding the influencers of the issues. In the quantitative approach, scientists use measurement and quantification of observable data (Norton et al., 1996). They then attempt to establish a generalisation of research outcomes to other settings, which assumes that events in different settings can be predictive (Robson, 1993). To refrain from unnecessary contamination of their perceptions and ensure the objectivity of the research, investigators arrange for a detachment from the research settings (May, 1997).

The qualitative approach of this study, in contrast, is an enquiry that is concerned with the collation and interpretation of non-numeric, narrative data (Polit & Hungler, 1993), as has been mentioned in Section 2.5 in Chapter 2. Events and phenomena are hence studied in more natural settings than during the quantitative studies. These studies intend to develop detailed descriptions and generate a theory. The investigator is usually the one who is interpreting the meanings and people ascribe to them (Denzin & Lincoln, 1994). This approach is more relevant for cases where a topic of study relates to the underdeveloped understandings of events and involves possible biases (Morse & Field, 1996). Also, contrary to a quantitative approach, qualitative research is a subjective process with the researcher being an instrument of data collection, interpretation and analysis (Parahoo, 1997).

Given that the research is about the phenomenon of inefficiencies in decision-making in the dynamic environment, strong inclination towards interpretivism approach, four realistic qualitative

methodologies were considered for this research (Miles & Huberman, 1994) that would allow me to cover the research question and link the theory from Chapter 2 to the practice (McNiff et al., 2003). I considered the following four qualitative research options for this study: ethnography, case study, grounded theory and action research.

### **3.2.2. Ethnography**

Ethnography, as a methodology, intends for the researchers studying a culture or social phenomena, to be integrated into the study field (Denscombe, 1998). It assumes that everyday life and routine is considered as research data. Ethnography is an interpretivist methodological framework that focuses on participants behaviours located in a specific culture. It highlights participants' deep and rich narratives over a prolonged period of observations in the field of study. In this methodology, the emphasis is placed on reflexivity. Researchers can be subjective and they would filter perceptions through their worldviews (Brewer, 2006).

There are clear advantages of an ethnographical research methodology for direct and close observations. However, there is an expectation in this methodology of mental distancing between the researcher and the field (Oliver, 2004). I instead needed a methodology that would consider me as a 'native' researcher (Brannick & Coghlan, 2007) studying my practice and experiences. The methodology however has a practical time constraint and also, by being narrowly focused on cultural dimensions, may miss out the broader underlying social environment.

### **3.2.3. Case study**

The case study methodology allows the researcher to "focus on one instance (or few instances) of a particular phenomenon intending to providing an in-depth account of events, relationships, experiences or processes occurring in that particular instance" (Denscombe, 1998, p.52). A general goal is to study in detail and develop a thorough understanding of contextual settings and complexities of the context (Punch, 1998). The case study is able to conceptualise the underlying concerns with variables and factors rather than describing a situation; and then develop propositions by identifying dependencies between variables (Gomm et al., 2000). There are clear advantages for narrated case study use as it can answer the 'how' and 'why' questions of the research and enable me to explore the complexities of the situation. Similar to ethnographical research, the researcher, as an insider, is not embraced in this methodology. There is an

expectation of being an observer over the participants, and consideration to be given for a selection of cases and a site with expectations to justify the choice to be able to generalise the knowledge. The case study can, however, generate rich data and narrative from the observations at the contextual situation for the further saturation of understanding of workplace concerns.

#### **3.2.4. Grounded theory**

Opposite to most research that test and validate an existing theory, the grounded theory approach creates a social theory from empirical data systematically collected from practice (Lansisalmi et al., 2006). Glaser and Strauss (1967) designed this method and claimed that theory could emerge from the data when saturation is reached. The grounded theory method avoids the risk of researchers developing theories that artificially fit with expected results of studies.

The claim that grounded theory can generate a valid new theory only from data without prior pre-understanding of the theory was disputed by Thomas & James (2006). Nevertheless, grounded theory is widely used for investigating complex social issues. It is an inductive method, and *a priori* deductive presumptions are undesirable to ensure the absence of predispositions, as it has been done in this research. The grounded theory can be used to explore reasons for inefficient decisions within the organisations by employing interviews and internal documents as data for analysis (Macri et al., 2002). These grounded theory principles are applicable when problematic situations are impacted by the social implications, which are not evident without further investigations (LaRossa, 2005).

The grounded theory approach requires an inductive and emergent data collection and rigorous data coding analysis process, thus allowing for the central core category to emerge and explain the underlying phenomena (Draucker et al., 2007). This emergent understanding is opposite to abstracted conceptualisations and hypotheses testing or addressing literature gaps (Rennie, 1998). It is explained in Chapter 2, which avoids a comprehensive and full literature review that may create a bias towards the identified problem (Glaser & Strauss, 1967). In this methodology, the research is initiated from an area of interest, usually without having an initial specifically formulated research question. The grounded theory is used in the studies where the issues cannot be clearly defined, as in my case.

Hence I have considered the applicability of this exploratory framework for my research.

### 3.2.5. Action research (AR)

AR is represented in the literature by a multitude of terms. Although several authors highlight minor differences that distinguish various AR terms, they can be used interchangeably. For this research study, Action Research (AR) is the term used throughout the thesis.

AR can be presented in different forms if you read literature dedicated to it (McBride & Schostak, 1995; Hampshire et al., 1999; Waterman et al., 2001; Coghlan & Brannick, 2003). In essence, AR is the “idea that if you want to understand something well, you should change it” (Easterby-Smith et al., 2002, p.54). AR, as an improvement of practice by understanding issues together with practitioners (Robson, 2003, p. 26), answers the objectives of this research.

Origination of the term ‘Action Research’ is credited to Kurt Lewin (1946), though it is argued that AR is rather a ‘style’ than a methodology (Meyer, 2000) as it does not strictly follow the usual positivist approach and was called ‘mere common sense’ (Susman & Evered, 1978; Schwandt, 1997). Lewin came to this term when studying intergroup relationships and observed that people do not know where to start with the improvements they want to make. Lewin proposed that those affected by the change should take actions and that “cooperation between practitioners and social scientists is key” (Lewin, 1946, p.30).

Four defining characteristics of AR are below:

- i. **Practical:** dealing with the real issues of an organisation.
- ii. **Change:** concerns with improving practice while investigating an issue.
- iii. **Cyclical process:** having elements of action, evaluating, reflections and planning for further action.
- iv. **Participation** of practitioners involved in all aspects of the research (Denscombe, 1998).

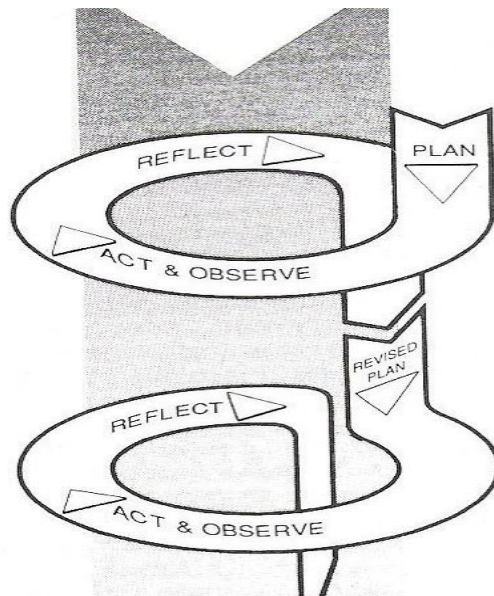
In AR there should be considerations given to the level of ‘insiderness’ and the subjectivity (Morton-Cooper, 2000) to avoid possible negative aspects of participants’ reluctance to disclose information or feeling forced to participate by those in authority (Waterman et al., 2001). The researcher needs to behave ethically and document all steps in research for ethical rigour.

AR has been extensively used in various industries such as health-related settings (Meyer, 2000; Morton-Cooper, 2000; Hughes, 2008) and educational environment (Capobianco et al., 2006; Wanda, 2015). While I could not find examples of AR conducted in the financial services industry, Hart and Bond (1995, p. 55) allude to the broad applicability of AR to a range of settings.

Raelin (1999, 2009) covered the AR's relevance to 'three persons' in the modalities of this research methodology, highlighting the importance of having a balanced view among them.

- i. for '**me**' in terms of changing my work practice;
- ii. for '**us**' in terms of my organisation struggling with a problem;
- iii. for '**them**' in terms of useful knowledge that can be transferable more widely (Reason & Marshall, 1987).

Many authors suggested the ways to run an AR in an organisation (Kemmis & McTaggart, 1997; Hart & Bond, 1998; Hampshire et al., 1999; Coghlan & Casey, 2001; McNiff et al., 2003). There are many typologies of AR, for example Lewin's (1946); Carr & Kemmis (1997); Kemmis & McTaggart (1997); Coghlan & Brannick (2003). There are similarities and differences in all typologies, which I will not mention here due to the limitations of the thesis's length. I have identified that the typology of Mills (2007) described below is more suitable for my workplace issue. Mills follows broadly a model of Kemmis & McTaggart (1997), which has elements of planning for actions and reflections during the evaluation phase, as presented in Figure 3.1. Steps of Mills' typology (2007) include stages of developing open-ended research questions, reviewing the literature, data collection and analysis, sharing the findings and engaging in critical reflections.



**Figure 3.1 Action research cycles by Kemmis & McTaggart's (1997)**

### **3.2.6. Combining case study, grounded theory and action research**

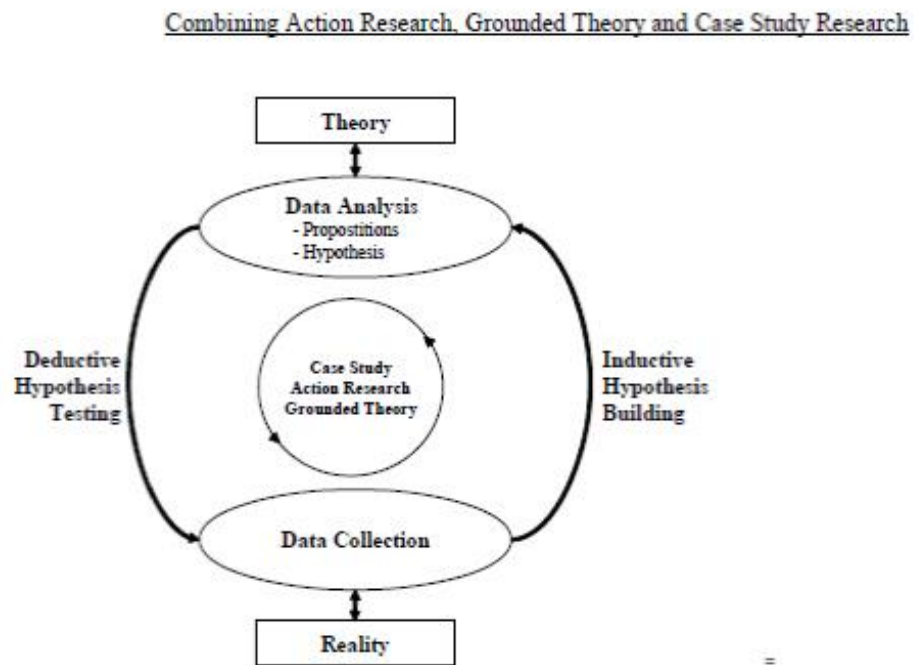
In this section of the chapter, I will discuss the similarities of a case study, grounded theory and action research methods and the benefits of combining them for this study. Authors Billinger, Fleish, Friedly and Ratdje in 2004 have conducted a thorough comparison of the methods and developed a concept of combining them all to achieve a better understanding of the problem areas. They analysed from examples of applying combined methods and concluded that a general research cycle underlines all three methodologies. The combined approach can be used in cases where the research chain begins with a case study and then continuous to open-minded grounded theory and ends with contributing directly to the action research.

The applicability of using benefits of all three methodologies to this thesis comes from the observation made by authors that case study research, action research and grounded theory are not mutually exclusive. The staged approach provides rich data from the case studies from the contextual setting and generates a broad area of problem interest, similar to what is described in Chapter 1. The grounded theory then explores the issue area and uses emergent data from the case studies and action research cycles to develop an emergent theory, which in turn then contributes to action research and defining possible improvements.

The similarities observed between all three methods are focused on the following areas:

- i. The combined methodology aims to counteract the limitations of the traditional positivist approach when discussing social research problems.
- ii. The methodology is typical qualitative research and utilises a limited number of samples.
- iii. The research begins with a little theoretical background and uses an inductive.
- iv. The methodology first starts with observations at the workplace and then develops a theoretical contribution (Billinger et al., 2004, p.4).

In order to combine the advantages and avoid the disadvantages, the authors emphasised the use of triangulation from multiple data sources (Yin, 1994, p.91). This multidimensional approach allows for more accurate construction of reality instead of a concentration of measured factors. Thus it eliminates the weaknesses of each qualitative methods. The iterative process exists within all three research methodologies and follows a general methodological research cycle, as shown in Figure 3.2.

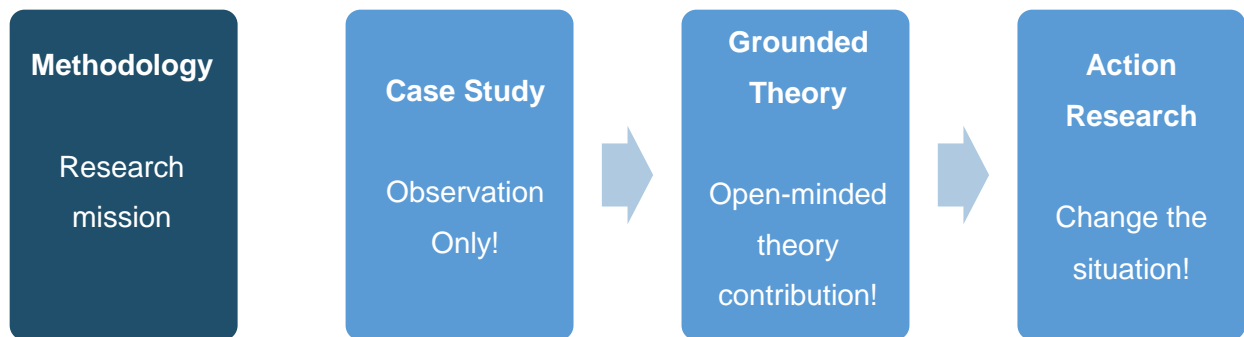


**Figure 3.2 The general cycle of qualitative research (Billinger et al., 2004)**

The distinct differences between the research methodologies are in the final goals: action research does not aim to create a theory, this is left to the grounded theory, and case study aims



to observe and provide a rich narrative for better understanding of the underlying criteria. These central and vital differences allow the creation of a qualitative methodological research chain that combines them all (Figure 3.3). In this chain, the research begins with the case study, follows with open-minded theory building and ends with decisively changing the situation.



**Figure 3.3. The qualitative methodological research chain (Billinger et al., 2004)**

The qualitative methodological research design combines case study research, AR and grounded theory and aims to deliver more valid results than when using the individual methodologies separately. Division of the research project into three individual research studies reflects the actual role I took in this thesis. I was mainly an observer and a recorder when collecting the data from workplace cases, which was then a basis for the grounded theory study. My researcher's role then turned into an active influencing participant during the AR stage.

### **3.3. Research design and implications**

In this section, I will present how the theoretical combination of three individual methods was designed and adopted in this thesis.

#### **3.3.1. Evolution of the research design**

As the thesis period is within 30 months, including building the proposal, a robust plan on progressing the work was critical. I anticipated that some aspects of the work could be advanced in parallel, such as writing the literature review chapters and working on the research design. In addition to testing for views and asking questions at the current workplace, the ideas from the literature were also retrospectively analysed from the events of my experience. My 'insider'

knowledge of the organisation was helpful, but also brought along political challenges as the results of the research would have been uncomfortable for colleagues to accept (Bjorkman & Sundgren, 2006). This concern was mitigated by the transparency of the data to participants and covered later in this chapter.

The first workplace case used for data collection started when I was working in the department of Global Banking and Markets (GBM), which is a frontline business function. We were responsible for uplifting and deployed our compliance procedures. As I had access to various internal reports and regulatory audits, the recurring issue of the low quality of UARs raised by the business frontliners was a frequent topic of review and discussions at the regular compliance governance meetings, for example, Regional Financial Crime Risk Management committee. The common theme was that GBM UARs are significantly lower in quantity in comparison to other departments according to internal MI. This was explained by the nature of the business, which deals with selected major companies and multinationals that have dedicated Relationship Managers (RMs). These RMs have a responsibility to understand their clients thorough and because some clients have significantly lower activities, it was manageable by fewer RMs in GBM in comparison for Commercial Banking (CMB) that deals with middle-tier companies. Values of transactions are high for GBM clients and each of the transactions they perform has a significantly higher dollar amount than other clients. So the target for GBM RMs was to understand the clients well and identify unusual transactions thoroughly. It was noted that the majority of UARs related to transactions suspected to be routed to sanctioned territories rather than related to the money-laundering risk.

At first, I have built a proposal for my thesis centred on AR with participants from GBM to review the inconsistent level of UARs in the department. Around the time when I completed the ethical approvals for the proposal and started the literature review, I have moved to another department. I joined the Financial Crime Risk (FCR) department and took responsibility for the large compliance program that aimed to simplify and improve compliance processes for the bank's operations.

This move became a base for the second case for data collection. The program was concerned with the volumes of alerts generated by the system and UARs raised from the bank branches. When I joined the new department, the final line of investigations, department in Hong Kong called AMLi (Anti-money laundering investigators) had accumulated a large number of UAR backlogs.

This was unacceptable from both risk management thresholds that bank sets for its capital security as well as for regulators and auditors. The department was in the progress of massive recruitment of additional staff to help with the backlogs; the department was growing from 100 to 500 people.

When I asked for approval to continue with the thesis project from my new line manager, Chief Operating Officer for the FCR in the region, she shared with me the magnitude of the issue with the UARs. Mainly she was concerned with the AMLi department that was unable to investigate UARs during the period of the acceptable timelines for high-risk alerts and had thousands of the outstanding backlogs. The recruitment was ongoing for the fresh investigators to join and help to clear these backlogs, but the speed of recruitment was not fast enough due to the stringent requirements of bank's human resources department for adequate background searches, proper contracting and system access requirements.

As mentioned in Chapter 1, the bank was under the monitoring of the Department of Justice, USA. Hong Kong also has one of the most sophisticated and demanding financial regulators in the world. Our organisation has a robust risk management and acceptance criteria that define thresholds of acceptable risks; backlogs of high-risk alerts appear as exceptions that need to be resolved as soon as possible and form a performance KPI for the country CEOs. We could not allow ourselves to have multiple alerted suspicious transactions that cannot be investigated rapidly.

Under this situation, there was a commitment made by the department's management that accumulated backlogs would be cleared by the specified period. My line manager requested me to look into the backlog problem from the view of the thesis work I was performing and identify what could be done to solve this issue. I found soon that the nature of the UAR problem is much broader and the bank has a very unclear understanding why some departments like GBM raise less UARs while others are flooding the back office with a significant amount of low-quality reports.

The initial design of the research at the proposal stage planned to make an action AR project and action learning set central to my thesis. However, as the research project started, I encountered several issues with conducting just AR for the research as I started to struggle with the problematisation of the issues I have observed in two departments. The same issue of inefficiencies of decision making when reporting UARs looked completely different when looking

from different angles. I hence left the attempt to gather the data only from AR and reviewed the selection of the methodology for this research. Eventually, I found that application of combined qualitative research method that incorporate case studies, grounded theory and AR was better suited for my study as it allowed to approach to the issue as a vague and broad area of concern where data itself can emerge into the theory and explanations. AR elements hence evolve from being a main and central component to eventually a smaller component to test an emergence of the theoretical propositions.

The initial data for the research came from the cases I have seen at my workplace conducted in both the GBM and FCR departments, as well as from the AR initiative that has included participants from both departments. As a preparation for the data collection step of the AR, I have thought to recruit an AR team to engage in semi-structured interviews and in further cycles of data analysis, reflections and defining actions. I have explained to my colleagues, whom I have approached for the interviews the rationale for the research and how I came up with an idea to investigate the decision-making inefficiencies.

I had reservations that my colleagues would not be interested just because all of us are always extremely busy. In my two-plus decades of working in the organisation, I never came across the doctorate studies and did not know what would be the reaction. I was hence positively surprised that all of the approached participants have agreed to share their views and also work with me in continuing my research. There was no resistance from their line managers, whom I approached to obtain approvals for participation. On the opposite, I was given additional ideas and pain points to look at from the view of the department's management.

The initial design of the project considered only semi-structured interviews for data collection amongst various representatives of policy setting departments and front liners of GBM. The request from COO prompted me to expand participation and include colleagues from AMLi. This was a very beneficial move because embracing views from AMLi team gave me a much more comprehensive perspective on the problem and changed my perception of the problem from initial narrow GBM frontline focus to the end-to-end process. The AMLi team members with the approval from the department head became participants and this enabled us to explore situation more widely and use the AR process to identify, plan and test short-term changes described in Chapter 6. These changes have also provided some critical data for the coding and iterative process of the data analysis.

This example of incorporating additional views was one of the educative elements of the study, which is multi-dimensional and includes learnings from reflections on participants' actions, values, the research topic itself and also changing the environment at the work (Waterman et al. 2001). Systematic reflections in this study provided the considerable potential for conscious learning from experiences (Schön, 1991), the identification of conditions for developing theory and arriving at informed changes prompted by the research (Karlsen, 1991). This learning also led to reflections which shifted attention on the anticipated outcome of the learning process itself.

### **3.3.2. Applied ethical framework and implications of a dual role**

The research at work brought along ethical issues and conflict of interests from the challenge of managing the dual roles of the researcher and practitioner (Coghlan, 2007). As I anticipated, the research was complex and required thinking in structured layers and maintaining certain distance and objectivity along with synchronising research with the needs of the environment. Hence self-reflecting time was necessary.

As the topic of the research is vital, I ensured that proper ethical approvals were in place and comfort is given to participants on the confidential nature of the research to protect their interests and enable candid input. This was arranged and documented in the required participants' information sheets (Appendix 4) with the research details such as statements that no personal information will be collected and stored. The participation was a volunteer and those participants who agreed to take part in the research have signed an informed participants' consent form (Appendix 5).

As one of the objectives of this research was to arrive at the actionable knowledge, it was also essential to obtain full support from the senior stakeholders who could assist in the implementation of recommendations. This was arranged before starting the thesis proposal with regular updates provided to them. The data collection process began after the ethical approvals received from the University of Liverpool (Appendix 3).

In addition to following the ethical process for the thesis and getting required approvals from the workplace and university, it became necessary to reflect on the nature of my 'insider' research. As mentioned in Chapter 1, I have had day-to-day responsibilities of managing major compliance

programs in two regional departments, which included being a line manager for some of the colleagues that participated in the study.

The dual nature of my role as a researcher of this thesis and a manager is not unique and prominent for the organisational studies, especially the AR (Morton-Cooper, 2000). There are both positive and negative ethical implications of the dual role (Schein, 2009; Serrant-Green, 2002). Insider researchers bring a deeper understanding of the research place and issues than scientifically detached ones. But this enhanced understanding also raises questions about objectivity and potential conflicts in the interpretation of the data (Adler & Adler, 1987).

The criticality of segregating the roles of the researcher from the field is a discussion of selecting the right methodology for the thesis project. I needed to be mindful that positivist stance and quantitative methods ask for specific detachment, as well as qualitative methods of ethnography and case study. AR and combined methodology I have selected not only allow but encourage the researcher to be an 'insider' (Brannick & Coghlan, 2007) as it will encourage participation and leverage on the level of trust already established with a researcher as a colleague. Schein (2009) highlighted that dual scholar-practitioner role has the power to find and apply more innovative processes for the data gathering and intervening due to better understanding and access to the field.

The critical reflection was required to fully understand and mitigate the possibility of my own biases and pre-understandings when designing and executing the research. There was a chance that participants may have provided commonly acceptable answers without critical analysing and reviewing of alternative views. Also though it is easier for the insider researcher to overcome the range of bureaucratic hurdles to access the people and information, I needed to ensure that there are safeguards in place to ensure my professional position as the researcher is not undermined. There may have been situations that even with overtly seeking consents from participants, my colleagues could not have refused to take part as they deemed me as a manager and hence having a position of authority.

To manage and mitigate these risks, in addition to ethical documentation obtained such as consent forms and written agreement the participants' role was clearly indicated at the stages of interviews and during the AR to ensure the understanding that they can fully and freely share their concerns or ask for clarifications from me and also discuss openly during the AR meetings. There

was a great deal of transparency provided to participants for them to understand in which direction we are going with the research as well as what adjustments are done as we proceed. It was explicitly mentioned several times that they could choose to stop participation anytime during the studies.

To mitigate my and participant biases, for example, the compliance and group think biases, especially during the data analysis and interpretation stage, certain discipline was part of the research design. Several techniques were used such as detailed and documented reflections in AR stages, the grounded theory principles of constant comparison and documenting via theoretical memoing helped to mitigate the subjective processes and bring a better awareness of my own personal biases and perceptions by participants.

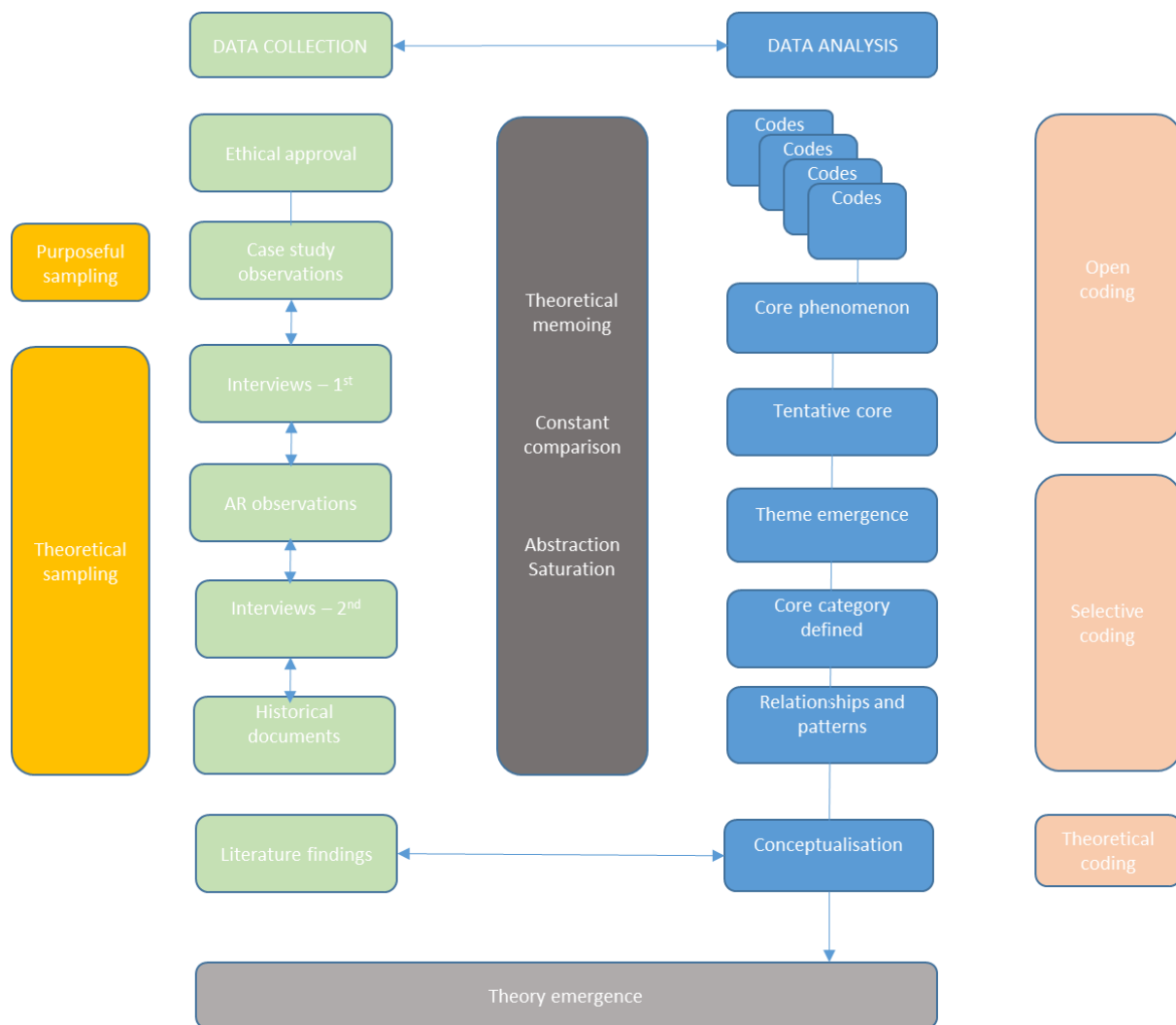
The critical element to mitigate possible ethical conflicts was not lying in the characteristics of who is the researcher but in the ability of the study participants to openly and honestly share experiences in a trusted and motivated manner and in my dedication and commitment to accurately represent their inputs.

### **3.3.3. Designing data collection and analysis process**

As the data collection and analysis of this research followed the grounded theory principles of 'all is data', various types of data from the research field were utilised as long as they assisted in the stages of theorising and had value for the research. The grounded theory applies a systematic data analysis framework that allows for a clear and focussed approach (Glaser & Strauss, 1967). This approach allowed for more rich data that I was able to access for this thesis. For this thesis, three primary data sources were applied: from the interviews with participants, the action research materials and historical materials from the bank's archives.

These primary data were subsequently enriched by the forth source: literature findings at the final stages of the data analysis. The process of collection and analysis was undertaken immediately after the ethical approvals were received and continued till the finalisation of the thesis. Interviews and historical documents provided data for the initial open coding and subsequent theoretical sampling. Further refinement of data collection was achieved from the additional rounds of the interviews and further data collection from the workplace. The emergent theory was developed when the coding and categorisation of data became saturated.

The challenge with the data analysis was that emerging concepts required constant theoretical reasoning applied to the underlying issues of inefficient decision-making. This was, however, an anticipated challenge of the bottom-up coding and gaps in the data needed to be explained so that patterns become more cohesive. It was clear that certain perceptions could make their way into the data categorisation. Accessing a broad base of data and constant theoretical comparison helped to ensure that biases from interviews and documents were identified and dealt with during the data analysis part. The overall process is shown in Figure 3.4, that highlights the iterative processes used in this research.



**Figure 3.4 Applied data collection and analysis process**



A detailed explanation of how the data from interviews, AR and historical materials were collected are described in the next section.

### **3.4. Research execution: adopting selected combined qualitative methodology**

Processes of data collection and analysis used in this thesis occurred in the cycles of combined qualitative research described in the previous section. The data analysis processes are presented linearly in this thesis but were conducted along with the data collection processes. This section describes how combined methodology was applied in the research design and executed.

#### **3.4.1. Selection of research site and initiation of the research**

The workplace as a research field provided a fertile environment where participants and I were able to provide relevant and substantial data for the thesis's main topic. The choice of a place for the thesis was limited to my workplace, the office of a global bank in Hong Kong. This was a limited choice, however, it complied with the requirements of having access to the relevant data. It also was suitable because of the inherent interest (Fenno, 2014), my in-depth local knowledge of the circumstances surrounding them and connection to the workplace issue of inefficient decision-making.

The study commenced when I was employed in the compliance program within the Global Banking and Markets business (GBM), where the initial focus was on investigating the issues with UAR reporting. However, while getting into the study preparation, it became transparent that understanding of the problems related to the staff decision-making cannot be completed in isolation from other related processes and a need to review the end-to-end processes came to the surface.

By coincidence, I have transferred to a larger compliance transformation program within the FCR (Financial Crime Risk) department that allowed me to involve back-office staff in the Hong Kong office, specifically investigators that evaluate final decisions and influence how UARs are expected to be raised.

These two departments experienced a social situation related to the same inefficiencies of decision-making when reporting suspicious cases. The bank and the university approved the

permission to access to the research site, the internal documents and reports as well as conducting the interviews (see Appendixes 1 and 3). Thus I had an opportunity to use my practical experience and other relevant information under the banner of 'all is data' for the grounded theory principles.

### **3.4.2. Using data from interviews and action research**

Interviews with the participants formed the purposeful and the most rigorous data collection phase and took place in two separate stages. These interviews established a rich empirical data source from the participants' views during the initial purposeful interviews and subsequent selective interviews for theoretical sampling.

The aim and objectives informed the design of the interviews of qualitative research. The second stage of interviews was conducted as part of the theoretical sampling during the AR activities (see Figure 3.4) and was targeted to find more data for further abstractions and saturation of patterns.

Interviews are recognised to give more profound insights into the attitudes and beliefs (May, 1997). They provide richer data for clarification and probing (Kumar, 2005). The selection of the type of interviews for this study was semi-structured interviews, which are if compared to unstructured or fully structured ones allow for more comparability and flexibility (May, 1997). The questions here are more open-ended and emphasise participants' elaboration of the points of interest (Denscombe, 1998, p.45) and interviewee having a choice to determine the type of produced information (Green and Thurgood, 2004, p.16).

Although some authors argue that interviews in qualitative research may lack objectivity (Kvale, 1996), they still provide a better potential to disclose 'hidden meanings' behind people's views.

Data from AR cycles came in forms of meeting minutes, memos, emails and note exchanges between the participants and me. These materials were transparent and available to everyone who was in the distribution list and had access for the archives. These materials were used as part of the open coding described later in the section of data analysis and provided an additional rich source for both initial and theoretical coding.

### **3.4.3. Selection of research participants for AR and interviews**

In this section, I will describe how research participants were selected and approached. There was a necessity to have views from those colleagues who were closely involved in the processes of managing financial crime risks. The important components for identification and selection of the participants for the AR and the interviews were the relevance and level of involvement in decision-making processes, diversity of the views and seniority of the roles within the organisational level. The intended interviews required a group of selected colleagues directly involved in the workplace issue, hence participants were approached from areas defining the internal procedures related to this specific workplace issue, as well as those participating in processes of financial crime prevention.

Sampling in qualitative research involves decisions regarding sampling strategies and the definition of the unit of analysis (Mason, 2010). In this research, the sampling is mainly purposeful as it includes the selection of information-rich data for in-depth study (Yin, 1981). 'Purposeful sampling' is described by selecting participants according to specific criteria (Sandelowski, 1995). The sampling process is considered at the early stage of researches and before starting an investigation. The sample size and type are based on the extent of the study as well (Onwuegbuzie & Leech, 2007).

The selection of participants for interviews was conducted in two phases: for the initial interviews and then for the theoretical sampling as part of the grounded theory application. The initial interview participants were selected from the two departments I have been working during the thesis study as I had full access to the colleagues who had a relevant knowledge about the area of interest. The majority of the participants from the GBM compliance program were those who worked with me in upgrading the policies and procedures for the bank, hence the selection included project managers and subject-matter experts working on the procedural changes.

Given the importance of the program to prevent money-laundering and sanction invasion, these participants for interviews and AR were at a reasonably senior level in the organisational. The second department had much more diverse participation and included the operational management and investigators at various levels of seniority that participated in the AR and interviews, as illustrated in Table 3.1.

The selection of the participants for the initial interviews from the mainly senior position was based on the need to cover wider areas of knowledge of the processes. As I have had limited access to the direct frontline staff, there was a need to include managers that had relevant knowledge of what front liners do, as in the case of the senior relationship manager from the Global banking department. The majority of the interviewed managers had a wider view of the processes related to this study than if I would have been interviewing more junior staff. The limitation of interviews was that it could have been better to have more participants who directly raise the UARs, however, at this stage of research I found it to be not feasible and referred to the historical documents that provided relevant data, thus mitigating this limitation.

The number of participants for the first interview was eleven and for subsequent ones selected for further theoretical sampling were seven. The smaller sample of participants during the second interviews was because only participants with direct knowledge related to the identified concepts were contacted. One commonly accepted guideline is to have at least five (and ideally 15-20) interviews to be able to generalise results of data tests and be able to interpret them (Easterby-Smith, 2012).

The sampling size for semi-structured interviews was limited to participants who are involved in the specific processes and accessible from the location of the research. However, the historical and AR materials included significantly wider area and participation, for example, the managerial meetings are usually attended by 25 meeting participants and at least 15 middle management staff of AMLi department.

The grounded theory allows using purposeful sampling only at the initial stages of research as a starting point of generating data. A process referred to as 'theoretical sampling' was used as part of grounded theory (Glaser & Strauss, 1967). The theoretical sampling is a process where the researcher simultaneously collects and analyses the data and iteratively decides what data to collect further based on the emerging codes (Coyne, 1997, p.635).

Thus there is no pre-determined sampling size and theoretical sampling is not limited to the specific size. The theoretical sampling uses the raw data and then further enriches the data by collecting more specific examples until codes are developed into saturated categories (Glaser, 1992).

| Participants roles                 | Departments                  | Seniority         | Participation type       |
|------------------------------------|------------------------------|-------------------|--------------------------|
| Program manager                    | GBM Global standards program | Director          | Interviews               |
| Program manager                    | GBM Global standards program | Senior manager    | Interviews               |
| Project manager                    | FCR transformation           | Manager           | Interviews               |
| Head of the department             | FCR transformation           | Director          | Interviews               |
| Head of the investigations         | FCR operations               | Director          | Interviews and AR        |
| Senior investigators               | FCR operations               | Senior manager    | AR                       |
| Operational subject matter manager | FCR operations               | Manager           | Interviews and AR        |
| Management in operations           | FCR operations               | Senior manager    | AR                       |
| Chief Operations Officer           | FCR operations               | Managing director | Senior oversight and ARs |
| Relationship manager               | GBM                          | Director          | Interviews               |

**Table 3.1 Participants roles**

The theoretical sampling is also used to delimit the collection of the relevant data in this thesis as there was no need to gather all possible as per the grounded theory principles. The theoretical sampling is considered to be complete as soon as the core phenomenon and the core category emerge from the data. The concept of theoretical narratives (memoing) was used as described in the next section to allow potential saturation of the collected data into the patterns.

#### **3.4.4. Developing interview questions**

In parallel of identifying and selecting the participants and as part of the research design, I needed to give considerations on how to develop the interview questions and conduct the interviews. Interviewing in qualitative research is a flexible process that is usually non-standardized (Taylor & Bogdan, 1998). Interviews are intended to provide insights into the interviewee's perspectives, experiences and understandings. The interviewer may also learn from the interviewee's

responses to what questions to ask during the semi-structured interviews (Taylor & Bogdan, 1998).

As the objective of my study was to understand the issues better and find ways to influence them, semi-structured interviews flexibility and insightfulness was paramount to identify 'Whys' rather than 'How Manys'. Interview questions targeted providing more versatile data sources, adding to other sources such as the initial notes from the workplace cases and the AR materials. Kvale (1996) identifies nine types of interview question from introducing and probing questions to structural queries and even the use of silence (Robson, 2003). The 'why and what' questions are recommended to come before the 'how' ones.

The design of the questions for the data gathering interviews was done in two stages, mainly because the pilot of the questions highlighted challenges with the initial set of questions. The initial set of questions was longer and contained questions that participants did not understand. The pilot was conducted with the participants who replied first to my email requesting participation in interviews. Examples of the questions that have been included in the pilot but then eliminated are in Table 3.2.

| <b>Examples of initial questions</b>  |
|---|
| <p>I have identified from the theory of management research and literature on decision making that linking decision to organizational values should help. For example, Badaracco is one of the prominent authors in this area that suggested to prompt decision-makers to ask the following questions:</p> <ol style="list-style-type: none"> <li>1. What are the net, net consequences?</li> <li>2. What are one's core responsibilities?</li> <li>3. What will work as it is?</li> <li>4. Who am I or who are we as a company?</li> <li>5. What can I live with as a result of the decision?</li> </ol> |
| <p>How the key concept of a framework on linking decisions to values, based on literature and code of conduct, can be made applicable to relevant staff?</p>  |
| <p>How good, complete and practical are the frameworks from the literature and whether they need to be adjusted?</p>  |
| <p>How can we identify, develop, test and implement a framework of decision-making processes based on moral principles and code of conduct?</p>   |
| <p>UOL considers action research project helpful to construct and evaluate the workplace issue, develop the proposed framework, plan and take the actions for improvements and then evaluate them. Do you think this will work and help to resolve issues?</p>  |
| <p>UOL considers action research project helpful to construct and evaluate the workplace issue, develop the proposed framework, plan and take the actions for improvements and then evaluate them. Do you think this will work and help to resolve issues?</p>  |

**Table 3.2 Example of initial questions**

I have realised that my colleagues would struggle to understand the specifics of the theoretical considerations and university requirements. I also found that the questions were too guiding towards solutions rather than revealing views, hence I have changed the questions for the remaining of the interviews.

The changed design followed suggestions by Easterby-Smith et al. (2012) that there are five areas important in constructing the questionnaires:

- i. questions should express one idea,
- ii. questions should not confuse participants and be clear off jargons,
- iii. using simple expressions and avoiding passive tense,
- iv. avoiding negatives,
- v. avoiding usage of leading questions, so that researcher's wants and opinions do not interfere.

The amended interview questions are presented in Table 3.3 and focus mainly on exploring the problematic areas and not leading to solutions. The final set followed more closely the GT's abstract wonderment principle and avoided guided and specific theoretical questions from the initial set.

| <b>Questions</b>   |
|--|
| This research is initiated with the context and purpose to investigate an issue of inefficiencies in decision-making when reporting financial crime-related transactions. How do you describe your own experiences in the related decision-making processes? |
| What are your views and interpretations of the evidence and statistics related to the problem area?  |
| If this is, in your opinion, an issue for the organisation, how much 'pain' this research could help to release?   |
| How do you think we should approach the investigation of the issues?   |
| Will you be available for further questions and reviewing the results of the action research?  |

**Table 3.3 Finalised questions for interviews**

The rational of all questions was to solicit knowledge from the participants, ask for opinions, suggestions and encourage further participation. The amended and shorter set of questions was then used in the semi-structured interviews with all participants that agreed to meet for interviews.



### **3.4.5. Conducting Semi-Structured Interviews**

When the decision about interview questions was formed, I have considered how to organise them. To be able to plan accordingly, I have reviewed recommendations on how to conduct the semi-structured interviews. Several authors refer to stages of research interviews as defining themes, designing questions, interviewing, transcribing, analysing answers and identifying themes (Kvale, 1996; Denscombe, 1998). Excellent listening skills and ability to build a rapport and probe for information are essential to understand participants' ways of thinking about the work-related problem and possible solutions (Partington, 2001).

Interviews are usually time-consuming, it is recommended that each one lasts approximately one hour with a sequence of introduction, warm-up, the main body of the interview, cool-off and closure (Bell, 2002; Mathers et al., 2002). Hence, I have arranged for sufficient time by sending invitations and blocking participants' calendars with their agreement.

The research context and purpose was documented as part of the participants' information sheets (Appendix 4). Participants were asked to sign a written consent form before the engagement (Appendix 5). A summary of research intent was also explained in the welcoming email (Appendix 6). I have separately contacted participants' line managers to have an agreement that staff can allocate time to attend the interviews during the working hours.

All participants agreed to have meetings to understand the research scope and participate in interviews and AR cycles. The meetings for first interviews were organised as face-to-face ones. There were no participants approached if there was no reply and agreement to meet for the interview. I have opted not to send chasers as the response rate was sufficiently high.

Considerations were given to maintain the confidentiality and privacy of interviews and collected data. To ensure confidentiality of the conversations, the meetings were organised in private meeting rooms, as suggested by Green & Thorogood (2004). Those meetings outside of working hours were held in a convenient location, where private conversation can be arranged.

During the interviews, the context and purpose of the research were presented and questions asked to gather data for the open and selective coding. A summary of the research was provided, which was descriptive but also vague enough to foster independent thinking (Taylor & Bogdan,

1984). The interview consisted of opening warm-up questions; these fairly straightforward generic questions followed by main interview questions and some follow up questions from me to clarify answers as suggested by scholars (Hollway & Jefferson, 2000).

The follow-up questions included additional probing questions to enable participants to share more details of their experiences, this was particularly necessary for the participants who were initially more reserved. Additional prompting questions were based on the interview questions but asked in a more open-ended manner to encourage further elaboration of ideas. This worked well as participants have been able to make more detailed contributions and also remembered more cases from their experiences to support the views they were expressing.

To facilitate understanding of the collected data and also keep track of contributions, each participant were assigned with the letters and numbers indicating the individual and the sequence of interviews. For example 'Participant P1' indicated a participant from the first interview and 'Participant P1.1' was the same participant who was called for the second interview when selected for the theoretical sampling.

All interviews were transcribed with the consent of the interviewee. I would transcribe the interviews and request clarifications from participants when I was not clear. Kvale (1996) indicates that transcribing is subjective, hence there should be efforts made to ensure the rigour of transcription. Transcription can be prone to own biases (Lapadat & Lindsay, 1999) and errors (Miles & Huberman, 1994). To mitigate these biases, participants were given with an opportunity to read and amend their answers transcripts, if necessary. There was no audio recording done in the interviews, hence all data came from the transcripts. Each interview lasted from 30 to 40 min and it took me two months of the thesis time to organise, meet and verify all transcripts.

The transcription was made by typing the answers into the excel spreadsheets, which were then saved as password-protected files, available for viewing and editing only to me. During the typing, I was focusing on trying to catch all possible original wording and styles of participants' speech. This has included the pauses and supportive words they used to express the emotions and reflections. Although this ended up with having very long texts of the interviews, it has later helped me in the coding processes. The transcripts were then organised into the separate spreadsheets as a preparation for the coding to start, some of the interview extracts were included in the

theoretical memos used during the data analysis. I made extra efforts to keep all the working files in an organised and confidential manner.

The second phase of interviews was guided by the concepts of theoretical sampling and was focused on clarifying specific component of the identified codes as presented in Figure 4.1. The second interview questions were targeted to obtain clarifications from the first round and from the initial codes, hence they have been precise in nature and different from the open nature of the first semi-structured interviews.

The process of conducting the second interviews was going in parallel to the data analysis and was undertaken intermittently during the total duration of the data analysis for approximately five months. Second interviews were shorter in duration (20-30 min) and were conducted both face-to-face and using the video conferencing facilities. The answers and summary of discussions were transcribed and documented as well.

#### **3.4.6. Using data from historical documents**

As indicated before I have had access to an extensive database of internal reports, meeting notes, project documents and audit reviews that have provided an additional vast data source for the thesis (Marshall & Rossman, 1995). I had an approval to use the details from the historical documents as long as I redact names and confidential information such as names of participants and strategically important restricted information.

Data from internal documents and previously recorded cases proved useful while performing open and selective stages of coding and pattern identification during theorising. They also broadened views as incorporated cases that otherwise would not have been observed in the current settings.

Principles of grounded theory data analysis allow inconsistencies and different realities represented by the authors of the historical documents (Glaser, 1992). Hence they were helpful in identifications of trends from past events (Polit & Beck, 2008, p.232).

Bryman & Bell (2003) indicate that if internal organisational documents may not be entirely accurate, they are in any way useful in research because they reflect how organisations perceive

the situations. Establishing a fact or a certain belief is the fundamental aim of internal documents review (Bell, 2002).

While collecting and analysing data, it is worthwhile to be conscious about the interpretation error that could have been made in claiming something from the data (Easterby-Smith et al., 2012, p.265). Hence I conducted a critical examination of historical records using the below criteria (Scott, 1990):

- i. authenticity: documents are genuine and of unquestionable origin,
- ii. credibility: materials are free from error and distortion,
- iii. representativeness: these are typical of its kind,
- iv. meaning: they are clear and comprehensible.

Table 3.4 illustrates the list of historical documents selected using the criteria mentioned above.

| <b>Document category</b>   | <b>Document name</b>              | <b>Document dates</b>                     |
|--|-----------------------------------|---|
| <b>Internal statistics and Key Performance Indicators (KPIs)</b> | Monthly GBM FCRMC meetings        | Jan 2016-Dec 2017                         |
|  | Country GBM MI reports            | June 2015-Dec 2017                        |
|  | Country GBM forums                | Jan 2016-Dec 2017                         |
|  | Backlog presentations             | June 2017-May 2018                        |
|  | Minutes of FCRMC meetings         | Jan 2016-Dec 2017                         |
| <b>Internal procedures and policy documentation</b>              | Group FIMs                        | The version available as of November 2017 |
|  | AML & Sanctions Global Procedures |   |
|  | AMLi internal procedures          |   |
|  | Operations internal procedures    |   |
| <b>Reviews by consultants and regulators</b>                     | KPMG UAR review                   | June 2017                                 |
|  | Ernst & Young UAR review          | Sep 2017                                  |

|  |                                     |   |
|--|-------------------------------------|---|
|  | Extracts from Monitor reports       | The version available as of November 2017 |
|  | Extract from audit notes            |   |
|  | Managerial emails related to issues | Jan 2016-May2018                          |

**Table 3.4 List of historical documents**

### **3.4.7. Using literature for emerging data**

As explained in the earlier chapters, the role of literature is different in the grounded theory from other methodologies as it rather contributes than provides theoretical scaffolding. The literature was used throughout the coding stages and as part of the constant comparison. This use of literature helped to increase the level of abstraction and confirm emerging patterns.

The focus of selecting the literature was placed to find studies with the relevant topics that have high empirical and theoretical value. The literature found through the extensive search and described in Chapter 2 was instrumental in data analysis and interpretation process, especially at the times when I was not able to move ahead with further abstraction and conceptualisation.

The literature, as an additional data source was an important component of theoretical saturation. Incorporation of literature as emerging data was not forceful to define certain patterns but rather guided further search for meaningful codes and descriptions. For example, literature helped to define and clarify conceptualisation of codes related to the decision-making and communication channels that emerged from the collected data, described later in this chapter. Literature related to these components were reviewed and more refined codes were found during the theoretical coding to enable a higher level of codes saturation. Nevertheless, it also suggested certain categories during the substantial coding and helped to identify the peripheral codes.

### **3.5. Chapter summary**

This chapter covers the processes and procedures for constructing the thesis's research design and selection of applied methodology. It started with adopted philosophical stance and the process of choosing the combined qualitative approach for the thesis. The application of the selected method is then explained, starting from how the research site was selected, ethical

considerations and applied data collection and analysis processes. The empirical data generation was applied from the combined methodology point of view and hence was sourced from the interviews with participants, the action research materials and historical documents. The chapter presented in details the data collection process as part of the design research framework aiming at finding a better clarity of decision-making inefficiencies observed at work.

## **CHAPTER 4: DATA COLLECTION AND ANALYSIS**

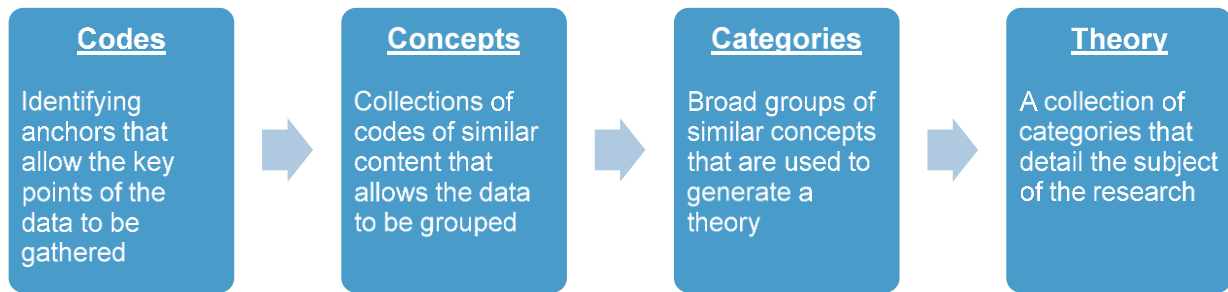
### **4.1. Chapter introduction**

The previous chapter provided an outline of how the research methodology was identified, the research design has developed and executed. This chapter presents the procedure that was employed for the data analysis, specifically the data coding as per the grounded theory principles and how the concepts emerged from the multivariate data sources. The processes are presented in a linear manner, however, as discussed in Chapter 3, the applied combined qualitative research methodology is conducted in iterative cycles. The linear manner helps to have a better visual presentation of patterns and themes emerging from the data analysis conducted using the concept of grounded theory such as constant comparison, categorisation, memoing and theorising (Kolb, 2012). The process of data analysis proceeded through the initial open and selective coding, then theoretical coding was applied. The process concluded with the theoretical saturation and emergence of the conceptual core category. The empirical data gathered from various sources helped with the emergence of concepts and relationships which were subsequently compared with the literature findings from Chapter 2.

### **4.2. Data analysis process**

This section demonstrates the experiential process of adopting data analysis to the grounded theory principles as part of this thesis's design. The segment presents the substantive open and selective coding then moves to the theoretical coding stage. The focus of this section is on using examples of how conceptualisation was developed from the data and the emergence of the core category.

Once the initial data was collected, the analysis process used four broad stages, as indicated in Figure 4.1.



**Figure 4.1 GT data analysis process**

The principles of Glaserian grounded theory presented in Chapter 3 highlight the necessity of several phases of coding applied to the collected data. This section describes by using examples of how various elements emerged from the data and were conceptualised into more saturated concepts of core categories and phenomenon.

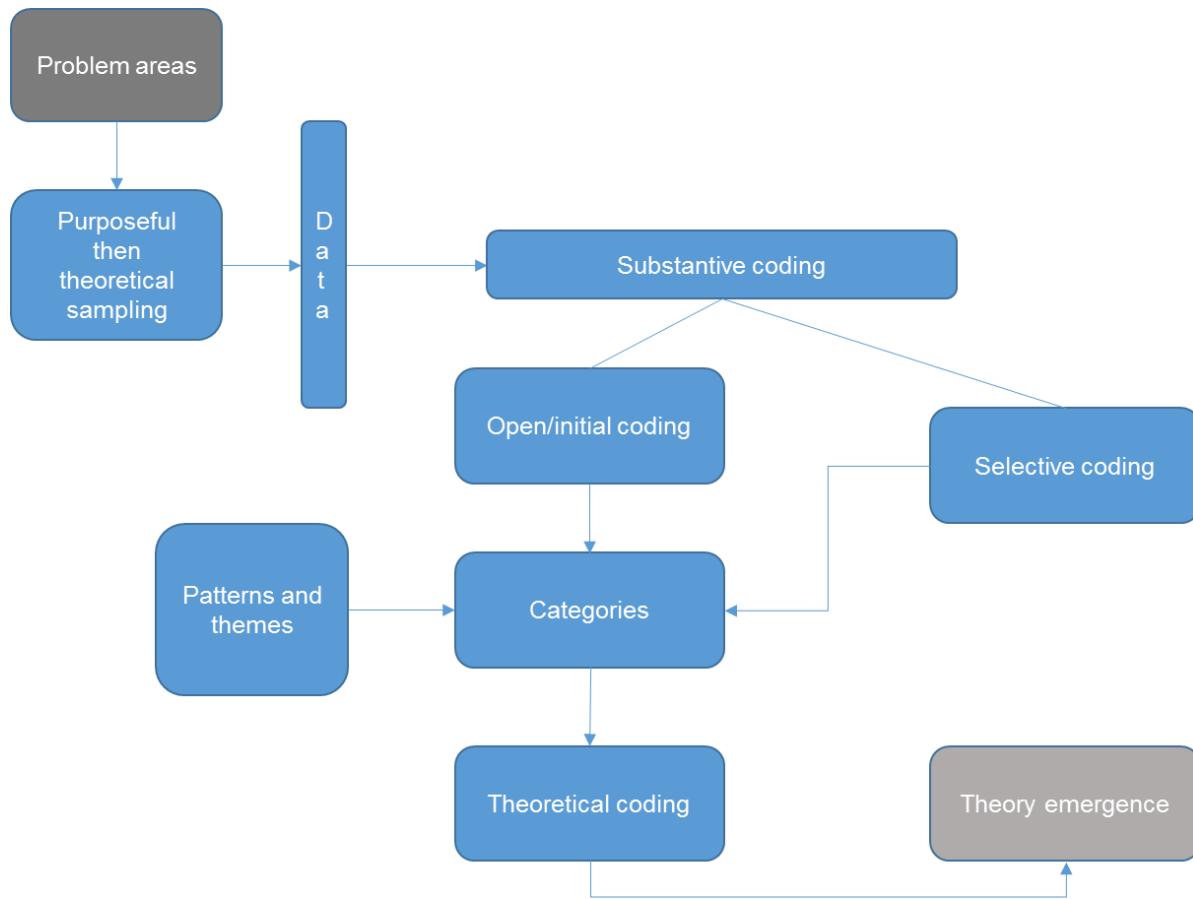
### **4.3. Applied coding process in data analysis**

Figure 4.2 below presents the flow of the coding process applied in the research.

The main challenge in the process was that conceptualisation of codes and patterns required constant comparison and indicative reasoning to be able to identify the relationships and inter-relevance of concepts. The collected data was not a coherent mass and it was expected that bottom-up coding of data would require data to be filled in and woven together.

The data coding process was a very detailed and time-consuming exercise. There were certain biases in my pre-understanding as a researcher, hence in the process saturating the data I was focused on broadening the data by constant comparison between the confirmatory patterns in interviews, historical documents and literature.





**Figure 4.2 Flow of the coding in the data analysis**

In this part of the data analysis, the search for the grounded theory started with taking a small chunk of the data from the interviews and coding them line by line. In parallel, the entire texts of interviews, historical documents and meeting materials were read thoroughly to have a good familiarity with the content and create the theoretical memos to express thoughts and ideas as explained later in this chapter.

Useful concepts were then identified, marked and named; then this processes was repeated with the remaining data. Descriptive codes were developed to record concepts found in the texts and theoretical memos which have been developed as part of the data analyses. These codes were reviewed and fine-tuned as more data was analysed. This initial process is called open coding (Strauss & Corbin, 1990) or initial coding (Charmaz, 2000). Open coding also sometimes called 'substantive' coding and as the first stage of analysis, it conceptualises the empirical findings for the research area (Glaser, 1978, p.55).

The next step involved a lot more theorising when examples of codes and concepts were pulled together and analysed. The initial codes were categorised to ensure that they reflect distinct concepts. At this stage, the codes with similar and duplicated meanings were merged into more inclusive concepts. Descriptive codes were assigned by looking for relations between initial codes to form groups of codes as a transit stage before moving to the higher level of abstraction and overarching analytical codes and categories.

The second level of substantive coding called 'Selective coding' starts only after the researcher found the core variable from the open coding stage. Glaser (1978) suggests not to start with the selective coding to avoid a premature conceptualisation of a core category. Selective coding is also not a linear process, hence I was continually re-evaluating the data to bring codes and categories into the higher abstraction and broader themes.

The core category from the substantial coding stages started to explain certain behaviours of the participants and assisted to selectively sample new data from the second interviews, thus applying a deductive theoretical sampling (Glaser, 1998). After the saturation of codes to categories occurred, the theoretical coding, which is a 'second-order' and last stage of the coding, identified relationships and propositions which led to new perspectives and increased scope (Glaser, 1978). This emerging theoretical coding focuses not only on discovering a conceptual theory as with substantive coding but also on resolving the central issue of inefficiencies of decision-making by allowing the data to integrate into an explanatory theory.

#### **4.4. Using theoretical memoing and constant comparison in data analyses**

Theoretical memoing is an important concept in the grounded theory methodology (Glaser 1998). Memos represent theoretical write-ups of ideas and interpretations for substantive codes and their relationships as they emerge during coding and data analyses processes (Glaser 1998). There is no right or wrong way of theoretical memoing as long as it facilitates emerging ideas and directs to the theory saturation (Glaser, 1978). "What is actually happening in the data?" (Glaser, 1978, p.57) is a fundamental question during theoretical memoing and constant comparison used in this thesis.

The memoing is an effective aid for a researcher in open coding stage and then when conceptualising incidents. Theoretical memos do not need to be specifically formatted and can be written or drawn (Savin-Baden & Major, 2013). Memos are essential tools to refine and keep track of ideas when the researcher compares codes from the data and concepts in the evolving theory. Memoing works as a bank of written ideas about developing concepts and how they relate to each other (Glaser, 1998).

In this thesis, theoretical memoing was heavily relied upon to clarify the codes and relationships. It was also a main component of the constant comparison method. Theoretical memoing slowed the pace of data analysis and forced me to explore and better articulate the ideas, codes, categories and how they fit, relate and integrate with each other, thus helping to avoid premature theoretical conclusions (Glaser, 1978).

In this research, a method of Birks et al. (2013) was used for memoing efficiently, which has the following components:

- i. recording emergent issues of the research design,
- ii. defining and recording assumptions of the researcher,
- iii. maintaining notes on how codes develop,
- iv. identifying valuable concepts,
- v. recording how the researcher's philosophical position relates to the data.

The overall data analyses process involved the constant comparative method that went throughout the grounding theory process. The ideas and codes are compared iteratively as categories develop and overlap using the data from substantial and theoretical sampling (Kolb, 2012). In this research, I went back and forth multiple times while comparing data and continually sharpening the emerging theory. Glaser & Strauss (1967) provided four main stages as a guide for the researchers: comparing incidents, integrating properties of the concepts, delimiting and writing the theory.

#### **4.5. Applying open coding**

I have started to apply the principles of the coding to the initially collected data from the interviews and historical documents. There have been immediate challenges while trying to upscale the

collected narrative data from the descriptive stage to conceptualisation. It was important to understand Glaser's (1978) principles of theoretical sensitivity and not rush to derive patterns and themes. The persistent and thorough work was required for evaluating collected data, applying a consistent process of memoing and coding and then re-collecting and re-evaluating data for the process of theoretical conceptualisation.

At the stage of open coding, the analysis was limited to the development of memos that reflected ideas, initial understanding and impressions. The raw data was fractured into small pieces and paragraphs to allow easier management in data analysis. By breaking down and fracturing the collected data, the conceptual labels were assigned to individual parts of the data. The initial codes saturated to descriptive and subsequently analytical codes by utilising the line by line and word by word review of the data.

The whole coding process was done manually in Excel, there was no software for coding used following the suggestion by Glaser (2002) who indicated to concentrate on the conceptualisation of data rather than on accuracy that the software would focus.

Tables 4.1a and 4.1b present examples of how the data was organised into the line by line open coding from the participants' answers. Table 4.1a is the exact extract from the interview transcript with a participant at the stage of the initial interviews.

**Participant P2: Policy changes department**

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... There is generally little ownership and understanding of the wider impact of decisions they make when reporting cases. The bigger picture is missing probably because the staff is not very conscious and lose focus. If you get the demographics of people working in the branches, you will see that they are mainly older people close to retirement. From the theory application, just asking those questions may not be enough. They need to be shocked at the consequences of their actions to be able to change the behaviours. There is also little benchmark and not enough guidance is given to them on how correctly do the reporting.

Kurt Levine "Unfreeze and freeze" method can be used here to ensure people unlearn the wrong processes and learn new ones. We can take analysis and draw the right pictures, some of so-called "idiotic" UARs can be the right ones. Maybe this something that investigating department should look into and provide feedback.

However, we know that feedback channels does not exist or does not work. Of course, there are many confusing directions for the departments to understand what exactly to do. Sometimes they are told to raise many reports and sometimes stop doing that. It comes down to whether we have the right people with the right kind of attitude. Simple investigations should be left to robotics analysis of patterns and real-time feedback, e.g. automatic triage and immediate feedback to line managers that set the KPIs. Consequence management should be in place too on the low-quality reports that went for investigations.

We can work on a framework with specific work streams to define and implement the changes: define variables and outcomes, IT changes, optimisation of processes, people aspects for the feedback loop. We reached tipping point need to revolutionise how to explain various factors how to tackle by using inductive and deductive methods. Our organisation is complex and adaptive, special learning system and multidisciplinary people needed. Not only directions from regulators and police. Need to consider how to reconfigure that it is sustainable and self-learning...

**Table 4.1a Example of the interview excerpt**

Table 4.1b then presents an example of the related theoretical memo recording my reflections from the interviews notes, associated initial and descriptive codes that then eventually emerged into the analytical codes.

The coding process used terms from the participants verbatim and assigned associated codes best representing the ideas, understanding and meaning in a common language used by both me as a researcher and the participants from my workplace. The process was slow and slowed even down by the theoretical memoing as it was challenging to find the right corresponding code for each portion of the fractured data.

| <b><i>Theoretical memo extracts</i></b>  | <b><i>Open coding</i></b>                        |                                  |                                 |
|--|--|----------------------------------|---------------------------------|
|  | <b><i>Initial coding</i></b>                     | <b><i>Descriptive coding</i></b> | <b><i>Analytical coding</i></b> |
| <i>... There is generally little ownership and understanding of the broader impact of decisions they make when reporting cases... The bigger picture is missing...</i>               | Limited ownership<br><br>Limited understanding   | Lack of understanding            | Perception of roles             |
| <i>... Probably because the staff is not very conscious and lose focus... Of course, there are many confusing directions for the departments to understand what exactly to do...</i> | The team is not sure<br><br>Confusing directions | More clarity required            | Ambiguous process               |
| <i>...Maybe this something that investigating department should look into and provide feedback...But we know that feedback channels does not exist or does not work...</i>           | Communication channels limited                   | Feedback channels missing        | No interactive channels         |

|  |   |                                 |                                |
|--|---|---------------------------------|--------------------------------|
| <i>...There is also little benchmark and definitely not enough guidance given to them on how correctly do the reporting... We can take analysis and draw right pictures, some of so-called "idiotic" UARs can be actually right ones...</i>      | Need for clear guidance                           | Unclear procedures              | Ambiguous process              |
| <i>...Sometimes they are told to raise a lot of reports and sometimes stop doing that. It comes down to whether we have the right people with the right kind of attitude...</i>  | Changing instructions<br><br>Different behaviours | Conflicting messages            | Different views in departments |
| <i>...Our organisation is complex and adaptive, special learning system and multidisciplinary people needed. Not only directions from regulators and police. Need to consider how to reconfigure that it is sustainable and self-learning...</i> | Culture is complex<br><br>Regulatory pressure     | Overwhelming compliance culture | Complex organisational culture |

**Table 4.1b Example of the open coding**

In this example, the participant talked a lot about unclear procedures and formal compliance led compliance culture. The initial codes were assigned from each line of the interview, looking at the meaning of the interview notes and theoretical memoing.

The descriptive codes were then added to bring better understanding from what was read and understood, which then developed into more punchy analytical codes. The overall process of assigning codes was very reflective and interpretive, largely followed the philosophical interpretive stance of this qualitative study.

Table 4.2 provides an additional example of how historical documents were used during the open coding and theoretical memoing process. There was a timing limit used for the document to avoid introducing outdated information and allow me to stay focused within the delimited and manageable quantity of reports.

| <b>Open and Selective codes</b> | <b>Observations from KPMG UAR review in June 2017</b>  | <b>Theoretical memoing and analysis</b>  | <b>Initial coding</b>  |
|---------------------------------|--|--|--|
| Compliance culture              | The bank has recently experienced a significant increase of UARs being raised by RBWM frontline staff. This, in turn, has added pressure on both the Bank's FCR Ops and AMLi team to review and process UARs. KPMG has been engaged to provide a review of the RBWM UAR to STR procedures, conversion rates, and provide recommendations on any issues identified. | <p>...recent discussions have focused on areas of compliance requirements and pressurise staff to report UARs.</p> <p>There is a necessity to improve relationships between raised UARs and files SARs. The recommendations from external party reviews highlight reoccurring issues, which may be due to strong compliance.</p> | <p>Compliance culture pressure</p> <p>Continues issues with pressure</p> <p>Inadequate decisions by the front line staff</p> <p>Organisational culture</p> |



|                                   |  |  |                             |
|-----------------------------------|--|--|-----------------------------|
| <p>Pressure from stakeholders</p> | <p>Findings are recommendations resulted from:</p> <ul style="list-style-type: none"> <li>•Understand policies and procedures followed by RBWM staff, FCR Ops team (L2) and L3 operators;</li> <li>•Conduct workshops with relevant groups to verify how policies and procedures are executed in practice;</li> <li>•Conduct sample testing of UAR and STRs to assess the conversion of UARs to STRs;</li> <li>•Conduct an end-to-end process review and identify inconsistencies and gaps which need to be addressed to enable efficient conversion of UARs to STRs;</li> <li>•Review UARs and analyse the rationale to investigate cases and ultimately file STRs;</li> <li>•Conduct sample testing of UARs and STRs to assess the reasoning and validity of the UARs and the correlation between UAR and STR.”</li> </ul> | <p>Constants checks and audits add pressure on staff. The organisation recognises an issue of pressurising staff and following procedures and codes.</p> <p>Cultural/perception limitations (what are participants' thoughts on the effectiveness of the training).</p> <p>The emergence of categories to be yet confirmed from the data collected from interviews/literature.</p> | <p>Cultural perceptions</p> |
|-----------------------------------|--|--|-----------------------------|

**Table 4.2 Example of a historical document analysis**

And Table 4.3 presents examples from the theoretical memos and meeting minutes from the AR stages. The descriptive codes in this example link the incidents from data describing various behavioural matters at the workplace. For example, the misunderstood risks of money laundering in the instances of a particular branch in Mong Kong area of Hong Kong leads to the quality of the sense-making and decision-making inefficiencies. When comparing to the instances from the historical documents, similar deficient decision-making cases came across when front line staff of branches have been raising inadequate volumes of the UARs.

| <b><i>Theoretical memo extracts</i></b>   | <b><i>Open coding</i></b>       |   |   |
|---|---------------------------------|---|---|
|   | <b><i>Initial coding</i></b>    | <b><i>Descriptive coding</i></b>                    | <b><i>Analytical coding</i></b>                 |
| ...Risk of HK is not understood. Are we really carrying that kind of Risk in HK? More education needed. GSC is being trained. But need MK branch training...Not enough time for this... | Misunderstood risks             | Decision-making issue                               | Quality of sense-making                         |
| ...KPI are set to follow the policies and procedures. No channelling. Front lines - only follow the procedures ...  | Only the following procedures   | Decision-making styles                              | Maintaining status-quo                          |
| ...We reached a tipping point, need to revolutionaries how we operate. Explain various factors how to tackle it...  | Unhappy about the current state | Need for urgent changes within the organisation     | Individual vs organisation tension              |
| ...The businesses need to be involved, it should be self-enforced and self-regulated. At this moment it is said it is not their problem and they don't own...                           | Luck of ownership               | Unclear responsibilities                            | Perceptions of roles                            |
| ...She believes that we do not incorporate this as part and we do not care about this. In the contest of the bank, it is not considered to be important and may result in disasters...  | Lack of care                    | Unclear responsibilities<br>Need for urgent changes | Perceptions of roles<br>Fear for future changes |

**Table 4.3 Examples from theoretical memos**

There have been 100+ codes developed as part of open coding from the numerous memoing notes. The next challenge came when it appeared that there is no apparent pattern emerging. The reflective element of the grounded theory data analysis framework came to help here. As suggested by Glaser (1978), a researcher should focus on the following questions to be able to come to successful theorising:

- i. What is this data a study of?
- ii. What category does this incident indicate?
- iii. What is actually happening in the data?

Application of descriptive codes achieved further abstraction and moved towards a greater conceptualisation. Instead of pushing for the codes to fit into the categories or themes, the constant comparison was applied to codes which in turn allowed to move to the iterative analysis of data from interviews with those from the historical documents to facilitate the emergence of the pattern. For example, the codes of 'Complexity of culture' correlated with the instances in the historical documents presented in Table 4.6, indicating the pressure impact of compliance culture on the quality of the raised UARs.

Theoretical memoing and comparing incidents from all collected data was key in the iterative nature of the analysis and allowed better investigations of the incidents and finding most relevant descriptive and analytical codes in the process.

This process of identifying the open codes and linking them to the descriptive codes helped in bringing analytical codes to abstraction. When emergent categories did saturate from all collected data, the stage of open coding was considered as complete in the applied data analysis framework (Gibson & Hartman, 2014). This initial stage was a foundation for the next level of analysis where the theory eventually started to emerge.

#### **4.6. The emergence of tentative categories and patterns**

Tentative categories started to emerge when the data analysis progressed with the broadening of open coding. They however at first were too broad for patterns identification as I could not place all codes into a common category. This is a recognisable challenge within the grounded theory application (Glaser, 1992) and the suggested solution is to focus on the broadest category that would fit a number of codes by utilising a constant comparison method.

Hence, for more coherent analysis, five emergent tentative categories were introduced that fit in the open codes from all collected data. These categories are presented in Table 4.4 and at this

stage of the research, I have considered them as still broad and tentative but foundational for the further abstraction.

| <i>Tentative categories and their substantive codes</i> |                                 |                                    |                                |                                    |
|---|---------------------------------|------------------------------------|--------------------------------|------------------------------------|
| <b>Feedback channels</b>                                | <b>Decision-making styles</b>   | <b>Interpretation of processes</b> | <b>Compliance culture</b>      | <b>Alignment of values</b>         |
| One way communications                                  | Maintaining status-quo          | Ambiguous process                  | Pressure from regulators       | Perceptions of roles               |
| Top-down channels                                       | The absence of problems solving | Adequacy of resources              | Overwhelming culture           | Fear for future                    |
| Irregular feedback                                      | Distance reviews                | Different views in departments     | Tick-box compliance            | Agenda setting                     |
| Not interactive   | The absence of sense-making     | Knowledge obstacle                 | Following the code of conducts | Avoidance of conflicts             |
| Delayed feedback  | Judgemental approach            | Uncertainty in further updates     | Complex organisational culture | Individual vs organisation tension |

**Table 4.4 Emergence of tentative categories**

Each tentative category came from the associated verbatim translation of the statement from interviews and materials data. Thus these statements are grounded and are not just abstract codes. The decision mechanism on how categories were assigned mentioned below with the examples from data.

1. **Feedback channels:** this category consists of codes describing how individuals within the organisation respond to the issues and communicate with each other. The data considered strong influences from the codes on these categories, such as in the below example.

Participant P1: *“...We also have no means of feedback, no channelling, which leaves front liners to only follow the procedures, which is incorrect and we will be challenged further by regulators and audit. Statistics are readily available, e.g. how many reported cases ended up to be reported to regulators/police (SAR conversation rate is at 60% currently). Also, the risk of HK is not understood fully. Are we really carrying that kind of AML Risk in HK?”*

Participant P9: *“...Maybe this something that investigating department should look into and provide feedback. But we know that feedback channels does not exist or does not work”.*

Participant P11: *“For GBM, however, those raised are for good and explainable reasons. It is the up-to to investigators to validate if suspicion is right. We know only when it is raised. No feedback loop now established”.*

2. **Decision-making styles:** this category summarised ad-hoc and diverse nature of decision-making styles that highly depend on individual characteristics. The examples from interviews and meeting materials highlight several issues with the decision-making processes and low-quality results, such as codes related to the absence of sense-making and judgmental approach.

Participant P9: *“There is generally little ownership and understanding of the wider impact of decisions they make when reporting cases.*

Participant P2: *“Consequence management should be in place too on the low-quality reports that went for investigations”.*

Participant P4: *“The businesses need to be involved, it should be self-enforced and self-regulated. At this moment they said it is not their problem and they don’t own it, leaving the investigative department to deal with it.”*

Participant P8: *“Number of UAR is not an indicator, but the quality is. Also, it is very much relevant to the resource who is doing the reports and provides explanations.*

*Perhaps there need to be more controls. GBM has large clients, so these finding may not be so much relevant to them than for the retail and commercial banking”.*

- 3. Interpretation of processes:** this tentative category was initially segregated from the 'communication channels' and 'decision-making styles' categories due to the codes indicating the importance of sense-making of current processes. This category, however later was merged at the higher level of abstraction as having common patterns with 'communication', 'culture' and 'decision styles' prevailing within the bank. For example, codes of 'uncertainty', 'knowledge gaps' and 'ambiguous processes' strongly associated with the categories of 'communication' and 'culture'. An examples below also indicate links to the prevailing decision-making styles and communication channels.

*Participant P1: “Of course we have the issue with how the staff makes decisions when raising the suspicious cases. E.g. there are some anecdotal cases that KPI are set to follow the policies and procedures. Example - 100K applied to all cases and customers. Even to CMB/GBM which are dealing with large corporate customers for whom these limits are small. It cannot be one limit set for all cases.”*

*Participant P4: “More education is needed on real Red flags, e.g. at the branches more training, where too many mainlanders and MSOs bank. We are however facing challenges that we do not allocate enough time for this,”.*

- 4. Compliance culture:** there were multiple highlights in codes related to the environment at the workplace. Strict compliance and regulatory requirements came to the surface frequently during the comparison of data from various sources indicating the complex nature of the workplace and dominant pressure to follow the rules.

*Participant P4: “Our organisation is complex and adaptive, special learning system and multidisciplinary people needed. Not only directions from regulators and police.”*

*Participant P4: “Need to consider how to reconfigure culture that it is sustainable and self-learning”.*

5. **Alignment of values:** this broad category encompassed codes related to instances of conflicts between personal agendas and corporate values. The codes of 'roles perception', 'agenda-setting' and 'fear of future' represented an emotional and strong connection to the organisation's ethical norms and the codes of conduct as well as personal opinions of those who should follow the rules in a very demanding environment.

Participant P1: *“Of course, there are many confusing directions for the departments to understand what exactly to do. Sometimes they are told to raise a lot of reports and sometimes stop doing that. It comes down to whether we have the right people with the right kind of attitude.”*

Participant P4: *“GBM department has a very large client, very low volumes with high values. CMB who do the CDD, UARs are more issues, more on small etc. companies. These changes are not justified from the specific program point of views, but from social responsibilities, yes. I believe that we do not incorporate this as part of our work and we do not care about this enough. In the contest of our bank, it is not considered to be important”.*

The next step in the data analysis was in the direction of further abstraction and saturation of the theory by application of selective coding which led to the emergence of the core phenomena from the collected data and theoretical memoing process.

#### **4.7. Applying selective coding: the emergence of the core phenomenon**

To further proceed with the categories abstraction and theory saturation, there was a need to delimit and confirm the identified five tentative categories. To achieve this, a selective coding process kicked in as a secondary level of the substantive coding process. No new codes are introduced at the secondary level and focus was on filtering the tentative categories and selectively delimit them. The focus here was to arrive at the main core categories and the core phenomenon, which should have been already identified during the open coding process according to the grounded theory. The theoretical memoing was used extensively, as suggested by the Glaser (1978), to achieve organised emergence of ideas during the coding process. Table 4.5 represents the conceptualisation memo illustrating how the core phenomenon emerged and selective coding refined the core categories.

### ***Theoretical memo extract***

... The five categories have common components as they are all linked to the observed issues at work. The selective coding process serves the purpose of delimiting the codes further and saturating the theory. It was relatively easy to bring open codes under the five broad categories. But how the five categories can be further delimited and still keep relevance to the thesis's objectives?

From the reflexivity processes and using the social constructivist philosophical approach, I have started to link each of the tentative codes back to the issues observed at the workplace and described in Chapter 1. At the same time, I have compared codes that each category contained to find further abstraction. Each category was analysed by using the following guiding questions:

- i. How this category contributes to the existing issues with decision-making deficiencies?
- ii. What is the role of this category in the overall process of decision making?
- iii. What are the main characteristics of the category and codes?

To focus on abstracting, further sub-categorisation similar to what was done at the open coding stage was repeated following the grounded theory approach. It was possible to further group all five categories into narrower core categories during this stage of analysis.

The filtering component applied here was focusing on the decision-making barriers to prevent going off on a tangent and avoid inclusion of irrelevant or too peripheral concepts. Selective coding aimed to achieve higher abstraction and not the introduction of new categories.

By applying these filtering approach categories of the 'Feedback channels' and 'Interpretation of processes' were grouped into the category of 'Communication' as they broadly relate to the way how processes are distributed within the company and understood by the staff. Absence of the feedback channels prevents receiving clarifications when interpreting the new processes, which then remain incorrectly understood and impact the quality of decision-making. Deficiencies with the communications both in ways of the channels and styles, on the other hand, impact management messaging from the top creating misunderstanding of procedures and further decrease quality of the decisions. Hence variable of '*Communication*' was separated as a stand-alone subcategory.



Analysis of the data from literature and underlying substantive codes for the categories of the 'Decision-making styles' and 'Alignment of values' indicated to have common components as they both referred to the way how bank's staff makes sense of surrounding environment and performs during the processes. Both categories are action and cognition driven, they both have underlying substantive codes that are gerunds or describe an approach or style to the issue, such as 'avoidance of conflicts' and 'maintaining status quo'. Given the identified similarities I have combined these two tentative codes to the core code of '*Values*' which is a narrow category encompassing both organisational and personal values playing an important role in dealing with issues with specific decision-making styles.

After giving many considerations and comparing with collected data, I could not further abstract and include the code of '*Compliance culture*' into any of the common groups. This code is though very closely linked to organisational values and communication channels needed to stay as a separate category to highlight the significant weight that pressure from the strict compliance was indicated by interview participants and appeared regularly in the historical documents.

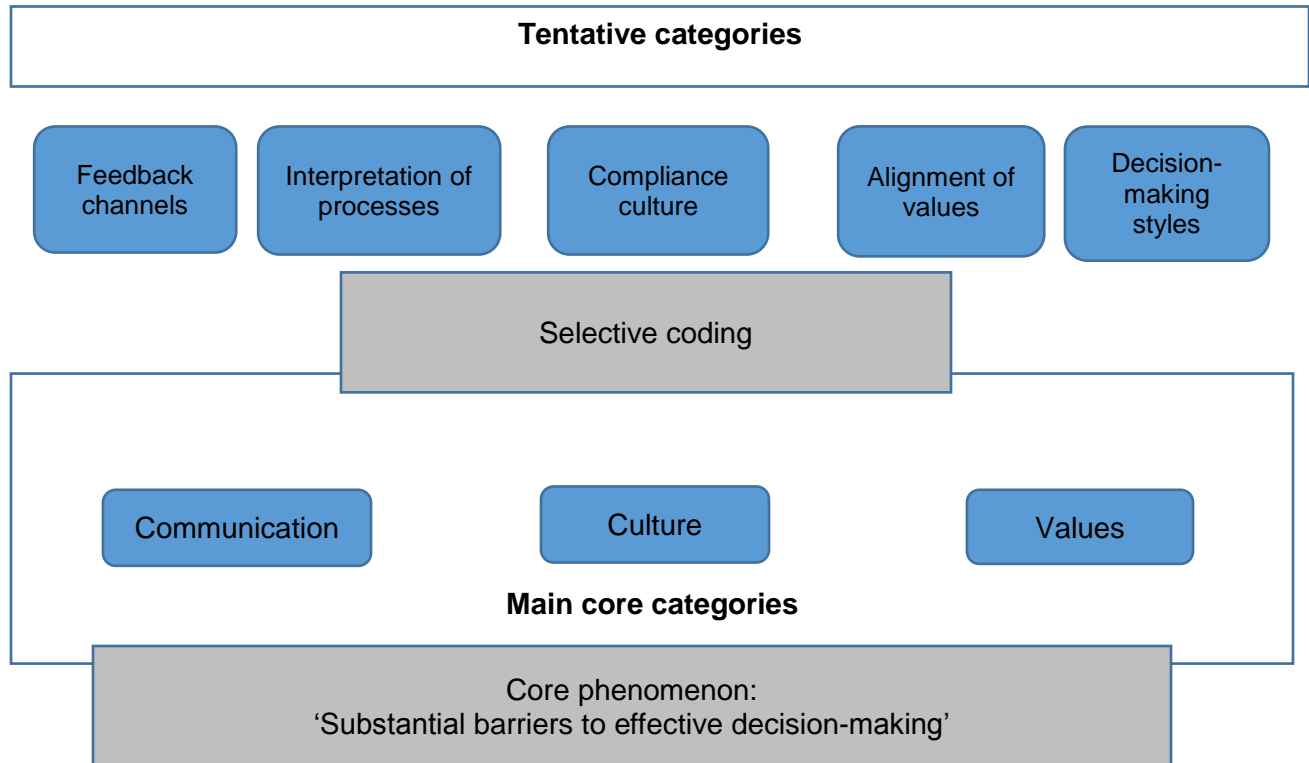
As indicated above, the filter component during the process of refining the final core categories was their relevance to the underlying observed issues. All of the final categories referred to the same base-line, a core phenomenon that can be named as '*Substantial barriers to effective decision-making*'. Everyone involved in the processes has genuine concerns about the work issues as they hamper work and life, and these barriers appeared from the initial stages of the thesis then during the interviews and more prominently during the data analysis.

Deficient decision-making styles, alongside with the way how the organisation uses communication and the pressure from the complex culture are closely linked components of the substantial barriers to the effective decision-making as their failure leads to the issues observed at the workplace and described in Chapter 1 ...

#### **Table 4.5 Theoretical memo on the emergence of core phenomenon**

The conceptualisation memoing process in Table 4.5 assisted in the emergence of the core phenomenon and further abstraction of the tentative codes into the main three categories as

illustrated by Figure 4.3. The emerging patterns at the selective coding became clearer and better refined. All main categories are linked to the underlying core phenomenon and have close correlations to the observed workplace issues of deficiencies in the decision-making. The finalised theoretical categories will be discussed in details further in this chapter and in Chapter 5.



**Figure 4.3 Emergence of main core categories and phenomenon**

After the layers of the substantive coding and constant comparison, the core definition of the underlying phenomenon has emerged. The core phenomenon can be explained as a basic process that illustrates the outcomes of the observed behaviours and eventually transforms into the theory (Parry, 1998). The core phenomenon in this study is called '*Substantial barriers to effective decision-making*' which has emerged at the early stages of the research and was confirmed by the grounded theory data analysis.

Despite the early emergence of the core phenomenon, its confirmed definition was not immediately identifiable as there was little understanding of the problem at the beginning of the study. It was discovered and confirmed as part of the non-linear data analysis process and

facilitated by reflexivity and memoing. The core phenomenon theoretically filtered tentative categories, thus leading to the next level of abstraction and identification of the core categories.

The extracts from the AR reflective journals and meeting minutes from the historical documents in Table 4.6 are examples of the existence of the barriers to the decision-making as a core concern.

| Source                   | Date           | Narrative   |
|--------------------------|----------------|---|
| AR reflective journal    | November 2017  | ...The observations and discussions so far indicate a strong agreement that there are issues in decision-making processes when frontline staff raises UARs. The issue definition, however, at this moment are defined to be very broad and relate to vast areas of the organisation starting from all levels of management and finishing with a selection of appropriate staff...   |
| Internal meeting minutes | September 2017 | <p>...Backlog presentation to the management indicates that Peak was 20,000 UAR submitted quarterly in 2017.</p> <p>As of the beginning of June 17, there have been 12,000 UARs in backlogs, meaning they have breached specified timelines to complete investigations. 80% of UARs were derived out of the RBWM line of business. CMB submitted 13% of UARs. GBM and GPB filed less than 1%. HK AMLi received a total of 4,992 referrals from Branches, Departments, Manual Monitoring, and Overseas in October 2017, which was a decrease of 28.4% when compared to 6,976 in September 2017. The decline was mainly contributed by the drop in the number of referrals received from Branches after the audit visits. This indicates issues in different decision-making by staff in various parts of the bank...</p> |

**Table 4.6 Extract from documents highlighting core phenomenon**

As more refined categories illustrating all concepts and issues were discovered and clarified, the stage of the selective coding was considered as complete. The core categories and phenomenon became more affirmative. The related concepts continued to be discovered and led to the theory emergence and core category identification at the final stage of the coding as it is described in the next section.

#### **4.8. Applying theoretical coding and discovering the core category (BSP)**

The aim of the final stage of the data analysis, called theoretical coding, is the conceptualisation of the relevant identified substantive codes and integrating them into a theory. This process continues to heavily rely on identifying relationships by constant comparison of the data and increasing the abstraction according to the grounded theory principles (Glaser, 1978). Theoretical coding is as emergent as previous stages of coding and facilitates the discovery of the cohesive theory addressing the aim of this thesis.

The pre-requisite of the core category emergence was the discovery of the main abstracted concepts of '*Communication*', '*Values*' and '*Culture*' from the selective coding process shown in Figure 4.3. These categories also assisted in identifying and naming the core underlying phenomenon, which is closely linked to the abstract codes that emerged from all collected data. The data analysis process then moved to the final conceptualisation part.

The coding process aimed to discover emergent concepts that would develop into a theory explaining underlying decision-making issues. A core category identification will help the theory construction.

In the grounded theory method, the core category is usually represented by a basic social process (BSP) which conceptualises the relationships of emerging components and unites main categories (Glaser, 1978). BSPs describe variations of time, context and behaviours in the observed environment. The core category as a BSP highlights the patterned flow of social lives (Glaser, 1978, p.100).

BSPs are not always present and not all categories can be defined as BSPs. BSPs can either be considered as BSPPs related to the psychological processes that focus on the individual behaviours or a basic social structural process (BSSP) explaining wider social structures (Glaser,

1978). According to Glaser (2007, p.14), a core category is prominent and researchers usually see it everywhere and with ease. As the code category emerges from coding, it becomes clear that the core category will be flexible and changing, prevented 'forcing' the data into the core category (Glaser, 2007).

Using Glaser's (1978) framework on BSPs, below are four characteristics of BSPs that researchers will need to be aware:

- i. BSPs has at least two emergent stages that differentiate and account for variations in the problematic pattern of behaviour.
- ii. BSPs may not be present in a grounded theory-based study (i.e. researchers may not have two or more stages in the central concept).
- iii. BSPs are ideally suited to qualitative studies where the analyst observes the evolution of a process over time (i.e. influencing outcomes in a project).
- iv. BSPs are labelled by a gerund that reflects their evolving nature and a sense of motion.

As this thesis is a study of social processes related to the decision-making while reporting suspicious transactions, it was somewhat expected that the core category would transpire as a process-based BSP. BSP type of a core category increases chances for the theory scope and also can facilitate changes through the action which will suit this thesis's objective.

Three main concepts that were related to the tentative categories was found as a result of the selective coding and further abstractions. The three main categories capture the main components of identified codes and explain the interrelated patterns and relationships. The higher level of saturation and abstraction was necessary through the selective code conceptualisation to allow future substantive theory development.

To identify the BSP emerging from the data in this thesis, the three main categories were analysed from the angle of the emerging relationships and the possibility of higher abstraction.

Table 4.7 presents the theoretical memo conceptualising the emergence of the core category of '*Aligning organisational and individual values*' as a result of reflexive thinking, social constructivist philosophical stance and application of grounded theory principles.

### ***Theoretical memo extract***

... It was becoming increasingly challenging with each stage of coding to achieve more abstraction. Identifying a core category from the fairly disjointed main categories of '*Communication*', '*Values*' and '*Culture*' was facilitated by the stance of social constructivist and approach of reflexivity where as far as the interpretation may become central from considerations of cognitive, textual and perceptual circumstances (Alvesson & Skolberg, 2009). Besides, to assist with the conceptualisation of the core category, the following questions were used, linking all components to the identified core phenomenon:

- i. How all three emerged components impact the decision-making issues observed in the workplace?
- ii. How are processually main categories linked together and lead to the core category?
- iii. What is the most prominent category that impacts the barriers to decisions?
- iv. What component links the core phenomenon and data emerging concepts in the most meaningful way?

Each main category was passed through these reflexive questions in order to come to the concept of the core category that will link them all together at the theoretical level.

- i. *Communication* was a central theme in interviews, represented by the multiple identified codes during the data analysis. It has provided a mean for understanding how information is conveyed within the organisation and how it influences the environment at the workplace. Collected data and substantive codes highlighted that clarity of communication and interpretation of messages was impacted by the personal agenda, views and decision-making styles of individuals involved in the processes. Findings from literature also indicate that organisational values and business codes of conducts work well when they are fully aligned with the moral values of individuals and understanding of ethics (Poon & Hoxley, 2010; Septzler, 2016). Availability of the regular feedback channels and clear communication from management enables better intake of new procedures and a better alignment of values between individuals and the organisation.

- ii. *Culture* emerged as a prominent pattern from the data ingraining a social functioning and influencing decisions made in the complex organisation. Organisational culture is influenced by its approach to handling difficult situations and the quality of the decision-making. Significant pressure from the strict compliance puts tension on interactions between individuals, departments and market players as it became evident from collected data. In the complex and critical situations having clear communication and management messaging helps to align to common goals and releases pressure (Robertson & Athanassiou, 2009), thus enabling better decision-making.
  
- iii. Values have been identified as criteria influencing decision-making in all levels of the organisation that integrates limitations and opportunities available within the workplace. The coding process of data analysis indicates that strong codes of conduct need full and clear interpretation to avoid confusions and misunderstanding by individuals, which may create a misalignment of the values between organisation and staff. The clear communication on the codes of conduct, strategic directions and market conditions should be a prominent part of the management activities and organisational culture (Roberto, 2013).

From this stage of analysis, the main categories started to merge into a core category of '*Aligning organisational and individual values*'. This category was coming to surface even at the early stage of the thesis writing and data analysis, it has now naturally emerged from the theory saturation and grounded theory coding process.

The core category has frequently appeared in the data and literature and merged the majority of open codes, maintaining an explanatory power to the core phenomenon. Misaligned values frequently appeared in the interview notes and historical documents and were represented by the instances of conflicts of personal agendas, failed communication and misunderstood procedures in the environment of the strict compliance culture. The identified core category has a strong relationship not only with the processes of communication, defining organisational values and dealing with the cultural pressures but also explains overall decision-making deficiencies and barriers observed at the workplace. Hence it also closely interlinked with the earlier identified core phenomenon. The absence of aligned values representing a barrier to

quality decision-making has been highlighted by several authors (Septzler, 2016; Badaracco, 1997; Kidder & McLeod, 2005).

I have considered the core category as emerged and named after this cognitive inductive-deductive analysis process, effectively capturing interrelated variables existing in the research workplace...

#### **Table 4.7 Theoretical memo on the emergence of the core category**

The theoretical memo above highlights how the core category transpired and was explained through the reflexive process of a social constructivist. The core category is fully grounded in the thesis through the confirmations found within the coding process from the empirically collected data.

The core category of this study '*Aligning organisational and individual values*' is a BSP and the way how it meets BSP criteria is presented below:

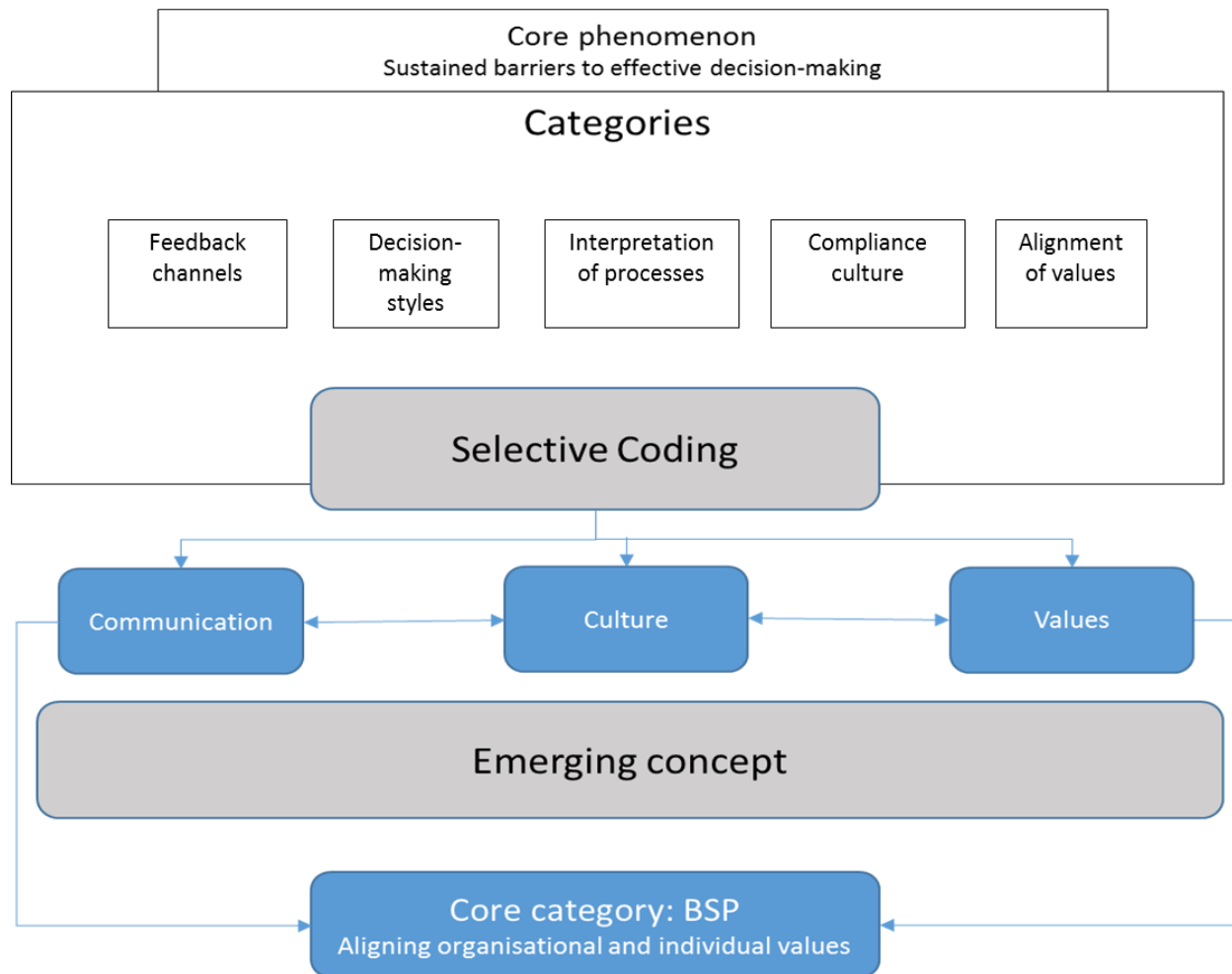
- i. Aligning values between individuals and organisations have two clear emergent stages, the first is identifying the values for organisation and individuals and second is understanding how to link them together.
- ii. The values and understanding of values are connected to the views and hence are fluid category as it was evidenced through the coding; it is subject to changes and evolution in understanding over time.
- iii. This study is a qualitative study based on the combination of case study, grounded theory and action research methods.
- iv. '*Aligning organisational and individual values*' can be labelled as a gerund as it is non-static and has ongoing characteristics. It evolves with the changes in the environment and preferred communication styles and in turn, influences the decision-making processes.

The core category, as anticipated, is process-based and not unit-based as it explains social structures and organisational processes. Conceptually and processually the core category of '*Aligning organisational and individual values*' is linked to the issues of the deficient



communication and complex compliance culture. The links and relationships are discussed in more depth in Chapter 5.

The three main categories, their link to the core phenomenon and emergence of the core category as an underlying basic social process, are presented in Figure 4.4.



**Figure 4.4 BSP emergence through selective coding**

As the core category was identified at this stage of the theoretical coding, the analysis moved to the final stage of the data analysis to discuss how relationships between various emerged concepts were confirmed with the literature findings by using the theoretical ‘coding families’ of the grounded theory.

#### 4.9. Identifying Conceptual Relationships from Literature

The next stage of the coding process was constructing relationships between saturated main categories by using the 'coding families' (Glaser, 2010) and literature as part of the theoretical coding process. This will allow the emergence of abstract hypothesis or propositions and achieve the theoretical construct (Glaser & Holton, 2004). The emergence of propositions is presented in details in the next Chapter 5.

Theoretical coding used in this research follows Gaser's (1978) recommendations. The literature role in the data analysis process is more contributive and foundational as dictated by the principles of the grounded theory. The literature findings were used iteratively during the stages of the theoretical sampling, constant comparison and coding. Literature also helped to increase the level of abstractions and confirmed the identified patterns as an additional data source for theoretical saturation.

The integration of data from literature framework presented in Chapter 2 was not by 'force', but instead, the coding process led it. It helped to clarify and re-confirm the data conceptualisations related to the notions of '*Communication*', '*Value*' and '*Culture*' that emerged from the data. The focus was placed on maximising and substantiating specific categories which helped to identify important peripheral concepts. The constant comparison method connected the tentative categories using the data from literature and helped with further conceptualisation.

The examples in Table 4.8 present the theoretical coding families (Glaser, 1998) and codes drawn from the conceptual literature from Chapter 2.

| Categories                  | Theoretical coding | Coding families                                | Codes from literature  |
|-----------------------------|--------------------|--|--|
| Organisational environment  | Culture            | BSPs<br>Face to face<br>Conflicts<br>Consensus | Compliance led culture (Robertson & Athanassiou, 2009)<br>Codes of conducts (Svensson & Wood, 2008)<br>Moral courage framework (Kidder & McLeod, 2005) |
| Interpretation of processes | Communication      | Interactive<br>Mutual<br>Interdependent        | Construal Level Theory (Trope & Liberman, 2010)<br>Decision Quality (Septzler, 2016).  |
| Decision-making styles      | Values             | Social norms<br>Social value                   | Ethics (Poon & Hoxley, 2010)<br>The tension between individual moral and organisational needs (Roberto, 2013)<br>Moral cycles (Badaracco, 1997)        |

**Table 4.8 Relationship emergence using coding families and the literature**

#### 4.10. Chapter Summary

This chapter described the data analysis process as part of the selected research methodology. The presentation in this thesis is linear, but the processes were conducted iteratively through the cycles of coding and referencing to data. The chapter explained the data analysis process starting from the initial purposeful sampling followed by the several stages of coding. All collected data were analysed using the processes of the grounded theory that contains open, selective and theoretical coding and brought the development of the initial descriptive codes to more abstract categories. Through the process of coding a saturated core phenomenon, three main concepts and a core category have emerged. Chapter 5 explains next how the theory and related propositions emerged from the collected data.

## **CHAPTER 5: EVALUATION OF OUTCOMES: UNDERSTANDING OF SUBSTANTIAL BARRIERS TO EFFECTIVE DECISION-MAKING**

### **5.1. Chapter introduction**

This chapter covers the findings from the data collection and analysis described in Chapter 4. It brings together patterns and categories related to the decision-making inefficiencies at the workplace and explains through the emergent theoretical framework the underlying influencers of decision-making processes. The identified core phenomenon of '*Sustained barriers to efficient decision-making*', the core category of the basic social process of '*Aligning organisational and individual values*', and related core concepts of '*Communication*', '*Values*' and '*Culture*' are used as foundational elements for the theory construction. Relevant areas of literature from Chapter 2 are intertwined with the theory, which increases its scope and relevance. The emergent theory is presented as a theoretical framework with related five propositions explaining emergent patterns. The chapter concludes with reflections on how the theory was evaluated for the requirements of the rigour and validity.

### **5.2. Results of the data analysis processes and the emergence of propositions**

This section of the chapter looks in detail at the core category and the peripheral concepts with a focus placed on presenting the relationships between them and contributing to the emerging theory. The literature is also integrated to increase the scope and depth.

#### **5.2.1. The interrelationships between the core category and the core concepts**

As it was explained in Section 4.8 of the previous chapter, the BSP as a core category has emerged from the empirical data analysis. The process of identifying the core category was through the analysis of the patterns from the empirical data and underlying issues.

The BSP of aligning of values emerged as a core category from the data to help to explain the observed social phenomenon. Although it was challenging to select a category when analysing the data, this core category had a better association as a variable that impacts the decision-making at the workplace as opposed to the broader sweeping phenomenon such as communication gaps or decision-making styles. Aligning of the values also places a greater

emphasis on the underlying inefficient and fragmented organisational processes that negatively impact decision-making (Septzler, 2016).

This thesis maintains that misalignment of individual and organisational values causes the barriers to effective decision-making when reporting suspicious transactions. This is due to the following essential factors:

- i. It is identified through the empirical data that misalignments in values often create unnecessary tensions within the organisation and negatively impact on the ability of staff to make correct and appropriate decisions regarding UARs. This role of misalignment is highlighted by literature such as in works by Badaracco (1997) and Roberto (2013). The outcomes of values misalignment can be then seen in the reflection notes of the problem area from Chapter 1, for example, over-reporting of UARs.
- ii. The reasons for the values misalignment found from the data analysis are socially-based and very implicit; they are challenging to uncover and thus potentially have complexities in addressing the current decision-making problems at the workplace.

The collected and analysed data strongly suggested that values misalignment can hinder the bank's success in achieving its strategic goals, increase barriers in communication and further impact on the bank's culture. One example from the study is the case where the management of a specific unit instructed to raise more UARs in anticipation of the regulatory audit. This case of not aligning to the core value principles of the bank, mentioned in Appendix 2, had subsequent implications of staff reacting to these urge out of fear of the management. Hence this research's view is that the misalignment of values impedes effective decision-making and a risk to organisational progress and its stakeholders. Also, that aligning of values can, in turn, ultimately improve the decision-making processes.

Deficient decision-making processes are characterised by the barriers that exist at the workplace and are funded on variables of '*Communication*', '*Values*' and '*Culture*' which are interlinked together by the core category of '*Aligned Organisational and Individual Values*'. In this thesis, I argue that deficiencies in these core variables directly decrease the quality of the overall decision making. And subsequently, positively influencing core categories brings potential benefits to the

organisation. The examples from the collected data and the literature support the findings that the interrelationships between the categories strongly impact the organisational decision-making processes. This impact is cyclic in nature and continuous as unresolved issues continue to build up, creating more deficiencies and misalignments.

The findings from the data are evaluated in Chapter 5 to unfold the way how the interrelationship can become beneficial and work on achieving the thesis's objectives. The evaluations will help to understand further the underlying causes and relationships as well as will strategically build theory through the introduction of propositions that can become actionable means of explaining and improving the situation at work.

The interrelationship among the core category and the peripheral concepts contributed to the understanding of the problem situation at work and emerged into the propositions described further.

### **5.2.2. The Core Concept of Communication**

The emergence of '*Communication*' as one of the core concepts was a result of the careful consideration and detailed abstraction process. The frequent appearance of this concept in the collected data indicated its importance to the research participants. The comments in interviews and notes from the documents referred to the importance of the way how communication is performed in my organisation as well as the quality of it. The effect of communication channels, absence or existence of feedback routes and the need for clear and concise messaging from the management came up prominently during the data analysis. The data indicated multiple cases when poor communication resulted in issues as they created ambiguity, personal interpretations and cognitive differentiation, which in turn led to the escalation of inefficiencies in the decision-making processes.

Interview excerpts presented in the previous chapters also highlight the importance of communication styles and the availability of communication channels at a distance. This is echoed in the literature and described by the Construal Level Theory, which prompts to understand how distancing influences decisions (Trope & Liberman, 2010). The prominence of communication channels for the quality of decision making is also considered instrumental by scholars (Martin, 2005).

The flow of communication through the established formalised channels in the complex environment emerges as a necessity and an important variable for the study. The formalised communication channels that can be face-to-face, via video conferencing or emails can have immediate or delayed feedback, thus defining the value of the communication (Swaab et al., 2012).

In addition to the communication and feedback channel effects, the study considers that decision-making when reporting the UARs is undertaken by staff based on their perceived inner moral and values (Kidder & McLeod, 2005), their interpretation of reality and decision making styles (Amason & Mooney, 2008). These decisions are interconnected with the communication inputs (variables) they receive as part of the decision making processes. The impairment of these processes leads to gaps in perceptions and reduces overall decision-making effectiveness (Badaracco, 1992). Miscommunications progressively develop into escalated inefficiencies in the processes. A lack of proper communication channels, hindering the efficiencies, was recurrently found in the data. The identified patterns and relations led the study to the emergence of the first proposition, which is related to the communication channels.

***Proposition 1: Lack of effective communication channels is more likely to lead individuals making inefficient decisions.***

Communication gaps impact decision making styles when the decisions are made by distanced parties (Gong et al., 2012). A person focuses on outcomes while making moral choices and this depends on the psychological distance from the contextual settings. There are always learnings shared by the staff at the back office that, if remains unshared with the front office staff, will hinder the critical reflective practices (Cunliffe, 2004) and prevent improvements of inefficiencies.

Although lack of effective communication channels significantly impacts on the efficiency of decisions, absence of the common understanding of the goals being communicated further complicates issues. The interpretation of messaging passed through the filters of individual assumptions, biases and values (Kahneman, 2003; Solomon, 1993). From the data, we learn participants' opinions that effective feedback channels could have been helpful for better distribution of the messages from the top and achieving a better understanding of issues. The literature and empirically collected data hence brought up the next proposition related to the importance of the interactive feedback channels.

***Proposition 2:*** *Lack of effective and interactive feedback channels is more likely to hinder staff learning and inefficiencies more likely to continue.*

The main difference between the second and first proposition is in the direction of the communication flow. It is also important to have a cyclical feedback system where the communication flow can be freely exchanged within the organisation and help to make sense of the complex and ambiguous environment. Absence of this free flow cycling process escalates the workplace issues and prevents the organisation from learnings that different departments could have been able to share.

### **5.2.3. The Core Concept of Culture**

The concept of '*Culture*' in the context of this thesis can be described in multiple ways, but the main emphasis is given to the role of the compliance culture in an environment with increased complexity (Zografos et al., 2000). Scholars frequently indicate that 'thin' and 'thick' moral of organisations have a direct impact on the quality of the decision-making and impacts on organisational success (Warren, 2011; Drucker, 2006; Black & Gregersen, 1997).

This highly abstracted category has been derived from codes closely connected to organisational values and communication. I have made a conscious decision to keep this category separate as a matured core category as described in Table 4.9 to emphasise the significance given by the interview participants to the pressure that compliance culture has on their day-to-day work.

There are numerous examples from the historical documents presented in Chapter 4 that indicate how complexity and organisational culture impacted the communication and understanding of the processes. During the interviews participants indicated that complex and unclear communications and misaligned messages create ambiguity and confuse employees, resulting in deteriorated outcomes. Employees do not understand anymore what is required from them as in the example from interviews on the risks associated with Hong Kong branches, thus resulting in increased volume of low-quality reports. Hence the next proposition is proposed based on the data analysis findings.



***Proposition 3:*** *Unclear expectations from individuals performing decision-making are more likely to lead to inefficiencies in decision-making.*

From the data analysis, the pressure to comply became one of the main themes and emerged into the category of the overall cultural context of the organisation. From the study findings, the compliance culture impact is indicated as turning into the 'compliance tick box' exercise impacting critical judgement during the decision-making.

Complexities of the modern organisational cultures (Korthals, 2008) raise a need for establishing the relationships between individuals and organisation and engaging in 'communicative reasoning' to be able to overcome complexities. The codes of conduct in business practice help to link organisational expectations and provide better clarity to individuals working in complex organisations (Svensson & Wood, 2008).

The empirical data and literature indicate that the complexity of the culture, being a natural component of the modern organisations, impacts on relationships among organisational members (Addleson, 2001) and overall outcomes of the decision-making processes. The stricter the pressure to comply, more likely we will observe employees engaging in specific behaviours, which are then repeated if positively encouraged (Merritt et al., 2010; Sachdeva et al., 2009). This pressure is more likely to be damaging than helping organisations to achieve their goals. From historical documents and AR meetings, I could see that following the rules and 'ticking the compliance boxes' in certain situations hampers the effectiveness of independent critical thinking (Dane & Pratt, 2009). The following proposition, therefore, is derived to indicate the negative impact.

***Proposition 4:*** *Within the strict compliance culture environment individuals are more likely to emphasise following the rules impacting their ability to make effective decisions.*

There could have been multiple other propositions relate to culture, however, I have indicated here two that were summarising the essence of the patterns that emerged from the collected data thus delimiting the research to focus on the decision-making when reporting suspicious transactions.

#### 5.2.4. The Core Concept of Values

Empirical data analysis, theoretical memoing and constant comparison with historical documents and literature suggested that individual core values and morals drive decision-making. The moral temptations, which are decisions about right vs wrong, are based explicitly on the core values that each person possesses (Kidder, 1995). These core values are underlying the moral choices that staff must pass each day when making routine decisions to report UARs or not. From the case study materials, we can see that employees do not clearly understand the consequences of their choices (Sinnott-Armstrong, 2008) and may be in conflict with the organisational values. The concepts offered by Badaracco (1992) on linking the values of individuals and organisations and looking into decisions situationally may be helpful to understand the issues further.

Concept of 'Values' in the context of the decision-making processes came up considerably strong from the data as a component impacting the organisational life. The aligning of values were prominent in codes indicating both supporting and resisting the quality of the decision-making. Examples from the interview data subtly mention that misalignments are frequent and create tensions between the organisation and the staff. Historical documents indicate more directly that the organisation was pushing short-term tactical goals impacting strategic goals and creating complex issues (Lant & Hewlin, 2002; Mintzberg, 1973).

'Values' as a flexible category at the highest abstraction level presents in this study a broad level of actions and behaviours of organisational players. If the behaviours of the staff and organisational goals are disjoined, individuals may choose to apply 'cynical silence' or confront the situation in different ways. Empirical data suggests that increased level of alignment of values between individuals and the organisation is likely to diminish barriers to efficient decision-making and improve observed issues, which are described in Chapter 1. Hence, the next proposition states that aligned values have a beneficial impact on the organisation goals.

***Proposition 5: Misaligned values between organisation and staff are more likely to hinder the ability of the team to make efficient decisions about suspicious transactions.***

The importance of this last proposition is in the core sense of the relationship between the organisation and employees and is closely interlinked to the cultural elements that managers must

be aware when balancing economic benefits and strategic directions (Robertson & Athanassiou, 2009).

### 5.2.5. Interrelationships between core phenomenon and core categories

This section covers interrelation between the core categories and the core phenomenon that explains the underlying observed issues. This section aims to strengthen further the theoretical model, which is described later.

Table 5.1 presents the established relationship between the core phenomenon and core category as well as related concepts and propositions that have emerged from the data analysis.

| <b>Core phenomenon: 'Sustained barriers to effective decision-making.'</b> |  |   |               |
|--|--|---|---------------|
|  | <b>Communication</b>   | <b>Culture</b>  | <b>Values</b> |
| <b>Proposition 1</b>   | Lack of effective communication channels is more likely to lead individuals making inefficient decisions.              |   |               |
| <b>Proposition 2</b>   | Lack of effective and interactive feedback channels hinders staff learning and inefficiencies more likely to continue. |   |               |
| <b>Proposition 3</b>   |  | Unclear expectations from individuals performing decision-making are more likely to lead to low-quality UARs. |               |

|  |  |  |  |
|--|--|--|--|
| <b>Proposition 4</b>   |  | Within the compliance culture environment, individuals are more likely to emphasise strict following with the rules impacting their ability to make effective decisions. |  |
| <b>Proposition 5</b>   |  |  | Misaligned values between organisation and staff are more likely to hinder the ability of staff to make efficient decisions about suspicious transactions. |
| <b>Core category: 'Aligning organisational and individual values.'</b> |  |  |  |

**Table 5.1 Interrelationships of emergent propositions**

And in addition to looking at how core categories interact, let us also review the influence of the literature on the various variables that have emerged from the data analysis.

### **5.2.6. The interrelationships between the core concepts and literature**

As it was indicated in Chapter 4, the theoretical coding principles used in this study followed Glaser's (1978) recommendations, discoveries from the data and comparisons with the literature. It is acceptable from the notions of the grounded theory that the empirical data finds ideas, models and frameworks discussed in the literature applicable partially or fully. The role of the theoretical understanding within the data analysis process is more contributive than comprehensive. The literature was iteratively applied as a comparative tool during the data analysis, particularly during the stage of theoretical sampling and coding. The influencers from the theory and relative decision-making frameworks helped to increase the level of abstractions and confirmed the

identified patterns, acting as an additional data source for the theoretical saturation. For example, the literature helped to clarify and re-confirm the emerging data conceptualisation related to the notions of ‘*Communication*’, ‘*Values*’ and ‘*Culture*’. The focus was on maximising and substantiating specific categories to identify critical peripheral concepts. The constant comparison method connected the tentative categories and the literature, helped with further conceptualisation and the final relationship emergence.

The empirical data were compared with the literature during the data analysis stage and Table 5.2 represents a summarised view how the categories from the conceptual understanding are connected with the emerged core category, related core concepts and phenomenon.

| <b>Core phenomenon: ‘<i>Sustained barriers to effective decision-making</i>’</b> |   |
|--|---|
| <b>Empirically emerged categories</b>  | <b>Influencing categories and authors</b>   |
| Communication & Culture  | <p>-<u>Decision-making styles</u>: Foss &amp; Dempsey, 1979; Thomas &amp; Batson, 1981; Aronson &amp; Carlsmith, 1962; Bem, 1972; Albarracín &amp; Wyer, 2000; Cialdini et al, 1995; Small, 2010; Epstein et al, 1996; Franken &amp; Muris, 2005; Parker &amp; Fischhoff, 2005; Dane &amp; Pratt, 2009; Harren, 1979; Kozhevnikov, 2007; Leonard et al, 1999; Hayes &amp; Allinson, 1994; Scott &amp; Bruce, 1995; Thunholm, 2004; Simon, 1967, 1983; Kahneman, 2003; Solomon, 1993; Phelps et al, 2014; Payne et al, 1988; Harte et al, 1994; Nisbett &amp; Wilson (1977); Usher et al, 2011.</p> <p>-<u>Motivation in decision-making</u>: Higgins, 1987; Klass, 1978; Rozuel, &amp; Kakabadse, 2010; Edwards, 1954; Milkman et al, 2009; Crossley &amp; Highhouse, 2005; Singh &amp; Greenhaus, 2004; Bruine de Bruin et al. 2007; Parker &amp; Fischhoff, 2005; Dane &amp; Pratt, 2009; Haidt, 2001; McGrath &amp; Moore, 2001; Kouzes &amp; Posner; 2012.</p> <p>-<u>Decision Quality framework</u>: Septzler, 2016.</p> |

|                |  |
|----------------|--|
|                | <p>-<u>Moral courage framework</u>: Kidder &amp; McLeod, 2005</p>  |
| <p>Culture</p> | <p>-<u>Role of organisational culture</u>: Robertson &amp; Athanassiou, 2009; Lam et al, 2002; Hofstede, 1980, 1993; House, 2004; Schein, 1992; Hall, 1976; Hooker, 2008; Hsu, 2001; Hensman &amp; Sadler-Smith, 2011; Weber, 1993; Verhezen, 2010; Warren, 2011; Drucker, 2006; Black &amp; Gregersen, 1997; Scott-Ladd &amp; Chan, 2004; Aboyassin, 2008; Wenger, 2000; Lipman-Blumen &amp; Leavitt, 1999; Raelin, 2003.</p> <p>-<u>Role of codes of conducts in decision-making</u>: Svensson &amp; Wood, 2008; Fisher, 2003; Verhezen, 2010; Small, 2010; Holt, 2006; Bayles, 1988; Williams, 2011; Caroll, 2004; Adams et al, 2001; Somers, 2001; Kim et al, 2015; Warren, 2011; Singhapakdi et al, 2001; Marano &amp; Kostova, 2015; Posner, 2010; Robertson &amp; Athanassiou, 2009; Kennedy and Malatesta, 2009; Kolk, 2008; Mittal et al, 2013; Cunliffe, 2004; Rake, 2004; Godos-Diez et al, 2011; Korthals, 2008; Adams et al, 2001; Robertson &amp; Athanassiou, 2009; Rizk, 2008; Abuznaid, 2009; Al-Khatib et al, 2007; Gill, 2010; Korthals, 2008.</p> <p>-<u>Construal Level Theory</u>: Trope &amp; Liberman, 2010.</p> |

|   |  |
|---|--|
| Values  | <p>-<u>Ethics and decision making</u>: Poon &amp; Hoxley, 2010; Anon, 2009; Cornelissen et al., 2013; Uhlmann et al., 2009; Singer, 1991; Nisan, 1991.</p> <p>-<u>The tension between individual moral and organisational needs</u>: Roberto, 2013; Merritt et al, 2010; Sachdeva et al, 2009; Jordan et al, 2011; Merritt et al, 2010; Zografos et al, 2000; Wernz &amp; Deshmukh, 2010; Weber, 1993; Kohlberg, 1984; Posner, 2010; Melé, 2010; Caruth et al, 2009; Lant &amp; Hewlin, 2002; Mintzberg, 1973; Dean &amp; Sharfman, 1996; Bottom &amp; Kong, 2010; Hensman &amp; Sadler-Smith, 2011; Barsade &amp; Gibson, 2007; Addleson, 2001; Lant &amp; Hewlin, 2002; Scott-Ladd &amp; Chan, 2004; Amason &amp; Mooney, 2008; Janus, 1972; Ben-Hur, 2012); Shattuck &amp; Lewis Miller, 2006).</p> <p>- <u>Moral cycles framework</u> (Badaracco, 1997).</p> |
| <b>Core category: '<i>Aligning organisational and individual values.</i>'</b> |  |

**Table 5.2 Interrelationship between empirical categories and the literature**

At this stage of the research we can have a look back at the initially observed issues related to quality, the reasoning of the decision-making and communicating the outcomes mentioned in the Section 1.3.6, Table 1.1 as well as the key findings from the initial literature reviews in Section 2.5 based on the categories of observed issues in Table 2.1.

The interrelationships that were identified as part of the empirical study contextualises the findings of core categories within the field of study and links the study findings to the initially observed key issued and theoretical debates in a way that is summarised below.

- i. In Section 2.5 six areas of key literature findings have been identified which have in turn influenced the focus and design of the research. These areas are closely linked to the empirically emerged categories and helped to define and conceptualised the emergent theory.

- ii. The findings 2.5.1 related to the applicability of the qualitative research and 2.5.2 highlighting that participative research can be beneficial have been influential in determining the selection of the methodology described in Section 3. The selected combined qualitative method led to the emergence of the core categories and helped to define participative actions.
- iii. All areas of the key debates and finding from the literature, including those from the four decision-making models, were closely co-related to the empirically emerged core categories of '*Communication*', '*Values*' and '*Culture*' as influencers of either how the core category was designed to be found or by providing additional data for the grounded theory analysis.
- iv. Literature finding 2.5.3 and 2.5.6 of the ethical and moral influencers of the quality of decision-making and interactions between organisations and staff correlates to the notion of the '*Values*' by providing insights and additional data to explain the intertwined nature of these relationships.
- v. The impact of the organisational culture summarised in the literature finding 2.5.4, interlinked to the emerged core category of '*Culture*' by illustrating how strict compliance culture and following rules and codes of conducts puts pressure on the staff's decision-making.
- vi. The emerged category of '*Communication*' echoes findings 2.5.5 from literature debate describing that different decision-making styles, locations and motivations are closely linked to the way how organisational goals are understood and communicated.

Having discussed the interrelationships between the emerged categories and the literature findings, which led to the emergence of five theoretical proposition, the next section focuses on conceptualising and explaining the final emergent theory.

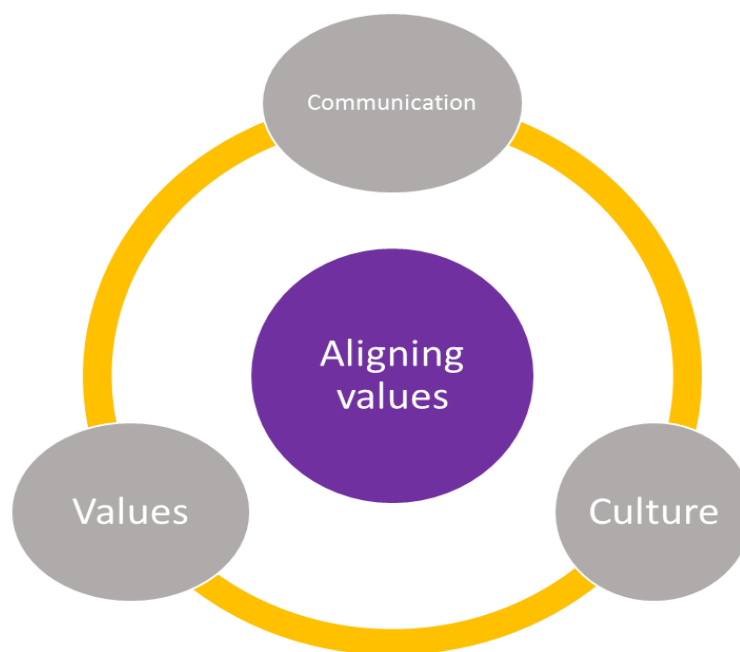
### **5.3. The conceptualisation of the emergent theory**

The thesis utilised the qualitative research method that combines case study, grounded theory and action research, which allowed for the problematic research area to be explored for a better understanding. As a result, an emergent theory presented as a model in Figure 5.1 is based on the data analysis.



The model was derived from the bottom-up coding and abstraction process of various categories and concepts. The emergent theory explains the decision-making problems while reporting suspicious transactions from the angle of benefits of aligning organisational and individual values, which was found as a core category (BSP) in this study and closely interrelated with the highly abstracted concepts of '*Communication*', '*Culture*' and '*Values*'.

The way how the codes emerged and were abstracted is explained in detail in Chapter 4. For example, detailed description of relationships between the categories is presented in the theoretical memo in Table 4.7 of Section 4.8. For a more streamlined flow of the thesis, further discussions, explanations and details are required and will be covered in this section before proceeding to the final Chapter 6 of the thesis's outcomes.



**Figure 5.1 Emergent theoretical model**

Table 5.3 presents a theoretical memo that explains the nature of the relationships between the five propositions identified earlier, the core BSP category, the main three core concepts and core phenomena. It also sheds light on how identifying interrelationships helped to conceptualise the emergent theory.

***Theoretical memo extract***

... As the theory saturated into a model, it was necessary to reflect to understand and explain the nature of the interrelationships and how they fit into the theoretical model.

- i. *'Communication'* interacts with the concept of *'Culture'* in a very distinguished way: the culture of our organisation defines the predominantly top-down communication channels. The hierarchical and centralised structure of the organisation, codes of conduct and rules guide employees to the ways how to raise their concerns. There are informal communication ways as well; however, in this thesis, I focused on the formal channels as that is the properly recorded ways to pass the messages. The way of communications on another side also shapes and defines the organisational culture as the feedback or absence of it influences decision-making styles and approach to the external regulatory pressures.
- ii. Interrelationships between *'Culture'* and *'Values'* came up frequently in the interviews highlighting that conflicting interests, differently understood processes and decision making styles by the staff indicate that better-aligned values positively influence culture. And in turn, the healthy organisational culture and environment of shared values bring benefits to the quality of decisions at work.
- iii. Similarly *'Communication'* interacts with aligned *'Values'* in a closely linked manner as better communication can foster better understandings and reduce tensions between the organisational players. From the empirical data and literature, it can also be observed that when values and intentions are aligned, the possibility of a better quality of communications and overall decision-making increases.
- iv. All three categories of *'Communication'*, *'Culture'* and *'Values'* relating to each other also interact with the core phenomenon of this study, which has emerged as *'Sustained barriers to effective decision-making'*, in a way that deficiencies in any of these categories escalate the phenomenon. In other words, deficient communication impacts the culture of the organisation and creates tensions at work, thus diminishing the effectiveness of decision-making.

- v. The propositions developed in the earlier sections summarise the impacts and relationships found in this study from the collected data. Propositions shed more light on the understanding of the processes and interactions, impacting the issues of reporting of UARs. They also assist in planning further actions to test and recommend managerial interventions, thus covering both goals of this thesis.

To bring all components together, the following is a summary that explains the cyclical nature of the interactions between categories and derived BSP core category.

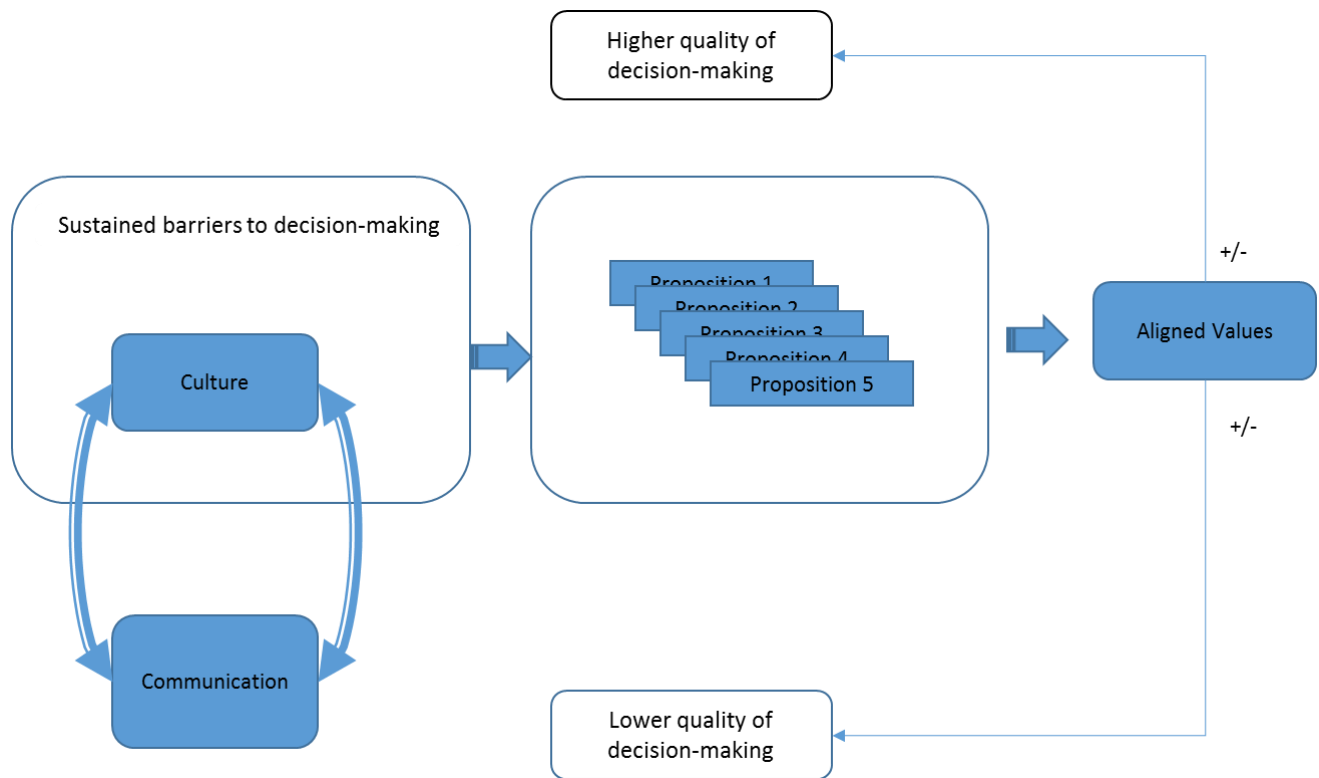
- i. The pressing compliance culture has led individuals adopting decision-making processes that are mostly subjective and inefficient.
- ii. Compliance culture and lack of clear communication channels led to a misalignment of core values of organisation and individuals.
- iii. Such misalignments reduce the effectiveness of decision-making processes while reporting suspicious transactions.

### **Table 5.3 Theoretical memo on the nature of relationships**

To bring further the discussion on the emerged theory, let us see how the overall theory can be understood as a process within the organisation and how it refers to the organisational problem.

The empirical data analysis utilised in this study discovered clear patterns that inefficient decision-making while raising UARs is influenced by several variables. These variables were abstracted to the high-level concepts. The data analysis also revealed that the underlying phenomena could be named and understood; this came up in the early stages of the coding. Raising UARs under the pressure of management instructions is an example of how deficiencies in the communication and misaligned values caused issues for the bank and resulted in a high number of low-quality reports unnecessarily consuming resources and time. Similarly, the example of underreporting of the payment sent to the restricted sanctioned country indicated tensions between the organisational rules and an individual, who developed her understanding of the bank's policy as a result of faulted communication and overall cultural predicaments at that moment.

To enable a better understanding of processes and interactions of the empirically found categories, see Figure 5.2. Interrelationships highlighted in Figure 5.2 between the categories and the core phenomenon, that represent issues at the workplace show the impact on the overall decision-making quality.



**Figure 5.2 Process of interactions in the emerged theory**

The framework of aligned values originates from the participants' viewpoints and interrelates with the identified core concepts. Using a framework developed by Whetten (1989) describing the theoretical contribution of 'what, how and why', the process in Figure 5.2 can be explained as follows:

- i. Culture is the reason (why) barriers exist in decision-making.
- ii. Communication (how) is how these barriers are enacted and formed.

- iii. Values (what) eventually emerge and ask for alignment by using the emerged propositions.

The conceptualisation further illuminates the problem area of this study, which was defined as inefficiencies in the decision-making by staff who reports suspicious transactions. The theory determines that the category of strict compliance '*Culture*' influences the reasons of why the low-quality UARs are raised by staff. Also, the category of deficient '*Communication*' defines how the barriers to quality decision-making are formed as insufficient channels prevent a full understanding of what is required from staff to raise proper UARs. And the category of '*Values*' asks for the alignment between organisational players to improve the workplace issues as eliminating tensions will influence the underlying processes and increase the quality of raised UARs.

As a result of the conceptualisation of the emergent theoretical model, this thesis maintains a better understanding and interpretation of the workplace issues and also provides underlying principles explaining how inefficiencies in decision-making processes can be influenced.

#### **5.4. Evaluating the emergent theory: rigour and validity**

Many scholars debated whether qualitative research has rigour which is sufficient to be considered to be a scientific method. The approach to establishing an understanding of the rigour for qualitative research is covered by various authors (Lincoln & Guba, 1985; Guba & Lincoln, 1989; Mays & Pope, 2000). The term 'validity' is also used to describe the level of research's scientific rigour (Sandelowski, 1986; Cresswell & Miller, 2000).

For the cases of qualitative research that incorporates AR as in this thesis, Coghlan & Brannick (2003) suggested elaborating how the cyclical process was designed, implemented and recorded along with the record of transparent reflexivity account to eliminate the researcher's bias. Other authors even provided forms to validate qualitative research using elements of demonstrating to self and others how improvements in the practice were set and whether they were enacted transparently and achieved best interests of the stakeholders (McNiff et al., 2003).

Some authors even suggested that claims of applied 'common sense' can direct the identification of the required rigour (Borda, 2009), however, this position was strongly argued by the positivist scientists (Miles & Huberman, 1994).

This ambiguous position to the rigour identification for qualitative studies created certain challenges for me in determining criteria to assess whether the thesis's outcomes achieved the required quality and rigour.

However, application of Glaser & Strauss's (1967) framework for evaluating the validity of a grounded theory allowed me to compare the characteristics of this research to substantiate its credibility and relevance to the social environment in which it was grounded. The frameworks that are intended for substantive theories can be considered as appropriate if they rely on core concepts of the grounded theory.

As per Mintzberg (1979), the data does not generate the theory by itself but describes the empirically observed patterns while the theory explains the issues. Theory building often requires the rich knowledge that only qualitative methods can provide. And the theory which is fully grounded in the real experiences from the workplace environments, as in this thesis, is especially important to the organisation studies (Weick, 1995).

Mays & Pope (2000) state that rigour in a study can be achieved by ensuring a transparent and robust research design and clear communication with participants. That is why during the thesis work, I have made conscious efforts to document all steps I undertook trying to be more transparent on the selected method as well as my influence on the findings. I shared the elements of the data and the results with the participating colleagues at work to ensure the validity and measurability of the data (Kumar, 2005). Furthermore, as suggested by McDonnell et al. (1999), I continuously asked participants whether the direction of research was logical. When validating the results, I needed to remind myself and my colleagues on the initial goals of the study because participants may have been concerned how their opinions were presented (Easterby-Smith et al., 2002).

I have maintained the reflexivity journal and numerous memos to ensure that my own biases, challenges and assumptions are fully understood and recorded. For transparency purposes, a full record of used documents, interview notes and analysis were diligently maintained safely and

confidentially. This helped to answer stakeholders' questions on the status of my research at any time of the thesis's duration. It should be noted that not all documents, such as monthly governance meeting packs and minutes, are available for the thesis reviewers due to the confidentiality, hence in some cases only quotations are provided.

## **5.5. Chapter Summary**

The chapter describes the emergent theory, which consists of a theoretical model and five propositions. The proposal of emergent theory interrelates the emergent concepts of '*Communication*', '*Values*', organisational '*Culture*' and alignments of core values relevant to the research workplace. The propositions offer new explanations of how inefficient decisions are made. The emerged theoretical model provided a better understanding of the underlying issues described by the core phenomenon. The literature and findings from Chapter 2 are intertwined with the emerged categories and increased the theoretical depth. Chapter 5 concluded with the evaluation of the presented emergent theory for rigour and validity.

## CHAPTER 6: DISCUSSIONS AND CONCLUSION

### 6.1. Chapter introduction

This thesis aimed to develop a better understanding of inefficiencies observed in the bank related to the decision-making processes and to derive to informed actions. The broad interest areas were defined as '*What data-emergent theory can help to explain the barriers to effective decision-making when reporting the suspicious transactions?*'. This interest area was an initial step to kick-start the research, with the anticipation that new ideas and concepts from data and literature will transform the generic research areas into a focused search for actionable knowledge. The chapter provides a discussion about the theoretical model and AR activities, which are based on the emergent theory. The chapter summarises conclusions made from the study, specifies the recommendations for the managerial actions, presents contributions made to the new actionable knowledge and highlights implications for my organisation and me as a practitioner. The chapter is concluded by describing the limitations of the study and making recommendations for further research.

### 6.2. Discussing the theory discovery as part of the research design

A theoretical construct of a core phenomenon of '*Sustained barriers to effective decision-making*, saturated theoretical model and propositions emerged in this thesis by using a qualitative research approach that combined case study, grounded theory and action research. This thesis explains the development of the core phenomenon as an outcome of behavioural and social situations at the workplace that hampers decision-making.

In Chapter 5, the emerged theory was described as a model linked to five propositions, all closely interlinked to the core category. While in previous chapters I have focused on presenting and evaluating the study findings, the qualitative research method (Billinger et al., 2004), which guided the research design has the essential central characteristic that allows the creation of a qualitative methodological research chain (presented in Figure 3.3). In this methodological chain, the research begins with the workplace issues, follows with the open-minded theory building and ends with decisive actions to change the situation. Hence the qualitative methodological research design aims to deliver more valid and profound results than when using the individual methodologies. This combined methodology assumes a better capability for explaining the workplace issues and arriving at the informed actions in the context of the current workplace. The



complexity and pressure introduced in Chapter 1 define the background for informed actions and though considered to be very challenging and demanding, the settings that require the urgency of actions can be regarded as a substantial advantage for organisational change (Wood & Gray, 1991).

From the thesis developments, I can argue that with the emergence of the propositions and theoretical model it will be possible to leverage current attention to the anti-money laundering measures in the bank for the attempt to reduce decision-making barriers. This would require an understanding of the organisational ability for the changes I am going to propose. Also, a preliminary test-out will be required as a showcase whether applications of findings from this study can influence improvement actions as described in the next section. The theoretical model and one of the propositions became a foundation for the short-term AR project as well as long-term recommendations for the management actions to reduce observed impairments ultimately.

### **6.3. Short-term actions based on the emerged proposition**

The decision to use one of the proposition as a test during the AR cycles came from the reflexive approach adopted in this thesis. It was necessary for me as a researcher to have a reassurance that selected methodology and emerged theory is aligned with the thesis's objectives. It was also paramount to illustrate how the emerged theory can be shifted from explaining the barriers to quality decisions to adopting the newly found principles of the emerged theory into the practice and use them for informed actions. And the results of the test will considerably improve chances for the long term recommendations being considered by the bank's management as well.

Many scholars praised AR as a powerful tool to achieve desired outcomes and measured success as part of continued actions (Lewin, 1946; Hall, 2006). The cyclical actions of AR provide better structural support to the management actions (Trondsen & Sandaunet, 2009). AR though may not have a substantial utility of contributing to theory development, it can however provide both evidence-based changes in the practice (Popay et al., 1998) and self-evaluation for the application of the actions (McNiff & Whitehead, 2006).

To delimit the magnitude of the proposed changes, I needed to think about what result-oriented actions can have a punchy impact during the duration of the thesis's project. At this time of the thesis, I was already working in the Financial Crime Management department and was asked to

look into the issue of accumulated backlogs of UARs. The AR participants, senior management and literature prompted to focus on the feedback channels as one of the main variables which were also emerging from the data analysis. The emergent theory that has been formulated to be around the core BSP category is also constructed by five propositions, one of which specifically calls out the feedback channels relevance to the main concept of '*Communication*'. The Proposition 2 emergence is explained in details in Chapter 5. This proposition has a close correlation to the peripheral concept of '*Communication*' and stated that '*Lack of effective and interactive feedback channels hinders staff learning and inefficiencies more likely to continue*'.

The anticipations from the short-term actions as part of the AR cycles were to test one of the theory's propositions as an initial application for all emergent propositions. Then to build upon the success and learnings for the longer-term actionable recommendations for improving the current observed decision-making issues. From the data analysis of Chapter 4 and as explained in detail in Chapter 5, core concepts and core category are closely interlinked and hence testing of a proposition related to one of them can potentially shed light on the others.

This section presents how AR cycles related to the proposition led to the organisational changes and successfully eliminated backlogs of low-quality suspicious reports. As the thesis is presented linearly, it is necessary to remind that AR cycles have happened in parallel to writing the thesis.

As I was planning the change intervention as part of the AR process, it was essential to understand the organisational context for the change actions. AR seeks to improve practice by reducing the disparity between theory and practice (Thomson, 2009). While some practices are based on research, much of it is based on experiences, tradition, intuition, common sense and untested theory (Burrows & McLeish, 1995). Understanding organisational context and whether it is supportive of a change is a mandatory requirement for research implementation (Le May et al., 1998; Parahoo, 2000).

My experience as a change practitioner helped me to identify at the early stages of planning for change and during the evaluation of the results whether specific findings would work or not in the context of my workplace. From the literature review, I have also realised that how change is effected and maintained is a crucial concern for researchers. A common problem with more collaborative approaches is that change is less likely to be sustained as participants themselves leave the setting (Holter & Schwartz-Barcolt, 1993) taking their shared understandings of the

problem with them. I found through the practice that organisational changes are more effective if they fit in with the existing beliefs and ways of working (Sibbald & Roland, 1997).

From the multiple choices of modality, 'Participative Inquiry' was selected for short-term AR to enable participants to work together in an inquiry group as co-researchers (Heron & Reason, 2008). This participative AR method helped to describe the real problem at my workplace by taking actions with colleagues and then reflecting upon the results.

As explained in the research evolution section 3.3.1, in the middle of the thesis's period, I have moved to the Financial Crime Risk (FCR) department and took responsibility for the large compliance program that aimed to simplify and improve compliance processes for the bank's operations. When I joined the new department, the investigations department had accumulated a large number of UAR backlogs, which they have been struggling to process on time. This was unacceptable from both risk management thresholds that bank sets for its capital security as well as for regulators and auditors. This situation could have resulted in regulatory penalties and reputational damage to the bank.

To rapidly address the situation, my then line manager, Chief Operating Officer for the FCR in the region, shared with me her concerns related to the magnitude of the UARs backlogs. I have considered this challenging situation as an opportunity to leverage the mandate to clear the UAR backlogs for testing Proposition 2 related to the '*Communication*' category.

It was clear to me that the responsibility for improvements should be with those who will appraise AR findings as they must decide whether my research findings apply to the current situation and can be used for a more extended period (Meyer et al., 1993). This was essential because I was assigned to work with the participants from the AMLi department for a short period and needed to work on the 'burning platform' of backlogs of UARs raised by the front staff. The idea was to establish an effective communication feedback channel that would help to reduce decision-making barriers and improve learnings.

I have hence approached the AMLi management with the proposition to establish the action learning workgroups that will help to both test the Proposition 2 and in clearing the UAR backlogs. The main objective for the working group was still to clear the backlog by the pre-defined timelines, and as the proposed establishments of the interactive feedback channel promised improved

participation and better results, the agreement to proceed was secured. Shortly the working group was formed by involving selected managers from the AMLi department. I have established regular calls to discuss the AR methods and processes and monitor the backlog clearance results. During these meetings, I have described to them how the establishment of regular feedback should help with the better monitoring of the results.

Using the AR methods described in Chapter 3, we first started with diagnosis meetings and had an understanding of the team structure and the number of volumes to deal with. Then we planned how many cases each team member should close each day. We evaluated this in a week and found that the projections show that we would not complete the backlog clearance on time.

This has prompted us to move to the daily feedback calls at 5 pm to have more in-depth analyses of why the timing required to clear each case was inconsistent. We found the differences in experience as one of the factors so moved to restructure the team to achieve a mixture of the experienced and new staff. This was the finding directly related to the interactive feedback establishment and was shared with the wider AMLi department to adjust their allocation of staff to clear remaining backlogs.

The daily calls proved to be beneficial and we continued AR cycles for another two months. Eventually, we have cleared backlogs on time using three cycles of AR, using the daily calls to learn from the actions and share the learnings. This deep-dive gave me access to richer data for the theoretical sampling where theoretical memoing were made from the work field and helped to assess the situation (Lewin, 1946).

A better understanding of one of the components influencing the quality of UAR submission was found to be related to communication channels while obtaining data and clearing backlogs. To secure the early good results, our AR team decided to organise a series of the interactive sessions to train the branch staff as an example of the feedback channel to test if better feedback and communication works in favour of Proposition 2.

To organise the training sessions for the branches, we have shared the early findings from the AR cycles with the Retail branch management and explained that training to be provided by the AMLi team should result in a better quality of future UAR submissions. The branch management was very appreciative of these initiatives and was prompt with providing necessary support to

reach out to front-line staff to organise the sessions. We have agreed that AMLi will first do training in the busiest branches of Hong Kong, Mong Kong branch, which had the majority of low-quality UARs during the last two years.

The training materials were compiled by the AR team to incorporate related Red flags to monitor in customer transactions, 'Dos and Donts' of reporting as well as frequently observed errors and questions. Table 6.1 below presents an extract from one of these sessions organised by colleagues from AMLi departments with the branch staff.

***Extracts from the interactive sessions***

*... "UARs are the key sources of escalation as the first step in a more comprehensive investigation and possible filing to authorities. As the activity has already been identified as a red flag and is raised by the front line, it is more efficient for the frontline to generate UARs. The employee should raise a UAR if the subject activity stands out or differs from previous activity or KYC information we hold:*

- i. Materially deviated from the information we have for their Net worth / Source of Wealth.*
- ii. Larger amounts structured into multiple small transactions.*
- iii. Not in line with the previous average activity of the account.*
- iv. Not in line with what would be expected for the employment status / other KYC information held.*

*Points to be considered:*

- i. Is the activity/transaction in question AML related?*
- ii. The report must include information as much detail as possible.*
- iii. A description of the transaction(s) with providing dates, your observations of the source of funds, the purpose of the transaction(s), the reasons for reporting such as doubts, comments.*
- iv. If you have spoken to the customer regarding the funds, please also report what did the customer say in the UARs.*
- v. Avoid flimsy allegation, such as below:*

*To be a housewife, I wonder why she has so many cash transactions, including cash deposit, withdrawal and transfer from other parties, please take the appropriate action and investigation*

vi. *Avoid jargon:*

*(Customer name) with TCRLT\$1M and TOTAL FUND IN and OUT GT\$1M since joined, joined date 27JUN2017.Total FUND IN \$2,235,308 Total FUND OUT \$1,629,403.*

vii. *Good Examples:*

- *(Customer Name) came to transfer HKD 237,000 to a third-party account ([Account Number XXX] name of an account holder (Customer Name). He claimed he has borrowed around HKD 200,000 from the account holder. As such, he needs to return the money. However, checking the record of his account (Account Number) he has transferred HKD 200,000 to another account on 28, 29 JUN respectively after several cash deposits into his account. The activity is very suspicious.*
- *(Customer Name) account no XXXXX. 20/06/2017 a third PARTY want to deposit HKD 400,000 cash to this account. When I asked for the source of funds and the proof of the money, first the depositor said this is from his boss savings in China. So I asked him to provide withdrawal receipts from the bank. He made few calls, he said there is no receipt of his boss withdrawals. Therefore, I rejected his deposit gently. Then a few minutes later, he came again and said that money is from Macao casino and again there is no receipt for this. I rejected this Cash deposit transaction. This account was open at 09/05/2017, the money grouping up within two months. Not like a normal transaction pattern. Seems like money laundering"...*

**Table 6.1. Extracts from interactive sessions**

The branch support team in Hong Kong then took on the training materials and included them in the subsequent training session for other branches. Whenever there were new questions asked from the branches, the trainers agreed to connect with the AMLi department, thus creating an ongoing working feedback channel. These actions have resulted in a significant drop of unnecessary UARs and AMLi team has completed the UARs backlog on time. There are no UARs backlogs in Hong Kong from the end of 2018, as evidenced by the historical data and reports to the bank's senior management available in the archives. The bank hence avoided regulatory penalties and other adverse impacts related to the UAR backlogs.

Though not monitored as part of this thesis, indications from the management reports highlight sustained improvements. There was also positive feedback from these sessions from front-liners

and their managers that they have now a much clearer understanding of what comprises of quality reporting for UARs. There was also a continuous work between the AMLi department, management of branches and risk advisors to avoid unnecessary spikes of UARs due to the specific regulatory visits.

The summary of training materials in a presentation form was passed to the senior management of the bank for further and broader distribution as a sharing learning exercise to explain what the right quality UAR means, avoid unnecessary spikes of UARs and on the same time not to miss out suspicious cases. For example, the training materials prepared by the AR team have been shared with the Singapore teams that had similar issues later in a year.

The underlying principles of the 'Participative AR', in particular participation and empowerment, have served tremendous benefits in collecting data for the theoretical sampling and hence helped to a certain degree in theory emergence. The accuracy and debt were achieved by the democratic involvement of others to develop a consensus view and actions through the self-corrective process of rational criticism in a community of inquiry (Argyris et al., 1985).

The above examples should not be assumed as complete and conclusive because of many variables were not considered within a relatively small scale of actions in a vast and complex construct. The short-term AR, however, was useful in intentions to create a platform for learning and experimenting improvements. There was a potential level of enhancements of efficiencies in decision-making and that was encouraging for working on long-term recommendations for managerial actions to eliminate decision-making barriers.

To relate the early success observed in the application of one of the propositions of the theory in this thesis, I have emphasised the initial learnings from the AR, reflexive analysis together with participants and sharing sessions with the senior management. The positive results from the short-term actions were very important as provided field-based empirical proofs (Cawsey & Deszca, 2007).

It was recognised, however, that comprehensive testing of theory and all propositions would require time, resources and extensive internal approvals. The full realisation of benefits from the theory that emphasise the importance of aligned organisational and individual values to eliminate decision-making barriers created by communication and cultural gaps will be a prolonged

undertaking. Therefore there was a need to develop a comprehensive set of further steps necessary to cover remaining propositions altogether as part of the theory to demonstrate how the workplace problem could have been answered by targeted and informed actions.

As explained in Chapter 5, the core concepts and core BSP category are closely interlinked. Hence the positive impact of actions observed in the testing of the proposition related to '*Communication*' prompts to infer similar impact on other categories (Dasgupta et al, 2019) as improved feedback channels enlighten the complex culture and help to work on a better aligning of values between the process participants and organisation. This inference is drawn without complete certainty but with a degree of probability based on the discussions in the previous chapter which were based on both analyses of empirical data and reflections of a researcher with the social constructivist philosophical stance.

Next section of this chapter covers in detail how the recommendations for the long-term managerial actions were designed and presented as part of this thesis.

#### **6.4. Recommendations for long-term managerial actions**

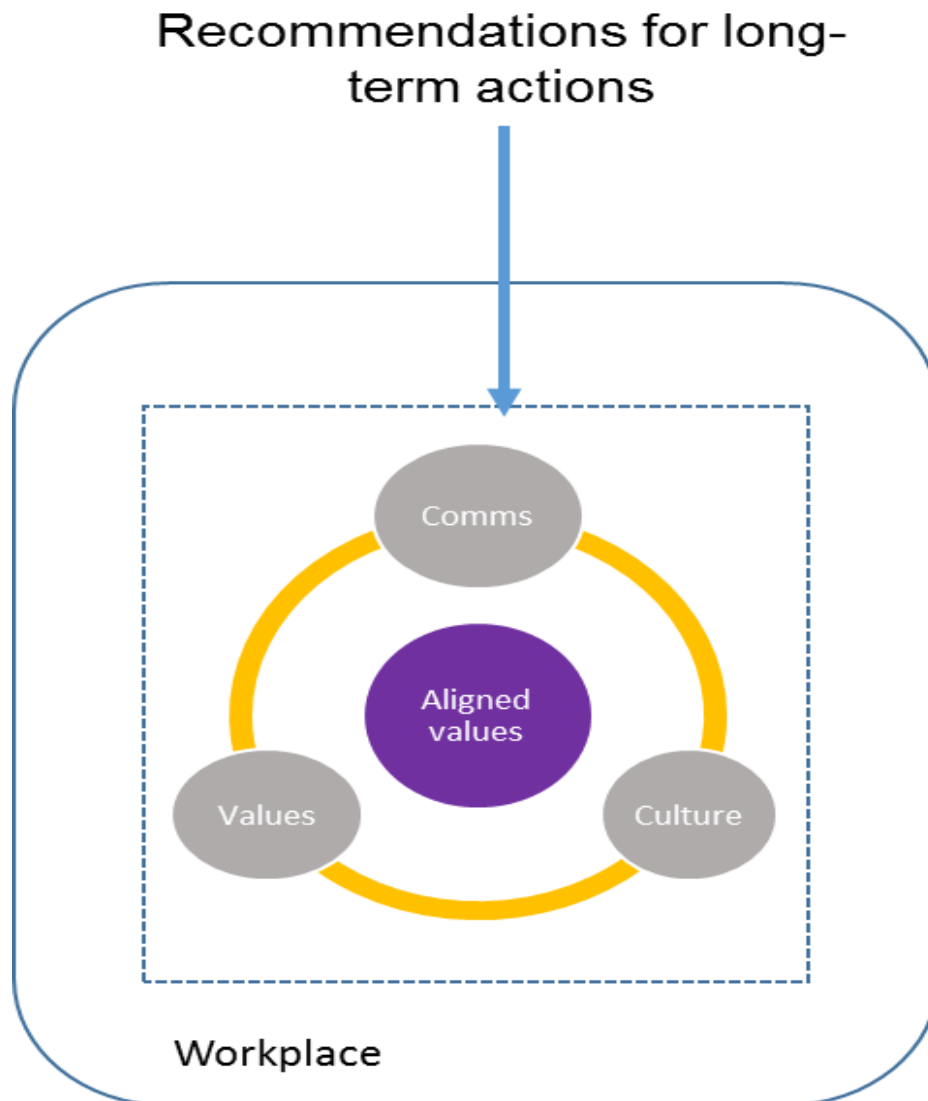
This section discusses and presents long-term recommendations for actions based on the found theoretical models and propositions as well as results from the short-term actions described in the previous section. The desired outcome for this empirical investigation was to evolve short-term actions to more extensive recommendations, a framework for managerial activities, which can be applied to a particular working context.

With the AR, it is the researcher's responsibility to ensure that the findings of the study are reported sufficiently and the learnings conveyed to the reader (Stake, 1998). These recommendations satisfy criteria of applicability to the research, as they arise from the conclusions of the study and are based on the gathered empirical evidence. The below-mentioned recommendations framework also includes areas of how it can be implemented, tested and monitored to ensure the sustainability of changes.

Recommendations focus on the core emergent concepts of '*Communication*', '*Value*' and '*Culture*' as areas that would require the bank's understanding of how to influence positive developments proactively. The long term recommendations can be categorised as the primary control tool in



comparison to the short-term actions discussed earlier. Figure 6.1 presents the core focus of the recommendations and long-term response concerning the emergent theory.



**Figure 6.1 Core focus of recommendations and long-term actions**

The elements of the recommendations were also linked to five emergent proposition, as presented in Table 6.1 below. This linkage was developed as part of the thesis write up. The recommendations, however, are more pragmatic and include practical aspects observed at the workplace. They are more aligned to my understanding of the organisational change readiness and transformational experience over the years. They hence contain certain operational and technological changes, which also represent current issues in the workplace.

| Related recommendation category              | Connected proposition   | Connected core concepts                   |
|--|---|---|
| <b>Connecting moral values</b>               | <p><b>Proposition 5:</b> Misaligned values between organisation and staff more likely to hinder the ability of the team to make efficient decisions about suspicious transactions.</p> <p><b>Proposition 4:</b> Within the compliance culture environment, individuals are more likely to emphasise strict following with the rules, impacting their ability to make effective decisions.</p> | <p>Values</p> <p>Culture</p>              |
| <b>Procedural changes</b>                    | <p><b>Proposition 3:</b> Unclear expectations from individuals performing decision-making is more likely to lead to low-quality UARs.</p> <p><b>Proposition 4:</b> Within the compliance culture environment, individuals are more likely to emphasise strict following with the rules, impacting their ability to make effective decisions.</p>  | <p>Culture</p> <p>Culture</p>             |
| <b>Communication channels implementation</b> | <p><b>Proposition 1:</b> Lack of effective communication channels is more likely to lead to individuals making inefficient decisions.</p> <p><b>Proposition 2:</b> Lack of effective and interactive feedback channels hinders staff learning and inefficiencies more likely to continue</p>  | <p>Communication</p> <p>Communication</p> |
| <b>Technological changes</b>                 | <p><b>Proposition 3:</b> Unclear expectations from individuals performing decision-making is more likely to lead to low-quality UARs.</p>   | <p>Culture / Communication</p>            |

|  |  |                         |
|--|--|-------------------------|
| <b>Implementing changes and monitoring</b> | <b>Proposition 3:</b> Unclear expectations from individuals performing decision-making is more likely to lead to low-quality UARs. | Culture / Communication |
|--|--|-------------------------|

**Table 6.2 Connection of long-term recommendations to the propositions**

The long-term recommendations were organised into the five main groups to cover various areas of suggested changes. They are presented below.

**i. Connecting moral values:**

- Arrange regular and targeted training for front-liners of various departments, which will include a clear explanation of the consequences of low-quality reporting, i.e. underreporting will impact negatively on bank's ability on catching real crime, but over-reporting creates a flood of defensive cases sent for investigations. The passing of responsibilities and not collecting enough information about customer's transaction in advance creates a spike of volumes which is expensive for the bank and distracts from investigating real reportable cases.
- Include four moral questions from Badaracco's (1992) framework described in Chapter 2, which are also linked to the bank's code of conduct (Appendix 2), in the regular refresher training, job aids and management info sharing places such as wall posters and screensavers.
- Circulate reminders, and arrange specific training on how to make tough decisions when encountering the 'right vs right' dilemmas. Suggest real case frequent reviews and sharing sessions within the teams.

**ii. Procedural changes:**

- Introduction of metrics that measure the quality of the reporting by linking them to final results whether cases are reported to regulators or police.
- Frequent reviews required by management to identify violators to take corrective actions such as coaching and training, as well as to identify good performers and encourage/ recognise them.
- To set up with the triage/filter team, which will have an initial review of reported cases and send back those cases which have insufficient data and do not pass the quality checks.

- Introduce streamlined processes where the investigators located offshore can rapidly collect information about the case and onshore staff only reviews the outcomes and ratifies the final reporting.
- Introduce management information and metrics on the cases that have been returned or disregarded due to the low level of quality or incorrect conclusions.

### **iii. Communication channels implementation:**

- Implement regular feedback channel by arranging monthly calls between investigators and front liners to review the quality metrics and returned cases.
- Define and agree on regular mitigating actions to improve the quality of reported cases.
- Carefully review management communication that indirectly suggests boosting the reporting of cases before regulators or auditors visits to avoid unnecessary spikes of low-quality reports.
- Make an emphasis in the management communication on the need for critical decision-making and not just the reporting of cases, using Kidder's (1995) principles of moral courage. Make use of the four moral questions by Badaracco (1992) and link to the bank's policies and code of conduct.
- Adjust the communication to the local audience, which may struggle to make sense of an inevitable urge to report and think that the quantity of reported cases is more important than quality.

### **iv. Technological changes:**

- Make amendments to the current systems to allow triaging of the cases and effective feedback on recording and returning the low-quality instances.
- Work on continuous improvements in the data quality, which will enable better critical decisions.
- Make use of the 'red flags' in the systems as an easy guide when submitting the cases.
- Work on the user-friendliness of the reporting interface and make mandatory fields to ensure enough data is provided with the reported cases.

### **v. Implementing changes and monitoring:**

- Assign a dedicated temporary project team to ensure that changes are correctly implemented and tested.

- Assign performance metrics for the relevant managerial staff so that the recommended changes are embedded and followed up on a sustainable basis.

Once the recommendations were designed, I started to socialise them with the participants and the management of the department. It was important to carefully consider the challenges that would be associated with implementations and issues that we may encounter. There was a strong need to find a way that will show the benefits of this study, concisely and convincingly, taking into consideration the surrounding political and cultural organisational context.

The recommendations have been intentionally left somewhat broad so that the bank's management could conceptualise them further and adapt to the specific variables. The aim of the proposals was not to dictate particular changes but rather emphasise the need for continuous evolution, analysing, monitoring and refining the internal decision-making processes. The bank will need to find a better fit for these recommendations and more importantly need to prompt further improving changes. The recommendations will require time to be realised and I do not expect the immediate results if and when they are adopted. The ultimate goal of the recommendations is to alter mindsets and bring forward a new thinking process for better management of issues in the organisation (Brown and Eisenhardt, 1997).

A change in a complex environment requires significant efforts and resources from all involved in the process of rearranging the way how the organisation runs the business to cope with challenges posed by the surrounding environment (Kotter, 1995). The topic of complex change has been covered extensively by scholars and consultants to equip the organisation's leaders with transformational knowledge. Nevertheless, according to recent studies, almost 70% of all change efforts fail or remain incomplete (Lawrence & White, 2013). So for the long-term recommendations, I needed to consider the following areas to ensure that attempt from the thesis project does not go in vain:

- i. Success and acceptance criteria.
- ii. Organisational readiness for complex changes.
- iii. Key stakeholders and influencers.
- iv. Possible impact, risks and mitigations.
- v. Timelines, resource estimations and communication.

As a researcher in this study, I was planning to leverage on the early success of the short-term AR and instil a sense of urgency for the long-term recommendations based on the situation in the bank and the industry described in Chapter 1. There was a clear vision from the bank's leadership to exit the DPA as early as possible and the study findings were aligned to this objective. So the recommended changes already had high chances for success because of the aligned values and goals. There were clear readiness and even eagerness within the organisation to initiate these changes. Organisational readiness and aligned goals are considered to be one of the most important factors for change success that involves cultural and procedural transformation (Katzenbach et al., 2012).

Making a few but positive changes appeared to have higher success chances of intake than attempting a hugely radical change (Jones et al., 2005). The design of both short-term actions and long term recommendations considered this to influence the most impactful areas, which have been identified in this study.

I will move now to cover my thoughts on how the framework of recommendations was presented and implemented within the organisation. Sharing the knowledge of actions is the last, concluding AR step as per Mills (2007) typology. To effectively fulfil their roles, the insider researcher must develop the best possible social and professional relationships, not least to help with issues around accessing the data (Nisbet & Watt, 1984) and to promote utilisation of the study findings (Gill & Johnson, 1997). Development of relationships with stakeholders is dependent on intuition, personality and the research context (Nisbet & Watt 1984). To be able to communicate across settings and agendas effectively means that the researcher needs to have excellent communication skills (Meyer, 2000). Participants are not expected to have the same expertise as the researcher, hence there is a need for negotiated and agreed roles and discussions around aspirations for the research study. It is primarily the researcher's responsibility to ensure that research outputs are shared with the research community (Karlsen, 1991) and I have had the required connections and relationships, so the sharing sessions were conducted throughout the thesis period with a strong belief that changes are useful for the organisation (Kotter, 1995).

The recommendations were for the managerial actions and hence they were finalised and shared further with the senior management as part of the yearly planning process, where we can reconfirm if specific initiatives are already planned for the implementation. To ensure the success

of the implementations, I have obtained executive decisions to select the recommendation to be implemented depending on the funding and resources availability.

To enable the implementations, allocating temporary project management resources for further testing was also recommended as part of the common projects prioritisation process (Ackerman, 1982). The prioritisation decisions are usually made in a centralised manner and applied to the whole bank globally. Strong leadership and sponsorship were anticipated to be in place, given the importance of the topic to the bank. Reassuring leadership's behaviours and capabilities will also help in achieving positive results and communicating the thesis's findings to a wider audience (Keller & Aiken, 2009).

The early positive results that AMLi department management have observed from the AR project pilot may also contribute to the decisions of broader implementation of the recommended actions. At the end of the thesis writing period, the majority of the proposed recommendations were either already implemented or were in progress. Below are some examples:

- i. The training materials for the front-liners were substantially updated to incorporate the critical decision-making capabilities and align them to the bank's code of conduct.
- ii. Comprehensive changes in the investigation processes were introduced during the last year with the changes to the target operating model from the rule-based tick boxes to leveraging on technologically advances analysis facilitating quality of the human decisions.
- iii. All key senior managers of the bank have key metrics assigned to their performance reviews that indicate little tolerance to the backlogs and misses in reporting.
- iv. Really good progress was made last year in arranging regular, automated and easy to use feedback methods utilising the workflow systems to triage the low-quality UARs and send them back to the originator to learn what was raised incorrectly.
- v. Massive investments continued globally last and this year to facilitate the triaging, hubbing and continuously improving the efficiencies of the UAR processes based on the machine learning and Artificial Intelligence (AI) technologies.

There were and still are challenges in achieving all objectives from the recommendations in my extremely complex organisation. The bank continues to be aware of ever-changing market conditions and tries to adjust accordingly, hence the plans of implementations and prioritisation

of ideas will be fluid. However one of the early indications that we are on the right track is the declaration made this year by the regulator that DPA does not need to continue, which is an official recognition of how much we have managed to achieve for the last five years.

### **6.5. Engaging in critical reflection**

This section of the last chapter allows me to look back and reflect on the whole process of the thesis, starting from my initial biased views and my development as a researcher and a practitioner.

Scholars define reflection as a conscious enquiry into one's practice (Rodgers, 2002). This includes thoughtful discussions, documentation, observations and questioning of one's practice and experiences. Reflection is a critical part of the qualitative research process (Kuper et al., 2008) and it helps the researcher and participants to recognise, clarify and understand underlying notions and processes.

Researchers and participants, who engage in critical reflection, question their own beliefs, values, and current understandings of their practice (Capobianco et al., 2006). Through this process, they begin to identify existing tensions in their perspectives and practice. Engaging in reflections enables a researcher to identify areas for investigation in practice and is ongoing throughout the research process (Hendricks, 2009). Three methods of reflection that occur during the qualitative research process include:

- i. reflection-in-action that involves thinking about thoughts and actions while they are happening;
- ii. reflection-on-action as a retrospective process of thinking about beliefs and actions;
- iii. reflection-for-action that consists of thinking about ideas and actions to plan future efforts (Killion & Todnem, 1991).

During the whole duration of my DBA studies I have been maintaining journal notes of learnings from DBA study modules, extracts from other studies, ideas from scholars that I have thought would be useful for the final thesis project. This journal was very helpful during the Doctoral Development Plan Clinics that concluded the study modules as it helped to submit the summary document as a retrospective look of what I have learnt during the initial years of studies and the



doctoral development journey. It has initiated the thesis proposal, which was approved by the university quickly after the submission.

The overall DBA journey in UOL starts with the two years of various modules which were very beneficial for me as I did not have any prior experience of research. The modules gave a lot of theoretical knowledge related to psychology, sociology and behavioural studies and how they can apply to my practice. The UOL DBA program used an online platform that provided with an opportunity to participate in communal discussions with the fellow students, which was a great learning and sharing exercise.

As part of the thesis work, I have gained more insight into my practice through conducting AR in AMLi department and resolving UARs backlog issues. Reflective sessions with the AR participants helped to cover my conscious subjectivity and pre-understandings and the way how I passed through the challenges and experiences as a researcher and a practitioner. The reflective journal, AR meeting notes and theoretical memos were fundamental tools in overcoming challenges that I have experienced when conducting and writing the thesis.

From a managerial practice point of view, the reflective sessions with participants and my notes helped to identify and formulate blockers and find possible solutions to overcome them. The process of learning how to undertake the research and reflections on and for actions guided my thoughts on how the thesis will be conducted and later prompted significant changes to the thesis's project.

During the lengthy duration of the thesis, there were many struggles and challenges. There were also the biases that I brought into the research process as I was the insider researcher and the topic of the study was very important to my organisation as described in Chapter 1. It was unavoidable that my pre-understanding will impact the design of the study as well as will interfere with the data analysis and discussions. This insiderness, however, was reflected upon and understood by me, directing the choice of qualitative methodology that allows insiderness and participation of colleagues. My subjectivity and biases were mitigated by the continuous group reflections and individual conversations, seeking feedback from senior managers in the bank and also professors of the university.

The gathered feedback helped to stay on track of meeting thesis's objectives and also adjusted the research path. For example, the methodology of the thesis, which was initially selected as only action research was later reconsidered as it was not making sense at the first attempt of applying it at work. After discussing this with the colleagues and asking for suggestions from the supervisors, I reflected whether AR would suit my workplace problem, which was very vague and undefined in the beginning. A thorough review of various qualitative methodologies described in Chapter 3 helped to arrive at a combined qualitative method containing both grounded theory and AR to better identify the problem before starting the AR cycles of research.

There were also challenges at the start of the project when I needed to organise the interviews and collect the data for the studies. The initial pilot quickly highlighted that the first set of interview questions are too broad, unclear and directing and hence needed a significant review. The reviewing of the questions was yet another reflective exercise which required sharing with the colleagues to ensure that the data will make sense for the thesis.

The duration of the thesis was lengthy and I have moved between departments during the project and then write up phase. I have initially thought that moving from my department will hinder my thesis and I was even contemplating to choose another topic and start all over again. However, I have soon realised that I can continue with the selected topic and the move is giving me the possibility to look at the entire end-to-end process, which added benefits and gave additional data points. It was a revelation from 'reflection-for-action' (Schön, 1991) applied to the complex, unstable and unique professional environment to arrive at a tacit practical knowledge while conducting scientific research.

Reflections throughout the thesis enabled me as an insider researcher to evaluate and understand my practice through the transformational thesis project such as what is happening, what it all means and whether there is a better way of conducting the business. It was beneficial for staying self-conscious and be able to critically evaluate my motives, mistakes and biases as well as other participants'.

There were several difficult moments during the journey of developing as a researcher as I needed to make time sacrifices from the work and personal life and conduct multiple reworks on the thesis document. I was pretty lost at moments due to the lack of guidance and meaningful critics for the direction of the work I have selected. However, I was very determined to complete the work and

achieve the targets I have set to myself as both a practitioner and a scholar. Also, as a leader for the team and role model for the project participants, I could not just give up on improving my organisation and helping my colleagues at the workplace. Hence, I have recognised that I need more help, have arranged for it and then readjusted my work several times to meet the requirements of scientific research.

My DBA journey also impacted tremendously on my people skills and management practice. Throughout the modules, I was gaining valuable knowledge about the latest developments in behavioural science, directly applicable to my practice. I found myself enjoying sharing the knowledge I am getting from the modules and interactions in the online classes with my colleagues, staff and superiors. For example, the studies about the complex-adaptive systems were so relevant to my complex organisation that it would have been a waste not to make use of it in my day-to-day practice and guide my colleagues how to navigate through the organisation when solving difficult business problems.

My management style has also evolved and changed during the last years, again largely impacted by the DBA modules and this thesis research. I have developed more of a coaching style of the management rather than directive or consultative one used in program managing, because of a better understanding of how participative enquiries work better. It also fitted better for situations in an environment of uncertainty which is very common for the financial industry. The coaching management style gave much confidence as I found that it is not only helpful with teams but also for my interactions with other colleagues and also superiors who were asking me what tips I can share for making better decisions based on the research finding and modules knowledge. I have hence benefited from the partnership and collaboration that coaching style revealed and helped me to replace the organisational hierarchy and controls by the team creativity and cooperation.

## **6.6. Contribution to practice and implications**

The contribution of my thesis to actionable knowledge and practice is in five main key areas: the research subject itself, the use of combine qualitative research method, the discovery of the emerged theory, personal development and usefulness of the findings. These areas in detail are below:

- i. *There is no similar research for the specific problems of this thesis by previous researchers at my workplace.*

During my long career in the bank, I cannot recall any of my colleagues at the workplace conducting behavioural or social studies and certainly not related to the decision-making inefficiencies for suspicious transaction reporting. There were various consultants and learning specialists that have been analysing our bank's environment and incorporating into the tailor-made training however the themes of those reports and session were common ones applicable to the overall industry and were not grounded within my uniquely complex organisation. I have considered it is pretty strange as the issues with DPA should have promoted more studies at the regional and local offices to enable a better understanding of the forthcoming policy improvements and future strategic plans. This study provided a contribution to my practice as a unique enquiry into the behavioural and social issues which are closely connected to the overall bank's well-being and future success.

- ii. *There is a limited application of research method that was selected to investigate workplace issues and derive to improving recommendations.*

Even though some selected consultants were reviewing and analysing our issues, none of them was conducted comprehensive qualitative researches, let alone the combined one as the one used in this thesis. The combination of the case study, grounded theory and action research have shown to be a beneficial method for the dynamic and complex environment where one cannot easily and identify the problem and suggest improvements. The usefulness of the selected methodology should not be restricted only to this particular study as it can also be applied to the organisations that face similar issued with the insufficient quality of the decision-making and the critical processes of the banks. The thesis hence makes a methodological contribution by using the combined qualitative research in a specific empirical study.

- iii. *There are early indicators of the usefulness of applying the research findings and managerial actions to influence and improve internal processes.*

The findings provide a better understanding of the identified issues from the workplace from the angle of emerged theory and dimensions of the main categories of 'Communication',

'Values' and 'Culture'. This allows managers of my organisation to have a deeper and more thorough understanding of observed issues and use propositions as explanatory tools for further managerial actions. The main emphasis for the success of the improvements lays in our eagerness to understand the underlying issues and plan for the actions to improve how bank's staff uses the compliance processes to make better decision-making during the unclear situations.

- iv. *The thesis's emerged a theory and developed theoretical framework create several research implications explaining how various concepts of social interactions impact decision-making at the bank.*

This study's main contribution to the actionable knowledge is discovering an empirically grounded theory representing core BSP category and associated concepts, which are explaining the behavioural and social issues at the workplace. As indicated in the Chapter 1 section 1.3.6, decision-making by individuals are frequent and routine, but they are still uniquely defined by individual approaches. The combination of these daily decisions may appear not critical, however, in totality, they impact the bank's overall outcomes and define its success. The study findings and emerged theory highlight that underlying concepts of the observed decision-making inefficiencies mentioned in Table 1.1 are social and relate to the human characteristics. These human characteristics are closely linked to universal concepts, which cannot be fully automated or eliminated at this stage of technological developments. By applying the emerged theoretical frameworks from this study, the areas of concerns mentioned in Chapter 1 can be better understood and stand a chance to be improved.

- v. *The thesis project and reflections had a positive impact on my development as a doctor-practitioner.*

This study covered all three persons view: development of myself as a researcher, improvements for participants and organisational performance and possible applicability to a broader professional industry (Greenwood & Levin, 2007). The thesis also helped in professional developments for all participants as the workplace issue was reviewed from both organisational and personal viewpoint (Greenwood & Levin, 2007). The implications of findings and outcomes of the study ensure the different perspective of multicultural representatives that balanced my ideas and presented all viewpoints for 'open testing and

critique' (Argyris et al., 1985). As a first doctoral-level study in my life, this study had a significant contribution to my theoretical and research knowledge and equipped me with a thorough understanding of how I can influence my practice in universal best-in-class scientific ways.

In this section, it is also important to discuss the implications of the transferability of learning from this study to other environments. Transferability is enabled by providing sufficient information in the commonly understood jargon-free language (Meyer, 2000) to enable other researchers to conduct similar studies and assess whether they can transfer this study's findings to their setting (Kuper et al., 2008). The characteristics of this study, such as workplace settings and thesis processes, are hence sufficiently described to enable a comparative study by another researcher (Miles & Huberman, 1994). The short and long-term recommendations of the thesis provide a way for other organisations to apply similar improved understanding and corrections.

As the thesis was conducted in one of the major banks and the emerged theory is grounded within the organisational environment, the thesis findings can be relevant to the financial organisations with the same context and settings. As mentioned in Chapter 1, the issues with financial crimes are universal and seriously impact the wider financial industry and world-wide society. The criminals are becoming increasingly sophisticated and financial organisations must keep up their work in safeguarding us all from the criminal attacks. To this extent, the study that looks at enhancing financial crime risk management can be a starting point for many financial organisations to research their practice and find improvements.

Also, this thesis looks into the behavioural areas and provides a better understanding of barriers that impact decision-making.

The emergent theory and propositions helped to develop informed and transferable actions that can be applied more widely within the large and complex organisation which are not necessarily financial institutions but are having similar issues with the decision-making inefficiencies. Major conglomerates and multi-national corporations rely on their staff to apply better judgment and follow the internal codes of conduct. There may, however, be similar tensions between the values, cultural misalignments and faulty communication channels that create barriers to the quality decision-making as illustrated in this thesis. Hence the theoretical framework contributed here can be utilised by researchers representing those organisations.

## **6.7. Limitations of the research**

Achieving full and confirmed certainty is not possible for any studies. Hence in this section, I discuss certain limitations of the research.

### **i. Sampling and views from participants**

The empirical data collection in this study was limited to only one site where the initial and then theoretical sampling was performed. This could have limited the data as other areas of the bank may have contained additional information relevant to the research's topic. Especially it would have been better if there were more participants from the frontline that have direct experience of facing the clients and making decisions on raising the UARs. This was mitigated by finding relevant historical documents and including senior management with the relevant and wider experience for the initial interviews.

By its nature, this qualitative research was participatory and yet, partly due to the timing constraints and partly due to pragmatism, selection of participants was initially within the same department. This had a potential interference to answers from colleagues, although I have moved to another department in the middle of the study.

Also, the use of subjective opinions are imperfect at best and contributes to possible limitations. Errors and biases could have influenced subjective answers given by participants and my views. Some common biases would be leniency effect (Holzbach, 1978; Janis, 2008) and egocentric biases (Conway & Huffcutt, 1997). The literature mitigated these limitations and other data sources used in the process of constant comparison during the coding of data and thus unlikely decreased the creditability of the emerged theory.

### **ii. The timing of the research**

There was a limitation concerning the time spent on the thesis due to the need to remain within the required timelines. This potentially created an opportunity loss for a more in-depth investigation of the issues that may have highlighted other problems and influencers impacting the area of interest. As mentioned in Chapter 3, the feasibility of performing a full-scale study

within the timeframe of 30 months, including building the proposal, creating a robust plan on progressing of the work, completing the project and writing the thesis, was very challenging. As anticipated, even with the particular parts of the work advancing in parallel, such as writing the literature review chapters and working on the research design, the timing was pressing. It was also critical to find time for participants and me to attend meetings and reflection sessions. These all were done in an un-dedicated manner and parallel to our day-to-day jobs on the best effort basis.

### **iii. Venue and scope limitations**

This study focused on one organisation and several departments, which may itself been a limitation and impacted transferability, rigour and validity. The scope of the research was enlarged later to include a holistic view of the end to end processes and not only focus on front-liners raising UARs. Nevertheless, the geography of research also had an impact, taking into consideration cultural and organisational changes in the region and country where the study was done. The study did not have a time scope to include cross-cultural longevity enquiry across the industry from the obvious practical considerations of co-location and timing allocated for the overall thesis duration.

## **6.8. Future research directions**

Given the importance of reporting suspicious transactions in the banks, future researches can continue to evaluate the measures to understand critical decision-making processes. Suggested areas for further research are concerned with eliminating human judgment and errors by automating the reporting and using the most recent developments in AI (artificial intelligence) and machine learning techniques. They are thus moving away from a confusing rule-based compliance culture to the intelligence-led approach with end-to-end transaction monitoring across the whole lifecycle of data, analytics, information technology, alert handling, investigation, regulatory reporting and management information. Machine-learning and natural language processing can help banks to convert current tiny 1 or 2 % of reported transactions to law enforcement to more advanced and quick case processing, which is free from errors that individuals can make. Regulators and businesses are already openly discussing techniques that can be used and the role of the regulators in this new area.



The full automation of human decision-making may take a long time. While automatic systems can detect the patterns of transactions, human intelligence and judgment is still the main component to analysing live events and making conclusions, especially when dealing with client's face-to-face. Hence, for the human and behavioural components, future research can concentrate qualities more extensively on further evaluating the theoretical basis, dimensionality and the psychometrics. I hence suggest longevity case studies that will give a better indication if the decision-making quality improvements are sustainable and beneficial for the bank's strategy and society in general.

Consideration can also be given to produce research that will hold its value over time, be sustainable and apply to a broader industry with a larger group of participants and not only one organisation. In Chapter 1, it was indicated that similar issues with decision-making processes exist within other banks and corporations in the financial industry. Hence, the research on smaller or less complex environments with the same contextual issues can also be a place to continue the research.

## **6.9. Thesis conclusion**

In summary, the objective of this research was to investigate the decision-making inefficiencies related to reporting cases suspected to be associated with money laundering in a major bank and derive to informed recommendations for actions. Money laundering is not a victimless crime. It underpins some of the most severe criminal activities, from terrorism to drug trafficking to modern slavery. Hence the importance of the thesis topic to my organisation and the wider industry. Also, a sufficient level of efficiency is a decisive factor for organisations to remain successful in a rapidly changing and challenging business environment.

A combined research method was used to explore the data from workplace cases and an AR project to find a grounded theory that can be turned to actions. The emergent theory from this thesis is considered to be wide-ranging as it presents a basic social process of '*Aligning individual and organisational values*' that interrelates with concepts of '*Communications*', '*Values*' and '*Culture*'. This thesis formulates long-term recommendations for managerial actions, which are based on the emerged theory as an actionable contribution to the practice. The thesis concludes that in addition to local practical relevance, the study has the potential for external transferability due to the similarities of internal issues to those of a broader industry as well as similarities of findings in this study and decision making literature.

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## APPENDIXES

### Appendix 1. Internal approval to proceed with research

**From:** Paul P HEDLEY

**Sent:** Monday, December 12, 2016, 9:43 AM

**To:** Sona LORETSIAN

Dear Sona,

Thanks for your note below and further to our conversation just now – I am fine with this, subject to

- No mention of company names (company or staff) in the PhD document.
- No customer details, or information that would enable a person to potentially identify a customer (or staff of a customer).
- Obtaining the consent of participants to be involved in the survey.
- Obtaining line manager consent of participants for their staff's time.
- Obtaining consent from your line manager, Niels, for the project.

The broad topic is decision making rationale and behaviour, and the survey will take approx. 20-30 minutes – so the above conditions should not be problematic.

Any further questions, please let me know.

Regards

Paul Hedley

**From:** Grace Y L LEUNG

**Sent:** Wednesday, December 07, 2016, 4:53 PM

**To:** Sona LORETSIAN

**Subject: FW: Global Standards**

Hi Sona

Whether there is conflict of interest or confidential information leakage is not HR position to access. Please contact your Compliance contact to see whether it is appropriate to discuss staff information in a publishing format (though staff provide such information at their own consent, not via HR) and whether you should disclosed company name etc.

Grace

**From:** Sally LAM

**Sent:** Wednesday, August 30, 2017, 7:46 AM

**To:** Sona LORETSIAN

**Subject:** RE: Request for approval to engage research participants

Sona,

I confirm my support / approval.

Regards,

Sally

Lam

From: Sona LORETSIAN

Date: Wednesday, 23 Aug 2017, 6:56 PM

To: Sally LAM

Subject: Request for approval to engage research participants

Hi Sally

I request your approval to proceed with engaging participants in the thesis research from AMLi selected staff.

The doctorate research targets to resolve real issues at work. The topic of my research relates to critical decision making abilities in raising and processing unusual activity reports.

The research must achieve both adding academic knowledge and also improving workplace issue, hence I strongly believe engaging participants will be a valuable activity for the department. Timing of engagements will depend on the initial interview sessions, but will not be significant and

disruptive. Participant details, i.e. names and answers will be kept confidential and private. Finding of research however will be shared with the management.

Best regards

SonaLORETSIAN

## **Appendix 2. Organisational values**

### **Ask yourself to Consider**

**1. POLICY** – Are you operating within the rules?

Do you know what the rules are?

Is it legal and compliant?

Are you acting within the letter and spirit of the law?

**2. PRINCIPLES** – Does this decision sit well with our sense of right and wrong?

What would your friends, family or colleagues say?

How would you feel if it was reported in the media?

How does it support the communities we serve?

**3. PROFIT** – Does this make commercial sense for our customer and for HSBC?

Who is this decision good for?

Do you think it will stand the test of time?

Do we really know enough about our customer?

**4. PEOPLE** – Do you understand the impact of this decision on others?

Are we treating people with respect?

How would you feel in their shoes?

**5.** Do you have the courage to do the right thing? What is stopping you?

### **Appendix 3. DBA Ethics committee approval**

**From:** "Higgins, David" <David.Higgins@liverpool.ac.uk>

**Date:** 24 July 2017 at 7:21:06 PM HKT

**To:** 'Sona Loretsyan' <loretsyan@yahoo.com>

**Subject:** DBA Ethics Committee July 2017 - Sona Loretsyan

Dear Sona Loretsyan,

I am writing to you on behalf of the DBA Research Ethics Committee. I am pleased to confirm that you have obtained research ethics approval for your work. By copy of this email I invite your Doctoral Thesis Supervisor to complete the associated section in the grade centre of your Thesis BB class (please, see attached file with guidelines to complete the process, and if you have any questions do let me know). Additionally, I am attaching the formal approval from the research ethics committee for your records.

My best wishes for an interesting and successful DBA research project.

Kind Regards,

David

#### Appendix 4. Participant Information sheet

##### Committee on Research Ethics

##### Participant Information sheet

|                                   |   |
|-----------------------------------|---|
| <b>Title of Research Project:</b> | <i>Critical decision-making framework to manage financial crime risks in global banks</i> |
| <b>Researcher(s):</b>             | Sona Loretsyan<br>Supervisor – Prof. Zhenhu Jin   |

Dear participant,

You are invited to participate in the study conducted by the researchers above as part of the University of Liverpool's Doctorate of Business administration thesis program. Before you decide whether to participate, it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and feel free to ask us if you would like more information or if there is anything that you do not understand, before returning the signed form within two weeks. Please also feel free to discuss this with your friends and colleagues, if you wish. We would like to stress that you do not have to accept this invitation and should only agree to take part if you want to.

The purpose of this study is to examine characteristics of participant's critical decision-making habits in dealing with financial crime risk prevention. The outcome of the study is to find improvements and recommend a framework for bank management for a better decision making processes in managing financial crime risks. In this research study, you will be asked to participate in action research project to understand the deficiencies around reporting of suspicious transactions and identify whether certain ideas from the theory and modern literature can help organization to improve current situation.

As the topic of managing financial crime risks in our organization are at highest importance, these researchers identified you as a person who can add value to the study. We think that it will be also in your own interests and benefits to participate in this study as it may help you to understand better your current job and improve your day-to-day work, hence no specific compensation will be offered. There will be several other participants involved from the relevant areas. Selection of

participants has been made based on their involvement in process of defining procedures and exercising decisions around suspicious transactions by clients in GBM department of our bank in ASP region.

Should you choose to participate, you will be asked to participate in the action research project and respond to series of questions about decision making processes within the organization during interview sessions. Your involvement in the research will not exceed more than 30 min per any meetings, depending on the level of experience of participants, for the duration of research which will last approximately 6 months. Meetings and interviews will be organised in a manner that will not distract your main job and will be discrete.

Data collection for the research will be from the internal MI and statistics and also from the interview sessions. All collected data will be used for the qualitative analysis. Because your names will not appear on any of the surveys or transcripts, and will be coded in the records, no one other than the researchers will ever see and identify you as a respondent. In other words, your responses are highly confidential and all records will be kept secure and private. Hence, please be as honest as possible in responding to questions or providing opinions.

Please be advised that this research has been approved by relevant internal and external parties, including internal human resources and compliance departments as well as university's ethical committee. Please note that there may be certain sensitive questions asked that may lead to a need to report internally underreported suspicious transactions, hence please consider this carefully before participating in the research.

Participation in this study is completely voluntary. Your choice to participate or not to participate will not impact your job or working relationships. We sincerely value your time and efforts as a participant in this study, but please know that you are free to withdraw at any time.

The risks to your health, wellbeing and job security by participating in this study are no greater than those in routine daily life. Should you experience any discomfort or disadvantage as part of the research that this should be made known to the researcher immediately.



If you wish to participate, please sign the consent form provided separately within coming two weeks. By signing the Consent Form, you are giving your informed consent to participate in this study.

Thank you for your considerations to participate in this important study. If you have any questions, comments, or concerns about this study, feel free to contact research supervisor Zhenhu Jin [zhenhu@online.liverpool.ac.uk] and we will try to help. If you are unhappy or have a complaint which you feel you cannot come to us with then you should contact the Research Governance Officer at ethics@liv.ac.uk. When contacting the Research Governance Officer, please provide details of the name or description of the study (so that it can be identified), the researcher(s) involved, and the details of the complaint you wish to make.

Researcher

Date

Signature

**Appendix 5. Participant consent form**

**Committee on Research Ethics  
PARTICIPANT CONSENT FORM**

Participant Name

Date

Signature

|  |   |  |
|--|---|--|
| <b>Title of Research Project:</b>  | <i>Critical decision-making framework to manage financial crime risks in global banks</i> |  |
| <b>Researcher(s):</b>  | Sona Loretsyan<br>Supervisor – Prof. Zhenhu Jin   |  |
| I confirm that I have read and have understood the information sheet dated [DATE] for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.                                     |   |  |
| I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason, without my rights being affected. In addition, should I not wish to answer any particular question or questions, I am free to decline. |   |  |
| I understand that, under the Data Protection Act, I can at any time ask for access to the information I provide and I can also request the destruction of that information if I wish.  |   |  |
| I agree to take part in the above study.   |   |  |

Researcher

Date

Signature

Name: Sona Loretsyan

Address: 26/F, HSBC Main building, 1 Queen's Road, Central, Hong Kong

Telephone number: +852 2822 2445

Email address – Sona.Loretsyan@online.liverpool.ac.

### Optional Statements

The information you have submitted may be published as a thesis; please indicate whether you would like to receive a copy.

- I understand that confidentiality and anonymity will be maintained and it will not be possible to identify me in any publications.
- I agree for the data collected from me to be used in future research and understand that any such use of identifiable data would be reviewed and approved by a research ethics committee.
- I understand and agree that my participation will be audio recorded and I am aware of and consent to your use of these recordings for the purposes of analysing the anonymized transcription and coding/comparing with other data and results
- I understand that I must not take part if there are any doubts and/or I feel uncomfortable and want to withdraw
  
- I agree for the data collected from me to be used in relevant future research
- I understand that my responses will be kept strictly confidential. I give permission for members of the research team to have access to my anonymized responses. I understand that my name will not be linked with the research materials, and I will not be identified or identifiable in the report or reports that result from the research.
- I understand and agree that once I complete the interview, it will become anonymized and I will therefore no longer be able to withdraw my data.**

## **Appendix 6. Email invitation to participate**

**From:** Sona LORETSIAN

**Sent:** Monday, September 04, 2017 10:15 AM

**To:** Sona LORETSIAN

**Subject:** Request to reply for participation in research work

**Sensitivity:** Private

Dear colleague,

You are invited to participate in the study conducted by Sona as part of the University of Liverpool's Doctorate of Business administration thesis program.

This work is fully approved and supported by your department managers as well. I would like to request to acknowledge willingness to participate by replying to me. I will then arrange to meet you and provide details on the research, some of which is in the attachment.

I value your time and understand that you are very busy, hence your efforts will be kept to minimum. I also strongly believe that this study will be able to produce valuable suggestions for improving bank's ability to manage financial crime risk.

I looking forward to your prompt reply to agree the participation.

Sona.