SOME CONSIDERATIONS ON ETHICAL BEHAVIOR IN ROMANIAN SMES

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Abstract

This article introduces some important issues of ethical behavior and practices in micro, small and medium enterprises in Romania. Evidences from a research project based on an on-line survey conduct in 828 companies are used to indicate two aspects: (1) managers´ general perceptions about the most important factors which influence ethical practices in Romanian companies and (2) how a certain type of moral reasoning and judgment conduct to different objectives against stakeholders. There are examined differences among four type of managerial conduct, which are more likely to be based on: a. own interest (ethical egoism), b. consequences (utilitarianism) c. duty and responsibilities (deontological ethics) and d. personal values and character (virtue ethics). This study helps us to understand the way in which Romanian Small and Medium Enterprises owner-managers think and act in their business in relation to ethical practices.

Key words: micro, small and medium enterprises, managerial conduct, ethical practices, Romania,

Introduction

The unit of analysis in this research is the small and medium firms in Romania. In the recent period, many researches (Spence L.S., Painter-Morland M., 2010) have been focused on the topic of small business and ethics, being obvious some differences between the way are governed and managed small and medium enterprises in comparison with corporation. There is a clear difference between ethics in large firms and their small counterparts – small and medium enterprises.

An enterprise is „a group of legal units constituted as an organizational entity of goods production, trade services or social interest services, which benefits of a decisional autonomy, especially in view to ensure its current resources" (Romanian National Institute of Statistic, 2010, p.452). According to the Romanian Law nr.346/2004, there is the following division among companies, according to the average number of employees:

- Category I - Microenterprise under 9 employees;
- Category II - Small Enterprise 10-49 employees;
- Category III - Medium Enterprises 50-249 employees;
- Category IV - Great companies with over 250 employees.

The relevance of micro small and medium enterprises to the economical and social environment is too significant to be disregarded. In Romania, in 2010, for example there were a total of 465885 microenterprises, 43673 small enterprises 8312 medium companies and 1571 great companies with over 250 employees (National Institute of Statistic, 2010, p.452).

It can be reported that SMEs represents over 95% of Romanian companies and in many research they have been described as the engine of the economy. Small and medium enterprises which have less than 250 employees are accounted for 66,3% of employees, and 60,3% of turnover (National Institute of Statistic, 2010, p.452).

The main characteristic of an enterprise is that it is „an independent and owner-managed, stretched by a broad range of tasks, limited cash-flow, facing persistent survival challenges, built on personal relationship, mistrustful of bureaucracy an controlled by informal mechanisms (Spence 1999)" It is obvious that SME are different not only in size but also in nature from large companies. I consider that

SMEs are more closeness to community needs and are involved in activities that play an important role in sustaining their prosperity.

This paper is an exploratory study aimed at getting a better understanding of ethical issues and practices in Romanian SMEs. I looked specifically at the relationship between a firm and its stakeholder, having as background the ethical philosophy and values that are promoted.

Ethics is presented itself as a much more integrated part of business activities. What we therefore find within SMEs is that a strong sense of normatively emerges out of everyday business interaction with a variety of stakeholders. The kind of stakeholder interactions that large business spend a lot of time analyzing, nurturing and monitoring, happens as a matter of course within SMEs. In fact, creating reputational value, building networks and nurturing community interactions are very much part of securing their bread and butter. SMEs have to juggle the normative concerns that are part of their everyday practices much more carefully and without the necessary institutional resources to which larger companies have access.

Survey methodology and data source

This study relies on an extensive survey conducted in March 2011 that delved into the perception of managers operating in Romanian SMEs which regard some ethical and competitive components in their business practices. This paper reports only aspects concerning the ethical components, specifically it identify:

- managers´ general perceptions about the most important factors which influence ethical practices in Romanian companies,
- which are the most common ethical systems used in order to make a decision or to support the reasoning process and
- which are the objectives against stakeholders (employees, customers, suppliers, competitors and communities).

The definitions of SMEs provided by the Romanian National Law nr.346/2004 were used to identify the proper businesses for inclusion in the study. The potential respondents were collected from a database of firms called Lista Firme which contains information about over 700 000 Romanian companies.

Research design was based on the following considerations. The available items from this database were organized according to the firm location that means the specific county where is located its headquarters, in order to collect responses from companies all over Romania. Thereby it has been set 42 distinct collectors for each Romanian country, with contained the following information: company's name, manager's name, contact address and number of employees. In each collector the firms were hazard ordered by the soft and the first 300 companies were selected to be part of the sample for this research. Applying this procedure it resulted a total sampling frame of 300 companies from each 41 Romanian counties and Bucharest. This large pool provided the initial access to potential participants form all business area. The aspects on which we relied when we have formed such a large sample were: the low response rate for an online survey and the fact that some email contact addresses may present some inadequacy.[1]

In order to manage the great number of potential respondents it has been used an international leading provider of web-based survey solutions. Based on some methodological consideration, we applied first a pre-test version of the questionnaire to 600 participants from two districts in Romania and 52 participants responded but only 33 were total completed. Several changes were subsequently made: the questionnaire was organized on two pages (instead of three), in order to enhance the rate of completed responses, one question was opt-out and new choices were added for two questions. These pre-test responses were not included in these reported results. This methodological instrument was used

[1] We could find only one data basis with information about Romanian Companies. As we sent a pilot questionnaire, we noticed that that we got many failure notice, that it was unable to deliver our massage to some mail address.

in order to improve the final variant of the survey. For example, we notice the respondents consider that the actual values promoted by the current economical system have a great impact on ethical/unethical practices and thereby it has been formed a new question in order to find out which are the most important values.

The final form of the questionnaire contained 25 questions. The first questions collect information about the profile of firm:

- Number of employee (it has been used four distinct category)
- Business area (it has been used 16 distinct activities fields, such as agriculture, industry, service, commerce, education and training, energy field, construction, tourism and transports etc.)
- Firm's location (it has been mentioned all 41 Romanian county and Bucharest)
- Type of capital (autochthon, foreign or mixed)

The next eight questions calledfor a general perception's of managers about ethical/unethical practices in Romanian companies, factors of influences, values promoted by the actual market-system, important ethical problems for SMEs. It has been used closed questions, but the participant could mention other owns options of answer. The second part of the survey was constituted on question focus on each firms' specificities. Thereby the respondents had to choose and/or to give an answer taking in concern the main attributes of his company.

The first part of the survey as preponderant based on question with multiple choices but only one or three answers options and the second part were more constituted of rating scale questions. Respondents answered each item on a seven-point Likert scale (1=Strongly Disagree; 7=Strongly Agree). Items were averaged to form the measure for each subscale. Some questions requested a hierarchical arrangement of the items, according to their importance.

Each member of the sample received an on-line questionnaire, particularized with the name of the manager, from which it was expected an answer. In case of unavailability of the manager, it was asked for another member in leading position to fill in. Also the last past of the survey permitted the participant to note his/her name and his/her position, this answer being used as a control variable. In the Table nr.1 it is presented the feature of the respondents taking in concern the number of employees and firm's location.

- *Category I - Microenterprise under 9 employers*, (In this study 52,24% of responses came from micro-firm owner/mangers that have less than 9 employees; that means 444 of participants was from the first category, and 361 questionnaires were total completed)
- *Category II - Small Enterprise 10-49 employers* (33,6% firms, that means 284 participants and 237 questionnaires were total completed)
- *Category III - Medium Enterprises 50-249 employers* (11,6%, 98 participants with 80 completed responses)
- Category IV - Great companies with over 250 employers (2,5%, 21 participants[2])

Table 1 Profile of firms

[2] 828 participants are from micro, small and medium Enterprises and 22 participants form great companies. Because the focus, in this study is on SMEs, the response of the participants with more than 250 employees, are excluded.

Firm's profile	*Category*	*Respondents*	*%*
No of employees	Less than 10	444	52.24
	10-49	286	33.65
	50-250	98	11.52
	Over 250	22	2.59
Firms locations (Romania)	*North – West Region* (Bihor, Bistriţa Năsăud, Cluj, Maramureş, Satu-Mare)	130	15.37
	*Central Region (*Alba, Braşov, Covasna, Harghita Mureş, Sibiu)	118	13.95
	North – East Region (Bacău, Botoşani, Iaşi, Neamţ, Suceava Vaslui)	136	16.08
	South-East Region (Brăila, Buzău, Constanţa, Galaţi, Tulcea, Vrancea)	130	15.37
	South Region (Argeş, Călăraşi, Dâmboviţa, Giurgiu, Ialomiţa, Prahova, Teleorman)	125	14.78
	South – West Region (Dolj, Gorj, Mehedinţi, Olt, Vâlcea)	82	9.69
	West Region (Timiș, Arad, Hunedoara, Caras-Severin)	83	9.81
	Bucharest and Ilfov	42	4.96

Taking in concern the number of send e-mail and the number of invalid mail address, the response rate was 10,32%, This can be considered high for the customary levels in an on-line survey. This research was conduct in companies all over Romania covering the seven regions and Bucharest and in this study it will be used the results form 828 respondents form SMEs. The results from this survey are exploited in other researches.

Managers' perception about the most important factors which influences the ethical behavior and practices in Romanian companies

One question from the questionnaire requires the respondents a general perception about the factors which can influence the development of an ethical climate and practices in a company, using a Likert Scale with seven ordered response levels, from insignificant represented by 1, to very significant noted with 7. The mentioned factors can be rank in two categories. In the first one, (Table 2a) are included those aspects which illustrate company's characteristics and its internal environment, and the second category (Table 2b) lists the most importance external factors, which can not be attributed to a company. The following tables illustrates the mean value obtain by each category of firms for each items and the mean value among the sample. It is also mention the hierarchical position from 1 to 10 obtain by each factor (1- represents the most important factor, 10 – less important factor).

Table 2a Managers' perception about the most important internal factors which can influence the ethical climate and practices in Romanian companies

Internal Factors	Category I		Category II		Category III		General results	
	Mean	Ranking	Mean	Ranking	Mean	Ranking	Mean	Ranking
Activity domain	3.65	10	3.47	10	3.59	10	3.58	10
Region where the company activates	3.86	8	3.83	8	3.65	9	3.82	9
Company size	3.80	9	3.81	9	4.03	8	3.83	8
Managerial system	4.68	4	4,79	5	5.01	3	4.76	5
Employees' Features: level of education and professional expertise	5.56	2	5.74	2	5.52	2	5.62	2

Managers' traits and personal values	5.86	1	6.29	1	6.01	1	6.02	1

Analyzing the date above, we observe that Romanian managers consider that the most important internal factor which can influence the ethical climate and practices in their companies is their own feature and personal value (mean value is 6.02). Personal value might be regarded as "the moral principle or accepted standards of a person" (Crane, Matten, 2007:144) and more specific as "an enduring belief that a specific mode of conduit or end-state experience is personally or socially preferable to an opposite or converse mode of conduct or end-state" (Rokeach 1973:5). It means that values are about the behaviors and things that we deem to be important in our life, they can persist over time and can influence our way of reasoning, the process of making a decision and acting. Values are clearly an important aspect of ethical decision-making. Integrity is typically seen as the most important characteristics of a person, from an ethical point because it represents the personal adherence to moral principles, regardless of any inducement or temptation to derivate form them. Managers and persons in leading position in Romanian companies are awarded that they have influence over their subordinates' ethical behavior by setting a good or a bad example. Many of employees tend to look up to their superiors to determine what passes for ethical behavior in the work places. Another question of the survey reinforces the fact that those in authority can have a great influence on ethical behavior of their employee. It have been obtained the following results: 60,7% of the respondents that managerial conduct, their own example, has the most important role in implementing an ethical climate among the employees, 19,9% of the respondents opted for self-determination and on the last position was placed the constrains with a rate of 19,4% of respondents. The second factor in importance which can influence the ethical climate and practices in Romanian companies is related to the first one and is axed upon employees feature, educational and professional expertise (which a mean value of 5.60). The other factors considered to have impact (do not so significant) on an ethical/unethical climate of an organization are: main of activity (value mean 3.38), region where the company activates (value mean 3.82), and its size (value mean 3.83).

Table 2a Managers' perception about the most important external factors which can influence the ethical climate and practices in Romanian companies

External factors	Category I		Category II		Category III		General results	
	Mean	Ranking	Mean	Ranking	Mean	Ranking	Mean	Ranking
External behavior of other companies	4.20	7	4.12	7	4.15	6	4.21	7
The activities of institutions for controlling and monitoring	4.35	6	4.46	6	4.15	7	4.36	6
Values and standards promoted by the economical system	4.66	5	4.89	3	4.88	5	4.77	4
The legal framework and regulation system	4.88	3	4.84	4	4.92	4	4.87	3

The highest range external factor is legal framework and regulation system (mean valued 4,87) followed by the values and standards promoted by the actual capitalism system (mean value 4.77). The respondents considers that one of the most common promoted standard by the actual economical system is the desire of economical agents to obtain high gain in record time (47,42%) and only 7,55% of the respondents consider that the focus in also on developing a sustainable economy. In a competition framework, Romanian companies are more likely to compare their strategies with their competitors and to justify their unethical ways of acting under the burden that "everybody is doing the same". One of the most important ethical problems for SME are: administrative dishonesty (tax avoidance, ignoring licensing procedures) unfair wage and treatment of the staff or some problems with the quality of goods and services. The institutions responsible with the monitoring and control of the economical activities play an important role in limiting this kind of problems. For example on May 2011, it have been adopted a new Code of Labor which contains drastic penalization for employer who has an employee without a labor contract and also the employee has to pay if he accept to work in the absence of a contract (Code of Labor, Law nr. 40/2011). The application of this law was also sustained by the activity of controlling and monitoring of governmental institutes and as a result the numbers of registered contracts grow significantly compared with the same period of reference. This example illustrates how a legal framework sustained by institutions of controlling can influence the manner in which companies take decisions and acts.

From these ten factors, my attention is focus upon the way in which managers' personal values, moral judgment and behavior enable or enforce some ethical standards in their companies.

Some types of moral judgment specific to Romanian managers

Moral judgments can be made according to rights, duty, consequences, etc. There has been very little research actually examining the types of ethical normative theories used by managers and employees, although it is considered that the consequentialist thinking predominate the economic and business theory (Crane, Matten, 2007:131).
In our research it had been used four distinct types of moral judgment based on the following normative theories:

- the theory of egoism – an action is morally right if the decision maker freely decides in order to peruses his own desire or interests;
- the theory of utilitarianism – an action is consider to be morally right if it generate favorable consequences for a great number of people, this theory comes close to what we know as cost-benefit analysis;
- the ethics of duty (deontological ethics)– the decision maker take in concern his duty and responsibilities in order to make what is right;
- virtue ethics –the subject relies on his own virtuous character and personal values in order to make a moral decision.

The applied survey contained a scenario, based on question with four given responses but only one picking answer. The aim of the question was to identify with type of moral judgment is used by managers in Romanian companies when they are facing an ethical dilemma. Because they could chose only one answer it could be constitute four distinct types of managers, in respects with their system of ethical philosophy. These four types of managerial governance are based on:

a) own interest (ethical egoism) – 77 participants;
b) consequences (utilitarianism) - 251 participants;
c) duties and responsibilities (deontological ethics) – 382 participants;
d) personal values and character (virtue ethics) – 115 participants.

Table 3 Relative and absolute distribution of the four types of moral judgment in relation with company size:

Type of company	Microenterprises		Small Companies		Medium Companies		General Results	
Type of moral theory	Number of firms	%	Number of firms	%	Number of firms	%	Number of firms	%
Utilitarianism	147	33.10	84	29.37	21	21,42	252	30.42
Ethics of Duty	183	41.22	140	48.95	61	62,24	384	46.38
Ethical egoism	40	9.01	26	9.09	11	11,22	77	9.30
Virtue ethics	74	16.67	36	12.59	5	5,10	115	13.89
Total	828	100	828	100	828	100	828	100

Table number 3 illustrates the distribution of these four types of managerial conduct in relation with company's size. The data below evidences that managers and persons in leading position form Romanian SMEs are more likely to make a decision taking in concern their duty and responsibilities against company and community (46.38%) and are less likely to follow up their own interest (9.30%). Second placed is the moral judgment made according to consequences (30.42%) and 13.89% of respondents use mostly their own personal values and character as a guide to validate their ethical decision-making process. There are also some differences between these for types of moral judgment in relation with company size. It can be noticed the following tendencies in respects with the type of moral judgment:

- In companies with increasing numbers of employees, managers are more likely to take in account their own duties and responsibilities regarding the company they run, and to take in concern less of consequentialist/utilitarianism reasoning when they are facing an ethical dilemma.
- Managers/entrepreneurs in microenterprises are more influenced by their own personal values and character or in another way reframed they are acting as “their heart and mind (conscience) dictate them”. This result can be explained starting up from some characteristic of this type of firms. Having less than 9 employees, the ethical climate of these companies is improved based on informal mechanism, so ethical tools such as code of conduct are not relevant. Managers’ motivations are centered on working with family, having more autonomy, flexibility and private time, meeting local needs and all their economical transactions are based on personal relationships in which moral values such as: trust, respect, fairness have an important role.
- A third tendencies which can be noticed is that the increasing number of employees, which implicit means more power adjust to manages, rise a little the inclination of managers to follow up their own interest.

The objectives of Romanian SMEs against stakeholders in relation with some types of moral judgment

Stakeholders can contribute to the success and sustainability of a company. For example, I can briefly mention that employees produce goods and services and the quality and productivity of their work will be reflected in the final product. Customers provide cash flow by purchasing good and services they are look to achieve quality products and services consistent with their requirements. Suppliers provide vital resources, the quality and the price of raw material is incorporated in the final product. Competitors provide efficient markets, communities provide social capital and operational security for the business and the environment provides natural resources and other essential conditions.

In turn, stakeholders are also dependent on business for their well-being and prosperity.

Each company develops its own strategy based on some objectives against stakeholders. In order to identify which are the most relevant ones, each respondent of the survey had to rank hierarchically its objectives against employees, customers, suppliers, competitors and community. The tables (4-8) below illustrate the results. The first column lists the most relevant economical and ethical objectives and the next four present the results obtain specific to each type of moral judgment presented above. It is mentions the mean value obtained and in brackets is indicated the ranking. As far as the mean value closed to value one, it means that this objective is more important for the company.

Table 4 illustrates which are general objectives of Romanian SMEs pointing economical aspects such as: profit, reputation, economical power and innovation; and ethical aspect such as: social responsibility, improving living standards and providing quality products. It is not easy in each situation to make a clear distinction between economical and ethical objectives. For example if a company produce high quality goods, the intensions behind this kind on action can incorporate economical considerations i.e. he wants to obtain a sustainable return, or ethical considerations i.e. to ensure that the health and safety of customers is protected. Due to the great numbers of results, I intend to compare only the objectives of mangers which moral judgment is based on their own interest i.e. ethical egoism with the other three types of moral judgment. Even if there are not some crucial differences in terms of ranking, thereby it can be identified some particularities. The managers for Romanian SMEs based on ethical egoism are using the short-time strategy been more inclined to obtain a high records, reputation and economical power and been less involved on improving living standards of their employees or the provide goods consistent with costumers’ requirements. But they are also more interested on investing in research and development in order to obtain new products.

Table 4 Romanian SMEs objectives against employees

General objectives	Managers based	Managers based	Managers based	Managers based

	on Utilitarianism	on Ethics of duty	on Ethical egoism	on Virtue ethics
Obtaining high profit in a short time	5,48 (7)	6,20 (7)	5,00 (6)	6,08 (7)
Providing jobs and improving living standards.	4,45 (4)	4,46 (4)	5,13 (7)	4,52 (4)
Providing goods consistent with costumers' requirements	2,58 (1)	2,50 (2)	3,20 (3)	2,73 (1)
Appling social responsibility actions	4,70 (5)	4,64 (5)	4,98 (5)	4,66 (5)
Obtaining sustainable profit on a long term	3,01 (2)	2,44 (1)	3,19 (1,2)	2,82 (2)
Bargaining reputation and economical power	3,81 (3)	3,53 (3)	3,19 (1,2)	3,44 (3)
Investing in research and development in order to obtain new products	4,76 (6)	4,81 (6)	4,33 (4)	4,76 (6)

Employees have a peculiar role among stakeholders as they are closely integrated into the firm. In relation with employees, Romanian SMEs are interest at the first level to accomplish the legal requirements. Thereby their first objective is to provide optimal working conditions.
The managers are also awarded that if they invest trust in the relation with their employees it can be obtained some economical reward in terms of a well done work, and also some conflicts can be avoided. Managers from Romanian SMEs are not so biased to ensure their employees possibilities for training, skill development and to encourage and assist all employees in developing relevant skills and knowledge. There by it can not be identify great differences between mangers which have different types of moral judgment; managers based on ethical egoism do not consider so relevant to invest moral values in their relationship with the employees.

Table 5 Romanian SMEs objectives against employees

Objectives against employees	Managers based on Utilitarianism	Managers based on Ethics of duty	Managers based on Ethical egoism	Managers based on Virtue ethics
Providing optimal working conditions	2,69 (1)	2,71 (1)	3,19 (2)	2,73 (1)
Building mutual trust	3,01 (2)	2,89 (2)	3,20 (3)	2,81 (2)
Preventing illicit practices of employees	4,00 (5)	4,77 (6)	4,21 (6)	4,26 (6)
Providing rewards based on productivity and performance	3,54 (4)	3,33 (4)	3,54 (4)	3,44 (3)
Ensuring possibilities for training, skill development	4,04 (6)	3,99 (5)	3,89 (5)	4,23 (5)
Ensuring security and job stability	3,41 (3)	3,19 (3)	3,00 (1)	3,45 (4)

Costumers are also an important stakeholder for a company. In order to gain their fidelity, companies have to offer quality products appreciated correct in respects with the price, to treat customers fairly in all aspects of business transactions, including providing a high level of service and remedies for product or service problems or dissatisfaction, to ensure that the health and safety of customers is protected. Analyzing the date below it is obvious that mangers from Romanian SMEs have as first objective to gain costumers confidence and trust and are less likely to be orientated on offering new product based on technical innovations. Some differences arise in relation with the objective: offering products at lowest price. This objective is ranked different for each type of manager. Mangers which make a decision taking in concern the consequences are more oriented to offer products at lowest price and less likely to encourage costumers' preferences for high quality products (the mean value is 2,82) while the decision maker which takes in concern his duty and responsibilities in order to make what is right i.e. managers based on ethics of duty, do not support this kind of activity and are more oriented to offer high quality products. In many situation low priced products means lower quality and may have a negative impact on environment.

Table 6 Romanian SMEs objectives against costumers

Objectives against costumers	Managers based on Utilitarianism	Managers based on Ethics of duty	Managers based on Ethical egoism	Managers based on Virtue ethics
Encouraging costumers' preferences for high quality products	2,82 (2)	2,48 (2)	3,26 (2)	2,70 (2)
Gaining costumers confidence and trust	2,07 (1)	1,92 (1)	2,37 (1)	2,22 (1)
Offering products at lowest price	3,94 (3)	4,58 (6)	4,09 (5)	4,07 (4)
Ensuring that that the health and safety of customers is protected	3,97 (4)	3,81 (3)	3,93 (3)	3,76 (3)
Insistent promoting and advertising	3,99 (5)	4,29 (4)	3,95 (4)	4,21 (5)
Offering new products based on technical innovations	4,68 (6)	4,34 (5)	4,50 (6)	4,59 (6)

In relation with suppliers, from an ethical point companies are looking to foster long-term stability and to pursue fairness and truthfulness including pricing, licensing, and payment in accordance with agreed terms of trade.
Because mangers which are based ethics of duty are less likely to offer products at lowest prices, than they are also less orientated to select supplier based on price criterion. This assumption is sustained also the results from Table 7 because this is the last mentioned objective of managers based on ethics of duty. In comparison, managers based on ethical egoism are concentrated to obtain products at low price, are less likely do encourage costumers' preferences for high quality products and although they do not intend to offer their product al lowest price, because in this way, their own interest can not be satisfied. Also mangers based on ethical egoism are less likely interested to foster long-term stability in relationships with their suppliers or to obtain a win-win position. Looking more for own advantages their relationship with the supplies may rely on coercion and threats and these type of manages are less likely interest to stop an agreement with a supplier involved in illicit activities as long as they can gain some benefits.

Table 7 Romanian SMEs objectives against suppliers

Objectives against costumers	Managers based on Utilitarianism	Managers based on Ethics of duty	Managers based on Ethical egoism	Managers based on Virtue ethics
Fostering long-term stability in the supplier relationships	1,98 (1)	2,13 (1)	2,56 (2)	2,27 (1)
Identifying the suppliers who offer good price-quality raw materials	2,71 (2)	2,46 (2)	2,48 (1)	2,52 (2)
Selecting suppliers based on price criterion	3,63 (4)	3,92 (5)	3,60 (3)	3,78 (5)
Termination of an agreement with a supplier involved in illegal activities	3,73 (5)	3,62 (4)	3,76 (5)	3,73 (4)

Obtaining mutual benefits Win-win position	3,24 (3)	3,19 (3)	3,61 (4)	3,21 (3)

Analyzing further the way in which are ranked the objectives among these four type of management, it is sustained what I mentioned above, that managers based on ethics of duty do not focus their strategy on price criterion but more on determinants of quality. Also in relation with competitors they are less to apply a strategy based on price and more orientated on the strategies based on specialization and differentiation. Competitive advantages are not obtained using cheaper labor and raw materials. Unlikely, managers based on ethical egoism are orientated to apply the strategy based on price criterion using two extremes: high prices and low prices. Thereby they are less interested on promoting an adequate competitive behavior (avoiding anti-competitive behavior or collusive arrangements or tolerate questionable payments or favors to secure competitive advantages) and they inters is to obtain a higher market share.

Table 8 Romanian SMEs objectives against competitors

Objectives against costumers	Managers based on Utilitarianism	Managers based on Ethics of duty	Managers based on Ethical egoism	Managers based on Virtue ethics
Obtaining competitive advantages based on cheep labor and raw materials	3,58 (4)	3,88 (5)	3,59 (5)	3,60 (4)
Applying the competitive strategy based on specialization (quality and innovation)	1,98 (1)	1,74 (1)	2,32 (1)	2,14 (1)
Applying the competitive strategy based on price	3,02 (2)	3,11 (3)	3,06 (2)	2,97 (3)
Promoting a adequate competitive behavior (avoiding anti-competitive behavior)	3,09 (3)	2,97 (2)	3,55 (4)	2,93 (2)
Obtaining a high market share and to control the market prices	3,73 (5)	3,74 (4)	3,11 (3)	3,76 (5)

Conclusion

This study reveals that small and medium firms' mangers consider that the most important factor which influences the ethical behavior and practices in Romanian companies are their own personal values and traits. The enabling and enforcement of an ethical behavior is most likely given by the power of own example. Thereby, a good predictor in adopting and deploying an ethical climate, in Romanian SMEs, is *Managers' traits and personal values.*

Company size (micro, small and medium enterprises) has influence upon the four type of managerial conduct. In microenterprises, mangers are more likely to rely on their own moral values and virtuous character in order to make an ethical decision. In medium companies, is more likely that an action to be considered morally right if the decider maker take in concern his duty and responsibilities among stakeholders.

We could also notice that different system types of ethical philosophy (utilitarianism, ethics of duty, ethical egoism and virtue ethics) conduct to different objectives against stakeholders. Managerial governance based on own interest is more oriented on economical considerations and to obtain a great return in a high record time than a sustainable development on long-term. Thereby also their relationship with the stakeholders neglect the logic of reciprocity, they are not oriented to obtaining mutual benefits based on a win-win position, but they are driven by their own interest.

The research presented here is intended to offer the basis for further discussion and research on ethics in small and medium firms in Romania. By exploring some differences in *behavioral patterns,* this study should help Romanian academic environment to set as a critical pedagogical goal the necessity of helping students in achieving a highest level of development in moral reasoning possible, because the today students will be the manager from tomorrow. This object addresses a stringent mission especially in Romanian Economics Faculty to introduce in their curriculum the discipline Business Ethics. Unfortunate, only 2 Romanian State Faculty of Economical Science from a total of 35, have a compulsory study on Business ethics, in all departments (Pup, 2012). Thereby, I consider that the educational process has the aim to form a generation based not only on knowledge, but on moral values and trait. If the economical agents are more likely to rely on specific coordination of Homo oeconomicus from the neoclassical theory of economics, (on ethical egoism) they will be more likely to run a business in order to accomplish their own interest, neglecting the interest of other stakeholders.

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