

## ETHICAL BEHAVIOR IN THE AGRARIAN ECONOMY

Dan BODESCU<sup>1</sup>, Mădălina Teodora MOVILĂ<sup>1</sup>, Simona BELIGAN<sup>1</sup>, Radu-Adrian MORARU<sup>1</sup>

e-mail: dbodescu@uaiasi.ro

### Abstract

Business ethics is not just a philosophical topic, not practical, but an effective way to support the company's long-term financial interests. In order to appreciate that there is a direct and reciprocal relationship between a company's profitability and moral values, a company that promotes moral values and guides by ethical behavior will be well-perceived by the public and will make considerable profits.

The research presented in this paper aims to determine ethical behavior in the economic activity of agronomic managers in Iasi County. The purpose of the research has been derived from two objectives: determining the ethical level of agronomic managers within agricultural holdings in Iasi County; emphasizing the importance of ethical values in understanding ethical attitudes and behaviors of people in the economy.

The results show that, although some fundamental values of sustainable development do not indicate a significant correlation with the economic indicators. It is noticed that the values related to the field of activity of the agronomic managers are important to them, which is reflected also by the economic performances.

**Key words:** sustainable development, agronomic managers, ethical values, economic performances, agrarian economy

Given the behavioral hypothesis of conventional neoclassical theory, selfless or ethical behavior results in higher unit costs and lower profits: a less competitive firm. An essential analytical prediction resulting from conventional wisdom is that altruistic or ethical firms will not survive in a competitive market if there is no demand for ethical products (Friedman, 1953, 1970). Individuals are modeled as rational utility maximizers in the sense that they are supposed to make optimization in perspective and a consistent choice. In other words, an individual's usefulness could be maximized in terms of altruistic, moralistic or ethical behavior (Becker, 1996).

Economic theory, broadly defined, can serve to enrich our understanding of the dynamic and dialectic interrelationship between the moral dimension and the economy (Altman, 2002). The neoclassical firm is the one where firms produce as efficiently as possible, given the objective constraints they face, including transaction and information costs (Stigler, 1946, 1976).

There have been two ways of two ways through which it is possible to achieve fair production. The first occurs when there is a reduction in the state of affairs through a wider activity that is encouraged by the way the workforce is treated. The second is achieved through technological changes induced by the

improvement of the production function of the ethical manufacturer (Altman, 2002). In some cases, salaries can be reduced if social responsibility can be associated with certain types of work. Jones and Cullis (2002) discuss the notion of motivational production accounting, which aims to provide labor. In short, it is likely that the efficacy described by the author is industry-specific.

### MATERIAL AND METHOD

The determination of ethical behavior in economic activity was carried out on a sample of 19 subjects. These are agronomic managers from Iasi County, who have been given a structured questionnaire on twenty statements based on the fundamental values of sustainable development. Responses were interpreted by the subjects using Likert's scale with grades ranging from 1 to 7: 1 - very false from what I think; 2 - untrue of what I believe; 3 - somewhat untrue of what I believe; 4 - neutral; 5 - somewhat true of what I believe; 6 - true to what I believe; - very true about what I think.

*Sustainable development survey scale* (Shepherd, 2009):

*Freedom considerations construct*

In some instances, parents must expect that they and their children will experience feelings of hunger vs. All parents have the right to expect that they and their children will be raised free from hunger;

<sup>1</sup> "Ton Ionescu de la Brad" University of Agricultural Sciences and Veterinary Medicine, Iași

Sometimes the threat of violence is necessary to achieve social good vs. All people have the absolute right to live their lives free from the fear of any violence;

In some instances, people deserve lower levels of justice vs. the highest level of justice should be available for all people at all times

*Equality considerations construct*

People who contributed the most to economic development deserve greater access to its benefits vs. People must have equal access to the benefits generated by development regardless of whether they contributed to that development or not;

The nations that foster economic development the most deserve greater access to its benefits vs. All nations must have equal access to benefits from economic development;

Those citizens most responsible for economic prosperity should receive more of the resulting benefits vs. The benefits of global economy should be shared equally among all nations;

*Solidarity considerations construct*

If we earn our benefits then it is not necessary to give others some of our gains vs. Those who benefit the most must help provide for those who benefit the least;

Just because one faces few burdens from global change does not mean that they must give assistance to those who are more burdened vs. Those who bear a substantial burden from global changes should receive assistance from those who are less burdened;

We must first address the suffering of our own before helping others with their suffering vs. Those who suffer the most deserve help from those who suffer the least;

*Tolerance considerations construct*

There are some people's beliefs that do not deserve respect vs. All human beings must respect the diversity of beliefs across all people;

Peace within societies invariably begins with promoting the society's traditional way of life vs. Peace within societies invariably begins with openness toward others' ways of life;

In some cases, it becomes necessary to repress differences across societies vs. People must not repress any differences across societies;

*Respect for nature construct*

Sometimes some natural resources need to be sacrificed for important developments vs. All precautions must be taken to protect natural resources in our development efforts;

Current patterns of production only require minor adjustments to protect the welfare of the natural environment vs. Current patterns of

production must be substantially changed to protect the welfare of the natural environment;

People need only make minor changes to their current consumption out of respect for nature vs. People must make major changes to their current consumption out of respect for nature;

To a certain extent, the natural environment will look after itself to the benefit of future generations vs. It is the obligation of a society to vigorously protect the natural environment for the benefit of future generations;

*Shared responsibility construct*

We are responsible for assuring that people within our society have their rights for freedom maintained but we are not responsible for these rights for people in other societies vs. We are all responsible for assuring that all people's rights to freedom are maintained;

A civilized nation must accept responsibility for improving the welfare of its less fortunate citizens but is not responsible for the welfare of another nation's citizens vs. Civilized nations must accept responsibility for improving the welfare of less fortunate individuals around the world;

We are responsible when members of our immediate society do not tolerate cultural differences but are not responsible for the behavior of members of distant societies vs. We all share responsibility when members of our global society do not tolerate cultural differences;

Each civilized nation should focus on ending injustices in their own borders and not influence other nations in their efforts vs. It is the moral obligation of civilized nations to work together to end global injustices.

The results obtained from the evaluation of the ethical behavior of agronomic managers in Iasi County were correlated with the main economic indicators (average 2013-2017) provided by the Ministry of Public Finance ([www.mfinante.gov.ro](http://www.mfinante.gov.ro)).

**RESULTS AND DISCUSSIONS**

The responses of the interviewed subjects fell to the following average values: Freedom considerations construct: Q1 - 4.4; Q2 - 4.4; Q3 - 4.4; Equality considerations construct: Q4 - 4.2; Q5 - 4.0; Q6 - 3.7; Solidarity considerations construct : Q7 - 3.6; Q8 - 3.7; Q9 - 3.7; Tolerance considerations construct: Q10 - 3.8; Q11 - 3.8; Q12-3.8; Respect for nature construct: Q13-4.4; Q14 -4.8; Q15 - 4.7; Q16 - 4.5; Shared responsibility construct: Q17-4.3; Q18 - 4.0; Q19 - 3.7; Q20 - 4.0 (*table 1*).

Table 1

**Quantification of subjects' responses**

Freedom considerations construct	Equality considerations construct	Solidarity considerations construct	Tolerance considerations construct	Respect for nature construct	Shared responsibility construct
4.4	3.9	3.7	3.8	4.6	4.0

The average score for the whole scale was 4.1 (table 2), a value that indicates a relatively neutral attitude towards rural development values

with some interest in freedom considerations construct, respect for nature construct, and shared responsibility construct.

Table 2

**General economic situation of subjects**

Economic indicators	Total assets (mil lei)	Turnover (mil lei)	Income (mil lei)	Expenses (mil lei)	Profit (mil. lei)	No. Empl. (pers)	Profit rate (%)	Productivity of invested capital (%)	Labor productivity (mil lei pers <sup>-1</sup> )
Average	11.0	9.7	3.9	3.4	0.5	13.2	13.5	4.2	0.3

The average variation of the main economic indicators in the period 2013-2017 ranged between 2.6% and 4.1% for total assets, turnover of -0.4% and 1.7% for profitability, productivity of investment and labor productivity indicators. This dynamics indicates an increase in the volume of activity and a reduction in the economic efficiency of the analyzed processes.

possible relationships of interrelation between the attitude of the subjects towards the values of the sustainable development and the economic performances achieved. Significant results were found between: profit rate and freedom considerations construct; costs and equality considerations construct; no. employees and solidarity considerations construct.

The Pearson correlations of all values and economic indicators were made to determine the

Table 3

**Correlations between profit rate and freedom considerations construct**

		profit rate	Freedom considerations construct
profit rate	Pearson Correlation	1	-,585**
	Sig. (2-tailed)		,009
	N	19	19
Freedom considerations construct	Pearson Correlation	-,585**	1
	Sig. (2-tailed)	,009	
	N	19	19

\*\* . Correlation is significant at the 0.01 level (2-tailed).

A weak negative correlation was registered between profit rate and freedom considerations construct (table 3). This suggests, however, that managers who develop effective economic processes are not oriented towards the right to

justice, food security and freedom without fear of possible forms of violence. We believe that these managers not promote freedom as a general attitude of work within economic unity.

Table 4

**Correlations between expenses and equality considerations construct**

		Expenses	Equality considerations construct
Expenses	Pearson Correlation	1	,722**
	Sig. (2-tailed)		,000
	N	19	19
Equality considerations construct	Pearson Correlation	,722**	1
	Sig. (2-tailed)	,000	
	N	19	19

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The total expenditures of the investigated economic units correlate strongly with the values that define equality (table 4). Managers of large expenditures farm consider that: people must have equal access to the benefits generated by development regardless of whether they contributed to that development or not; All

nations must have equal access to benefits from economic development and the benefits of global economy should be shared equally among all nations.

Table 5

**Correlations between no. employees and solidarity considerations construct**

		Solidarity considerations construct	No. Employees
Solidarity considerations construct	Pearson Correlation	1	,624**
	Sig. (1-tailed)		.002
	N	19	19
No. Employees	Pearson Correlation	,624**	1
	Sig. (1-tailed)	.002	
	N	19	19

\*\* . Correlation is significant at the 0.01 level (1-tailed).

Correlations between no. employees and solidarity considerations construct indicates a concern of the managers of the farms in Iasi County for employment and preservation of jobs (*table 5*). Farms with a large number of employees consider that: those who benefit the most must help provide for those who benefit the least; those who bear a substantial burden from global changes should receive assistance from those who are less burdened and those who suffer the most deserve help from those who suffer the least.

**CONCLUSIONS**

The average score for the whole scale was 4.1, a value that indicates a relatively neutral attitude towards rural development values.

The Pearson correlations of all values and economic indicators recorded significant values for: profit rate and freedom considerations construct; costs and equality considerations construct; no. employees and solidarity considerations construct.

Managers who develop effective economic processes are not oriented towards the right to justice, food security and freedom without fear of possible forms of violence.

Managers of large expenditures farm consider that: people must have equal access to the benefits generated by development regardless of whether they contributed to that development or not; All nations must have equal access to benefits from economic development and the benefits of global

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