

INTRODUCTION

The current research started from discovering a major problem in the economical context of Romania. After the undertaking of a study in October 2013, entitled *Sustainable public procurement for streamlining investments in Romania*, the Institute for Public Affairs has found that **84% of the respondents believe that public money, including European funds, are spent inefficiently**. Given the fact that **the value of contracts awarded through the use of public procurement procedures rises up to the level of 15.000.000.000 euro for the year 2012, and of 18.800.000.000 euro for the year 2013**, studying the behavior of those involved in the process becomes a matter of macroeconomic management.

Also, my own experience, of almost 7 years, in the field of public procurement has led to the solid understanding of the implications and of the need to study the deontological behavior of public procurement experts. This process is at the limit between procurement management, human resources, psychology of individual behavior and moral philosophy. Also, a solid study of the development of deontological behavior, cannot be accomplished outside of fields like sociology, anthropology and intercultural management.

The purpose of the entire scientific research is to **provide innovative information to managers working in the field of public procurement regarding the development of deontological behavior**

for improving the decision making process and for achieving excellence in the field.

The main objectives of the study is the identification of factors that have an impact over the development of deontological behavior of employees, as well as demonstrating the existence of strong and positive connections between the perception of public procurement experts of the morality of the collaborators and superiors and how they are identified as role models.

The secondary objective is to provide an x-ray of the organizational environment in the case of organizations evolved in the public procurement process in order to observe the concerns managers have regarding the deontological development of personnel. Calculating a mean for the score that quantifies the development of the deontological behavior can be used as a precedent in future research and establish managerial measures for improving the level of development for the deontological behavior in order to achieve excellence in the field.

The first two chapters of the paper are devoted to an analysis of the literature and are aimed at placing the research within the current scientific context. There are three main components within the entire paper: deontology, excellence and the public procurement management. While the first two parts are mainly theoretical and frame the current research with the support of the literature, the third part is more on the practical side and shows the

public procurement process from Romania from a legal perspective, updated with the help of my own knowledge of the matter.

CHAPTER 1 – Ethical considerations

Ethics is the discipline that studies the theoretical and practical issues of morality. **Morality**, in the opinion of Sandu (2012), it consists of all beliefs, attitudes, habits, feelings, norms, historically and socially determined rules, governing the behavior and relations individuals have among each other, as well as between them and the community.

Ethics has two main approaches based on the existence of guidelines aimed at analyzing the consequences. The consequences-oriented approach is based on two main currents: traditional teleology and utilitarianism. *Teleological theories, from the Greek telos, meaning end or purpose, try to find answers for the questions about good and evil by focusing on individual behavior, which will produce the desired consequences* (Northouse, 2003, p. 303). Utilitarianism argues that *we should behave so as to achieve the maximum amount of good for the greatest number of people* (Northouse, 2003, p. 304).

Given the economic and managerial context of this paper, the consequences-oriented approach presents multiple incompatibilities. Teleology works at a philosophical level of absolute truths and shows an individual selfishness, elements that should not be found in modern economy. Utilitarianism also shows incompatibilities in the form of high ambiguity in the analysis of utility, in the impossibility of

objectively analyzing the future and in the need of obtaining useful results at any cost.

The second approach studied is the one non-orientated towards consequences which can be found in the literature under the name of **deontology**. This approach is based on the **individual duty** towards others, towards the organization and society. At the same time any goals can never justify the means. Wishing to maintain the equidistance of the research, the main criticisms brought to deontology have been presented, as well as arguments in favor of its use in the field of economics. In the view of many authors, deontology is the only contemporary approach to ethics and in the context of quantifying the development of ethical behavior, the perspective not based on consequences is the only one that can be taken into account. The appeal to consequences may prove to be impossible to quantify due to the multiple effects that can occur, mainly the impossibility of the researcher to observe them.

Later on, an **analysis of the romanian ethical manifestations during the last century** is considered and particularly the prominent role played by the communist regime. With the collapse of the regime a gradual recovery of the ethical values can be observed within the Romanian space, with the help of foreign organizations.

Within the managerial process, deontology has become synonymous with the balance between moral duty and the means necessary for achieving the goals. An important statement, marking the entire research, is that deontology does not create barriers to happiness

or to the professional development of individuals and it does not attempt to refute notions such as profit and competitiveness.

Regarding the literature, aimed at the development of moral behavior, a series of **essential research papers** can be distinguished chronologically. The first one was conducted by **Lawrance Kohlberg** and is known as **The Moral Cognitive Development Theory**. Kohlberg's model is built as a scale on which the individual matures in a progressive and cumulative way. It is followed by **the research of Ferrell & Gresham and Hunt & Vitell**, which creates a framework for moral development based on a number of variables. Last but not least **the neo-kohlbergian perspective which centers around John Rest** and his Defining Issues Test (DIT) is presented.

After the presentation of the main theoretical models that have influenced the way the economic world looks upon the analysis of ethical behavior, **the results of the most important empirical research conducted through various instruments** are presented. This subchapter anticipates the research hypotheses.

CHAPTER 2 – Considerations regarding excellence

The first part of the second chapter deals with the **concept of excellence** as a management goal for modern organizations. The analysis is based on the famous work of authors Thomas J. Peters and Robert H. Waterman Jr. entitled ***In Search of Excellence***, a tribute to the management of successful companies. The attributes of excellence

identified by the authors are interpreted in terms of the importance of the deontological development of the staff. It was discovered that deontological manifestations are of great importance in achieving excellence, based on the eight principles identified by Peters and Waterman.

Though excellence is a concept that was born in the private sector, it has valences identified in the **public environment** as well. From its conceptualization, the construct has developed and has become more volatile and subjective. Thus, organizations may have more individual goals of excellence that lead ultimately to achieving new levels of quality. The framing within the eight principles disappeared, and excellence becomes more personal, being developed for each organization. **Excellence** can only be achieved if there is a **synchronization between your own moral principles, public procurement principles and the managerial objectives of the organization.**

The second part of the chapter is built on **the study of the law** and presents updated information in accordance with the regulations governing the awarding of public procurement contracts. The principles underlying the awarding of these contracts and the managerial implications of complying to them are presented in the early stages. In the second subchapter we can find the stages of development for the bidding procedures and the ethical risks that may arise in this process. Public procurement management is marked by the presence of two boundaries in the behavior of the participants: **the legality of the**

actions component and the manifestation of a deontological behavior. While the risks of non-compliance with the law can be identified through a thorough following of the legal documents underlying the awarding of public procurement contracts, the risks of manifesting an unethical behavior can only come from experience in the field. The risks associated with not following the law, as well as those associated with manifesting an unethical behavior, for both contracting authorities and economic operators involved in the tendering phase, are presented for each stage of the bidding process. Given the deontological approach, the **main responsibilities of the manager to promote a deontological behavior** within the process of awarding public procurement contracts are presented. The early stage of the in depth investigation of the deontological behavior of public procurement experts is the risk identification process and a competent x-ray of the bidding process.

CHAPTER 3 – The research methodology. The instruments.

The third chapter deals with **the research methodology**, introducing the two instruments used, namely the DIT and the interview, research hypotheses, as well as the pre-testing of the instrument given that the scientific approach is one singular in Romania at this time.

Research hypotheses were built to meet the objective and purpose of this work and took into account the conclusions of the

literature. The following hypotheses have been formulated in order **to identify the factors that have an impact on the development of the deontological behavior** in the case of public procurement experts:

- There is a significant difference between the value of the N2 score obtained by public procurement experts under the age of 30 years and the value of the N2 score obtained by public procurement experts with over 30 years of age
- Between the value of the N2 score obtained by men and the value of the N2 score obtained by women there are significant differences
- There is a significant difference between the N2 scores obtained by public procurement experts according to their level of education
- There are significant differences between the N2 score obtained by public procurement experts with a level of income up to 2000 lei and the N2 score obtained by those with a level of remuneration over 2001 lei
- Significant differences are found between the N2 score obtained by married public procurement experts and the N2 score obtained by single ones
- Public procurement experts who have declared themselves religious practitioners obtain significantly higher scores than public procurement experts who have declared themselves non-practitioners

- Significant differences are manifested between the value of the N2 score obtained by public procurement experts that work within organizations that have a code of ethics and the value of the N2 score obtained by those working within organizations without an ethics code
- There are significant differences between the value of the N2 score obtained by public procurement experts that have attended ethics courses and the value of the N2 score obtained by those that have never attended such courses
- Differences exist between the value of the N2 score obtained by public procurement experts that know to a large and very large extent the content of the best practices guide written by A.N.R.M.A.P. and the value of the N2 score obtained by those who do not know the contents of this document

To demonstrate **the existence of a strong and positive link between the perception public procurement experts have of the morality of their collaborators and superiors and the way these are identified as role models**, the following hypotheses have been formulated:

- There is a strong and positive link between the perception public procurement experts have regarding the deontological behavior of their superiors and the way they are perceived as role models
- There is a strong and positive link between the perception public procurement experts have regarding the deontological behavior

of their colleagues and the way they are perceived as role models

Since the research of **John Rest** and implicitly the DIT instrument are a continuation of **Kohlberg's** research, it was considered appropriate to present **the similarities and differences between the two models**. In terms of similarities, both models are based on the understanding of morality and its development through the cognitive component of the individual. Moreover, both approaches consider that individuals build their own image of society and of the structures on which it is based. Last but not least, both approaches have taken into account the fact that the most important changes in the behavior of individuals occur in adolescence and immediately after. The main difference is the use of different instruments, the interview in Kohlberg's case and the questionnaire in Rest's. An important difference to the model proposed by Kohlberg consists in the rejection of the idea that individuals can move from one stage of moral development to the next stage, only one stage at a time. A major criticism of Kohlberg's model lies in rejecting the possibility of the universalization of the theory.

The chapter continues by explaining the operationalization of the instrument based on a series of moral dilemmas in which respondents must evaluate and rank the level of importance of certain questions. Therefore, with the completion of the questionnaire, when the participant encounters a question that makes sense for him and activates a certain scheme, that question receives an assessment and is

classified as having high importance. Alternatively, when the participant encounters a question that either does not make sense to him or appears simple and unconvincing (it does not activate a specific schema), it receives a low rating (Rest, 1999). The classification based on the development of deontological judgment schemes is similar to the one previously formulated by Kohlberg.

For the current research the use of the most recent version of the instrument created by Rest was preferred, namely the DIT-2. Traditionally the DIT generated a P score derived from the classification of postconventional items. After criticism regarding the usage of quantitative data as continuous and the fact that not all the answers were used, in 1997 the N2 score was created. The N2 score has two components: the level to which postconventional items are prioritized (almost identical to the P score) and the degree to which the lower stages are evaluated lower than the higher stages.

Given the fact that the DIT-2 is the intellectual property of John Rest and of the Office for the Study of Ethical Development at the University of Alabama, this institution was contacted in order to obtain the permission for the use of the instrument. The relationship with this institution was very good, reaching an understanding for the translation in Romanian, of an agreement amending the demographical questions to better respond to the hypotheses of my own research and last but not least the realization of part of the statistical analysis, namely generating the N2 score.

The second stage of the research relates to the use an interview with the field managers in order to complete my own conclusions and test the level of awareness of the results within management. For this testing a semi-structured interview was preferred and was applied to the top managers within public institutions and to those working in companies in the private sector, operating either as bidders or as consultants in the field. Given that the approach is one of observation, an interview guide was used. The interview guide was built around the following variables: age, sex, marital status, salary, religion, attending courses of ethics, implementation of best practices guides. The strong relationship between the perception that the respondents have of the behavior of their superiors and collaborators and the way those last mentioned are perceived as role models, was also taken into account.

Given the fact that the scientific approach is one singular to this point in Romania, it was considered imperative to **carry out a pre-test**. The pre-test was conducted on a sample of 103 public procurement experts. Upon receiving the completed questionnaires, **26 records** were considered valid. The sample is representative as it was built and fitted on the demographic variables. The pre-test was aimed at testing the understanding of the questionnaire, as well as refining the questions. At the same time, calculating the P and N2 scores was desired in order to verify if the average of the two scores is similar to other researches in the field. Regarding the pre-test results, one aspect was that 30.8% of respondents do not know whether the organization has implemented a code of ethics. Also, 80,8% of the respondents have never attended an

ethics course and 42,5% of the public procurement experts have little or no knowledge at all of the only best practice guide in the field. These findings once again emphasize the need for research on the development of the deontological judgment of public procurement experts from Romania. Another conclusion of the pre-test is that, through its complexity, the DIT cannot be implemented successfully in the online environment, a conclusion which has reduced the use of this method. Meanwhile, after discussions with several respondents, several modifications in wording have been made for a better understanding of the text and the working instructions. Also, some omissions in the text have been corrected.

CHAPTER 4 – The results of the current research

After the pre-test phase, which led to refining the instrument, came **the actual research phase using the DIT-2**. The duration of the testing is between **april 2013 – april 2014** and considered a sample of 223 of public procurement experts from the North-East. The response rate was a low at 47%, which after eliminating invalid recordings led to **74 valid entries**. The demographic variables and the level registered by them were initially presented.

The fidelity of the DIT, measured by the Cronbach alpha was 0.66, a value superior to that obtained in the pre-test phase. At the same time the result is predictably lower than the level recorded by Rest et. al. (1998), of 0.81, **due to the fact that the results do not cover all**

of the possible education levels. After this stage came the analysis of the actual data. The first stage took into account the evaluation of the mean of N2 and P scores. The test results were slightly higher than in the case of the pre-test, which, taking into account the literature, shows that the research provides comparable results. From the analysis of the N2 score resulted the fact that its distribution is symmetrical, and the coefficient of variation has a value of 48%.

After testing the hypothesis: **There is a significant difference between the value of the N2 score obtained by public procurement experts under the age of 30 years and the value of the N2 score obtained by public procurement experts with over 30 years of age** it was determined that **there is no significant difference in the level of development of the deontological behavior in the case of the two groups of age studied, namely under the age of 30 years and above this level.**

Testing the hypothesis: **Between the value of the N2 score obtained by men and the value of the N2 score obtained by women there are significant differences** led to the conclusion **that gender has no impact over the development of deontological behavior.**

After testing the hypothesis: **There is a significant difference between the N2 scores obtained by public procurement experts according to their level of education,** associated with the fact that the starting level of education is college, it can be determined that **the results are inconclusive, and that the matter is deserving of further research.**

After rejecting the hypothesis: **There are significant differences between the N2 score obtained by public procurement experts with a level of income up to 2000 lei and the N2 score obtained by those with a level of remuneration over 2001 lei** it can be concluded that the level of remuneration has no impact over the development of the deontological behavior.

Testing the hypothesis: - **Significant differences are found between the N2 score obtained by married public procurement experts and the N2 score obtained by single ones** has led to the conclusion that the development of deontological behavior is a specific attribute of individuals, and is not subject to changes that occur in the lives of the respondents as is the case of starting a family.

After testing the hypothesis: **Public procurement experts who have declared themselves religious practitioners obtain significantly higher scores than public procurement experts who have declared themselves non-practitioners** it was determined that **the differences between the mean of the N2 score for the two groups, practitioners and non-practitioners is significant**. At the same time, it was proved that public procurement experts who have declared themselves non-practitioners obtained a N2 score with at least 3.9 and at most 16.07 higher than those who have declared themselves practitioners.

After rejecting the hypothesis: **Significant differences are manifested between the value of the N2 score obtained by public procurement experts that work within organizations that have a**

code of ethics and the value of the N2 score obtained by those working within organizations without an ethics code, as well as the hypothesis **There are significant differences between the value of the N2 score obtained by public procurement experts that have attended ethics courses ant the value of the N2 score obtained by those that have never attended such courses** it can be determined that the implementation of courses and ethics guides is inefficient. Therefore, there is no significant difference between the mean of the N2 score obtained by the public procurement experts that have attended courses or work within an organization that has a deontological guide and the one obtained by those that have never attended any course and are active within an organization without a deontological code.

Regarding the rejection of the hypothesis: **Differences exist between the value of the N2 score obtained by public procurement experts that know to a large and very large extent the content of the best practices guide written by A.N.R.M.A.P. and the value of the N2 score obtained by those who do not know the contents of this document** it can be concluded that **by simply reading the best practices guide written by A.N.R.M.A.P. there is no impact over the development of deontological behavior of public procurement experts.**

The testing of the following hypotheses: - **There is a strong and positive link between the perception public procurement experts have regarding the deontological behavior of their superiors and the way they are perceived as role models and -**

There is a strong and positive link between the perception public procurement experts have regarding the deontological behavior of their colleagues and the way they are perceived as role models has led to the conclusion that **there is a very strong and positive link between the perception public procurement experts have regarding the deontological behavior of their supervisors and colleagues and the way these are perceived as role models.**

Regarding the **implementation of the interview, the test sample studied is composed of 20 managers** for whom it was decided to preserve confidentiality, which was communicated at the beginning of the interview. Initially, all answers were collected around the questions that guided the conversations as well as their observations and opinions.

The managers interviewed said they generally had no preconceptions about the marital status of the subordinates at the time that they analyzed their deontological development. A percentage of **67% respondents have never had misconceptions about gender**, and **33% of managers stated that they have misconceptions about the fact that women have a more ethical behavior**. All those who have said this are men. Regarding age, **10% of respondents considered that older people are better suited for management positions and 90% said they had no misconceptions regarding the age of employees.**

Regarding the conclusions concerning religion, **40% of managers were surprised by the results, 40% were not surprised and 20% have never considered such a relationship**. Although

initially the result was surprising the fact that 40% did not have this reaction can be another valid research note.

From the perspective of most managers, **the instruments that promote the deontological behavior of employees did not provide an increase in the N2 score due to poor implementation**. Regarding the strong and positive link between the perception that the respondents have about the deontological behavior of their superiors and collaborators and the way they are regarded as role models, managers considered the negative relationship as being very important.

CHAPTER 5 – Conclusions, limits and future research directions

The implications of the research covered both the field of public procurement as well as HR activities. At the same time, in order to achieve excellence, **both the managerial objectives of the authorities and those of the tenderers that take part in the bidding process have to become convergent**.

In terms of public procurement management, the identification of both the factors that influence the development of deontological judgment in the case of public procurement experts and of those who do not influence this phenomenon are equally important.

The evaluation committee is directly responsible for the choosing the winner of the procedure. **Although a direct link between age and the level of development of deontological judgment has not**

been established, those with greater experience in the field should be preferred in the evaluation committees. For the establishment of the evaluation committees, **managers can apply the DIT individually and can select those who record high scores.** Regarding the tendering activity, **one of the benefits of the DIT's application and use of results in the private sector is to increase chances of maintaining confidentiality.**

Taking into account the fact that the mean of the N2 score obtained in the current research has a value of 28.69, **this can be used as a standard when selecting public procurement experts or managers of functional departments.**

Regarding the possible preconceptions of managers in the field, the research has demonstrated that **gender and marital status have no impact on the level of development of the deontological judgment.**

Taking into account that there is no significant difference between the mean of the N2 score in regard to the degree of education in the case of public procurement experts, it can be concluded that **managers who desire an increase in deontological manifestations should rather invest in the implementation of ethical codes and courses instead of the educational system.**

The level of income in the case of public procurement experts has been analysed in regard to the public or private sector they activate in. In the private environment the general level of income is between 1001 and 2000 lei. The highest degree of over 4000 lei is recorded only in the public organizations. **The current research does not provide**

any empirical support for offering a higher level of income to the managers of public institutions, but proposes investing in instruments that can promote deontological behavior.

Regarding religion there is a permanent predisposition from managers to associate visible religious behavior with deontological behavior. The empirical result that the ones that consider themselves non-practitioners have obtained a higher N2 score should change this idea.

In the organizations which have a public procurement department, just 21.6% of respondents attended courses or seminars of ethics, and 29.7% do not know if their organization even has a code of ethics. **More concerning is the fact that were they are present the instruments that promote deontological behavior do not produce the desired results. The main cause is the week implementation, the research demonstrating that the simple existence of such documents is not enough.**

In regard to the fact that **39.2% of respondents know to a low extend or not at all the content of the Good Practice Guide created by the A.N.R.M.A.P.**, it can be concluded that authorities should implement at least this existent document which offers basic understanding of the deontological behavior in the case of public procurement experts.

Though the Law 7/2004 regarding the conduct code of public employees clearly states the mandatory need to appoint an ethical

officer, it can be concluded that where such a position even exists, it is occupied by a person without proper qualifications.

By demonstrating the existence of a strong and positive link between the perception that public procurement experts have in regard to the behavior of superiors and colleagues and the way they are seen as role-models has deep managerial implications. Choosing the managerial stuff in the case of the public procurement department becomes a very important problem. **It is proposed that the candidates be tested with the DIT. The higher the value of the N2 score is the higher the possibility they will become role-models.** Inside the compartment itself **the presence of employees with a high degree of deontological judgment will stimulate the newcomers to manifest in the same way.**

Using these conclusions, **managers can take disciplinary measures** in the case of public procurement experts that manifest in an unethical way. Taking into account the results, **a possible solution can be the disciplinary move to another compartment in which are active employees with a higher degree of deontological behavior.**

Public procurement experts that consider that their superiors or colleagues do not have an ethical behavior will not regard them as role-models. A natural selection of models thus occurs without any involvement from the organization. **This phenomenon appears to be an automatism derived from individual experience and personal values.**

Taking into consideration the conclusions of the current study **the profile of the public procurement compartment can be set**. He has to score a N2 score higher than 29 and understand the importance of knowing the level of deontological developments in the case of employees.

When he conceives the managerial objectives, he takes into consideration the compliance to the principles that are the basis of public procurement but also his own moral ones. He does not have preconceived ideas about the sex, age or marital status of employees or candidates when he analyses the development of deontological behavior.

The manager understands that there is a link between deontological development and religion, which does not necessarily mean that practitioners are more ethical. He prefers to invest in the implementation of ethical courses and guides rather than use a higher income. He understands that his own ethical manifestations lead to a phenomenon of imitation from his employees. His managing style is leading by example. At the same time he becomes a mentor and uses a transformational management. Last but not least he is charismatic and has the opportunity to become an organizational hero.

The current study also has an impact on the activity of personal selection, training and promoting in the case of the entire organization.

Regarding **the activity of personal selection**, Romanian managers must understand the importance of quantifying and studying the development of deontological behavior at this stage. The result will

be employees oriented towards ethical manifestations and more receptive to the ethical norms proposed by the organization.

The training of employees should also take into consideration the implementation of instruments such as ethical courses and good practices guides. The study proposes the usage of a double testing method in order to quantify the success rate of such campaigns. By using the double testing method, managers can observe the effectiveness of these campaigns and how qualified were the trainers.

The promotion of staff has to be also based on testing the development of deontological behavior, at specially when promoting managers. This activity has to take into consideration the need to obtain high scores of the N2.

My own contributions can be observed during the entire paper, from the purpose of the research and the objectives to the impact on organizational management. In the chapter that analyses the literature an approach to ethics was chosen and justified in the form of deontology. In regard to the literature that analyses excellence, a new definition, specific to the field of public procurement, was proposed. The entire subchapter regarding the management of public procurement in Romania and the role of the management was created from my own experience.

At the same time, a suited instrument that can quantify the development of deontological behavior was identified and the owner was contacted in order to obtain the right to use it.

In the chapter that is focused on the research methodology, though the DIT is a standardized instrument, my own demographical items were introduced in order to check the hypothesis. At the same time the need for an interview was determined and the methodology and guide were created. Using previous results from the literature, my own hypothesis were created. Taking into consideration the first use of the DIT in, the need for a pre-test was been identified. After this stage the instrument was corrected and refined in order to be used in the testing.

In the actual testing, the DIT was administered, data was collected and questionnaires were eliminated. After the P and N2 scores were calculated by the University of Alabama, the means of the scores were compared to research in the field. By using the N2 score the hypothesis were tested and results were generated. After these results, the interview was applied on 20 managers that have a public procurement compartment. The results were collected and analyzed in order to respond to the objectives of the study.

The results have generated the factors that have an impact on the development of deontological behavior in the case of public procurement experts and also the ones that do not. At the same time a positive and strong link has been determined between the perception that public procurement experts have on their superiors and colleagues and the way these are perceived as role-models.

In the conclusion chapter the impact of the results on management was discussed. At the same time the limits and future directions were identified.

During this study three constructs that can be used in the field of economics and psychology were conceptualized. The **deontological reflex** is an automatic reaction, almost unconscious, that an individual has when faced with a moral dilemma. **The double testing procedure** can be used to quantify the level of success when implementing instruments that promote ethical behavior. A first administration of the DIT is proposed before the implementation and a second one, after a period of 6 month. The second implementation should generate higher P and N2 scores if the implementation was done right. **The deontological hero** is the result of the perception employees have upon their manager.