

A Proxemic Approach to Small Business: the Case of Business Ethics.

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“A small business is not a small big business” This is almost certainly the most commonly quoted sentence in introductory chapters to books and articles on the management of SMEs. Over time, the postulate of the SME as an entity governed by specific laws of management has established itself as a genuine paradigm structuring research in the field, giving legitimacy to the creation of scientific journals and research associations like the ICSB (*International Council for Small Business*) in the English-speaking world or the AIREPME (*Association Internationale de Recherche en Entrepreneuriat et PME*, International Association for Research in Entrepreneurship and SMEs) in French-speaking countries.

This theory of the specificity of SMEs has now been widely accepted. It nevertheless has one major drawback. It does not precisely define the specificity of SMEs. If SMEs are specific, it must also be admitted that large companies are, too. Using the same term, *specificity*, to define two such fundamentally different realities is clearly unsatisfactory. The two types of specificity thus need to be qualified and given a more precise term.

The theory that we put forward is that the specificity of the management of SMEs is proximity. We use the term *proximity* as an ambivalent concept that refers to both what unites us and brings us together (*closeness*), as well as what shuts us in and isolates us (*closure*). Proximity refers to the classic concepts of family¹, friendship and neighbors, as well as to more modern concepts such as “link” and “social capital”. All these concepts have the particularity of revealing the same ambivalence between closeness and closure.

As regards *family proximity*, Bridge, O’Neill and Cromie (1998:129) note that a “family business can produce a permanent, solid family atmosphere and *esprit de corps*, which can often encourage both a closeness among staff and long-lasting relationships with customers, suppliers and other contacts”. The family can also, however, become a very closed

¹ It should be noted that originally the word proximity, from the Latin *proximitas* and *proximus*, was used in the 15th and 16th centuries in its legal meaning of family relations in deeds of inheritance (Le Boulch, 2001).

circle and the source of clan-like management techniques, particularly in terms of human resource management (giving positions of responsibility exclusively to members of the family) or of setting objectives (a refusal to accept growth as a means of maintaining family control of the business). Denieuil (1992) mentions this type of phenomenon several times. The family business is often seen as “the universe of continuity, certitude and trust, as opposed to the faceless company which is exposed to the dangers of chance and subjected to the unpredictable decisions made by associates”: “If he is not a member of your family, you can expect him to be capable of doing anything to you, good or bad. A member of your family will try to do his best and to develop, with all the benefits coming back to the family, through my sister’s children. The metaphor of the closed circuit (“will come back”) and autonomy sanctioned by being a member of the family structure should be noted”. Once again, this is the closeness/closure ambivalence.

The same can be said for friendship. Firstly, “sociologists have especially noted that the value of friendship increases as the closeness of the family declines” (Bell, 1981 *in* Yager, 1998). This means that friendship is a strong link for proximity that can sometimes replace family ties. But this friendship can also become a form of exclusion and closure. “The two-person nature of the Great Friend Approach is implicit. So all-encompassing and exclusive a relationship would be hard to sustain in a three-way (triad) or a group (network) setting. Such an idealized and intimate friendship thus cancels out other friends or friendships. The Great Friend relationship is hence as exclusive and as binding emotionally as marriage is legally” (Yager, 1998). Friendship is a type of proximity that can insidiously become a form of exclusivity.

As regards neighbors, a neighbor is someone who occupies the closest place, someone at a relatively short distance and someone we frequent. But in legal terms, a neighborhood is often understood to be a place of potential nuisance and disorder. A neighbor is thus also someone who can disrupt daily life, someone with whom we are in disagreement and someone separated from us by some kind of enclosure. The term neighborhood thus also refers to the ambiguity of proximity, between closeness and closure.

The concepts of links and social capital are more recent. They both have their foundations in sociology (Granovetter, 1973; Bourdieu, 1980). Regarding links, although many authors have highlighted their function as a means of making contact (*the link that links*), it is also important to note the negative dimension of the *link that binds*² (Laplantine, 2003). This ambivalence can also be seen in terms such as *bound*, giving “*bound up with*”, meaning *connected* or *linked to*, as well as *boundary*, meaning a limitation. Similarly, although *bond* is a synonym for *link*, it also suggests *bondage* (slavery and submission).

The same can be said for social capital, which Bourdieu (1980) defines as “the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition”. Although social capital is often seen to be a strength, it can also be a weakness, especially when it leads to phenomena of withdrawal and imprisonment. The title of the article by Grabher (1993), written to contrast that of Granovetter, “The weakness of strong ties: the lock-in of regional development in the Ruhr Area” is quite explicit on this subject. This article “describes the troublesome attempts to transform the close interfirm linkages into loosely

² According to Laplantine (2003: 186): “The French language of the 12th century used the word “lien” to designate a *lead* (for a dog) and, a little later, in the Gascon language, the term meant *chain*”. It is thus easy to understand a “link” is something that links, but also something that ties. Once again, this is the ambivalence of proximity.

coupled networks” (Grabher, 1993: 256). He identifies a threefold “lock-in” of regional development : functional lock-in, cognitive lock-in, and political lock-in. If the social capital is too strong, it can even lead to *corporatiste*³ phenomena as we have shown in the Californian Mondavi’s failure to set up his business in the small village of Aniane in France (Torrès, 2004). “The relation between positive and “negative” social capital can be viewed in a similar light. Capital (except financial capital) is timebound. The social capital of groups and regions that is considered negative from society’s standpoint came into being once upon a time as a rational solution intended to safeguard and strengthen the group’s interests (...) By creating strong networks, actors/groups have shut others out from the resources and markets to which they have access” (Westlund and Bolton, 2003: 81).

All these concepts reveal the ambivalence of the concept of proximity.

Of all the works on proximity, the psychology of space described by Moles and Rohmer (1978) gives an ideal summary of this ambiguity by introducing two concepts, that of proxemics⁴ and that of partition. They propose a subjective and “*egocentered*” conception of space which corresponds to the “Here and Now” point of view of the individual in a given situation (living space), perceived as being the center of the world: “Me, Here and Now, I am the center of the world and everything is organized in relation to me in a discovery that is a function of my audacity. A world that is focused on Me is only peopled with beings and events to the extent that I perceive them. This is what is known as proxemics, with the importance of beings, things and events necessarily diminishing with distance to the extent that their perception itself diminishes” (Moles and Rohmer, 1978).

This is how Abraham Moles and Elisabeth Rohmer define the notion of proxemics. According to them, “fundamentally and axiomatically, what is close is more important than what is far, all things being equal, be it an event, an object, a phenomenon or a being.” (Fig. 1). The Law of proxemics appears as a principle of organization that creates a hierarchy in the degree of importance of the actions and reflections of the individual⁵.

³ *Corporatisme* is both a preference granted to oneself and one’s own (peers, relatives and friends), and a form of protection against others (those on the outside and strangers).

⁴ Here, we do not use the term “proxemics” in the sense of E. Hall (1981), referring to the study of perception and the use of space by Man.

⁵ This idea of growing function can be seen again in Campbell (1978): “feelings of inequity are a function of the perceived closeness”.

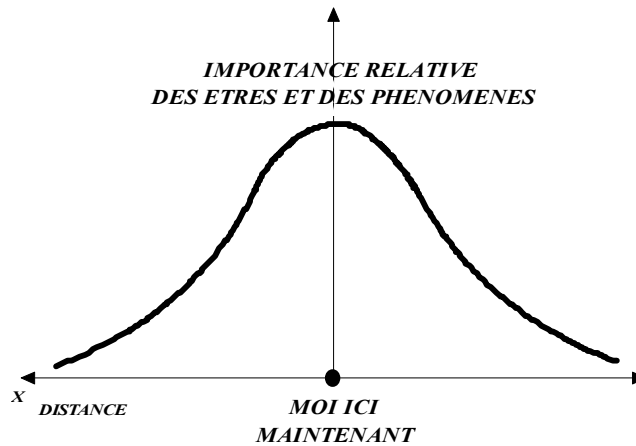


Figure 1. – Moles and Rohmer’s Law of Proxemics (1978)

For those interested in the management of small-sized companies (Small Entreprises and Very Small Entreprises), the value of this axiomatic is twofold: on the one hand, it is founded in psychology (Moles, 1976; Schwach, 1993), which is a particularly appropriate field for understanding the strategic and organizational behavior of small-sized companies⁶ (Gervais, 1978; Parent, 1978). On the other hand, it is also based on the centrality of a single point of reference (the *Me, Here and Now*). This last aspect is perfectly suited to the situation of SMEs, as it is generally recognised that one of their specificities is the important role given to the director-owner, a central reference point *par excellence* (Marchesnay, 1991; D’Amboise, 1993; Julien, 1998). This is reminiscent of the famous expression from Gumpert and Boyd (1984), “*The business is the ‘ego’*”. Moles and Rohmer’s egocentered conception of space seems very apt for explaining the mechanisms that govern how a highly personalized management system functions.

The remainder of this article will aim to demonstrate to what extent the effects of proxemics and the effects of partition make it possible to explain in a unified and coherent manner a considerable number of existing results. The aim of this article is to propose a general theorization for the smallness of companies based on the concept of proximity.

1.- The relevance of the proxemic model in understanding the specificity of SMEs

It is in this sense that proximity management, as we see it, is not confined to simple metric measurement. It is the choice-making principle for owner-managers. All other things being equal, the SME manager will opt for what is both geographically and temporally closer

⁶ In terms of spatial decisions, Koenig and Joffre (1985: 194) note that “the satisfactions of a psychological nature in the choice of a particular site are more important in individual companies than in large companies, where power is more spread out and where there is greater rationalisation”. It is precisely this aspect that makes Deshaies (1998) say that in SMEs, it is preferable to talk of *reasons* for localization (in reference to the entrepreneur) than of *factors* of localization: “The entrepreneur becomes the obligatory source of information. You should start with him, rather than with a uniform space as in traditional localization theories. Instead of drawing up a list of theoretical postulates concerning space, you should replace them with a set of hypotheses on the representations, attitudes and behavior of entrepreneurs”. We believe that Moles and Rohmer’s Proxemics Law is the response to this desire.

to him. This preference for proximity, and the management style that results from it, is a strategic and organizational construction enabling the SME manager to keep control of his firm and its development.

Several theoretical advances in the field of SME management reveal the existence of hierarchical mechanisms of this type, based on proximity:

- *In the choice of country for export*: attacking international markets seems to be governed by a proximity principle, as shown by the Swedish school in Uppsala in its concept of psychic distance (Johanson and Vahlne, 1977). Similarly, the 6-stage exportation model developed by Bilkey and Tesar is based on proximity: “firms at early export stages should focus on psychologically close countries and firms at later stages should focus on psychologically more distant countries” (Bilkey and Tesar, 1977: 95). As Joffre (1987) remarks, “we often insist on the geographical rigidity of small- and medium-sized companies. The presence of small-sized companies decreases as the commercial distance increases, with exportation on a large scale remaining the specialty of large companies”. Similarly, the concepts of “glocalization” (Johanisson, 1994) and “internationalizing milieus” (Torrès, 1999; Fourcade and Torrès, 2001) have made proximity an active principle in the export strategies adopted by SMEs.

- *In the choice of successor-buyer*: despite the fact that “in the minds of company directors, the alternatives are neither exclusive nor part of an unchanging order” (Haddadj and D’Andria, 2001), the director of an SE who wants to make over his company is often subjected to what we could refer to as an “*organization into a hierarchy of his choice of successor*”: a preference for the family, then the employees, clients or suppliers and finally for a third party. In this way, “when choosing a buyer, company directors often adopt a system of concentric circles, starting with the closest contacts and relations and progressively widening their search” (Bah, 2002). This organization into a hierarchy can be broken down into three segments: the *internal segment* (the director’s heirs and close family, the executives or all or part of the employees in the company), then the *immediate segment* (the clients, suppliers, colleagues, accountant and so on) and finally the *external segment*, which corresponds to a market open to unknown third parties. According to Bah (2002), the first two segments make up the “closed” market that operates essentially in a trust-based manner and by “word of mouth”. Only the third segment is a truly “open” market, although it has a bad reputation as companies that are on the market are often seen as “lame ducks” by potential buyers. We thus find ourselves returning to the classic problem of asymmetry of information and the well-known article, “The Market for Lemons” by Akerlof (1970).

- *In strategic choices*: Ansoff’s product/market model also provides an implicit organization into a hierarchy for the way in which companies develop. Development axes must first of all be established within a single sector, within a single activity in the company. Once this axis has become saturated, it then becomes possible to envisage diversification, either in terms of profession or in terms of mission. Total diversification is a last resort solution, as it is the most subject to risk. “Bearing in mind that synergy gives companies the advantage of a higher consolidated return on investment than any group can hope for, at first sight it could seem that diversification should be made according to the principle of maximum synergy. That is, preferring changes that are the least different from the normal experience and

internal resources of the company” (Ansoff, 1989: 132). This model brings us back to an implicit order, which goes from horizontal growth (“the most normal, the most common and the most habitual type of growth for companies”, [Parent, 1978]), to vertical and finally to conglomeral growth. The smaller the size, the more the company has a vested interest in remaining within its field, as Penrose developed quite clearly in his theory of interstices. Who cannot see, here too, that these strategic principles are further proof of a proximity rule that indicates that a company’s growth must go from what is closest (its niche or its interstice) to what is most distant and most subject to risk (diversification). The stagist models of growth can be interpreted as being part of a proxemic design.

- *In recruitment choices*: generally speaking, the smaller a company, the more it tends to prefer proximity in its management of human resources. In a survey conducted recently in France on the management of human resources in small companies, Chassard (2003) demonstrates that acquaintances and word of mouth are the top responses, well ahead of temping agencies or recruitment agencies. Directors of small companies do not like intermediaries and prefer to make use of their own lists of contacts when they must take on new staff. This type of behavior is perfectly rational, as a recommendation from someone you know is a vote of confidence. It is for this reason that when directors of SMEs hire someone new, they prefer to start with their spouse, then turn to their family in general or circle of friends. Looking on the job market, which is much more anonymous, is only a last resort. Family, friends and an immediate circle of acquaintances are thus a strategic resource when the director says that he uses them as his main source for recruitment purposes. It is the very importance of these proximity human resources that made Letowski (2003) say that the concept of Human Resources is meaningless in very small companies, unless “non staff” human resources are taken into account, such as spouse, children, associates, peers and so on.

- *In the choice of means of financing*: many empirical validations of Myers’ pecking order theory (1984) for financial choices as applied to the field of SMEs stipulate that the growth of SMEs is essentially financed by self-financing, then by bank loans, rather than by issuing share capital (opening the capital) (Norton, 1991; St-Pierre and Baudouin, 1995; Mahérault, 1999). Similarly, Belletante’s concept of “*financial territory*” (1991) or Crevoisier’s concept of “*proximity capital*”⁷ (1998) support our theory of a hierarchical principle of proximity in financing. This *financial proxemic* also makes it possible to explain why SMEs prefer short term financing to long term (temporal financial proximity), or why, according to Hirigoyen (1984), SMEs pay more attention to maintaining the profitability of a company in the short term than to future profitability⁸. This once again reminds us of the concept of proximity in the relations the director-owner has with his banking partners. Effectively, “the results of certain surveys show that directors tend to do business with only a few financial institutions (sometimes only one). It is more profitable to develop a good relationship with a banker, who ends up understanding the personality of the owner-director

⁷ As further proof of the link between proximity and financing in SMEs, Corpataux (2003) showed in his doctoral thesis to what extent the draining of the regional financing circuit in Switzerland mainly had an impact on SMEs. In his opinion, “the result is that from now on, SMEs can grow in two ways. Either they enter the stock market, with all the technical problems that that entails for small organisations, or they sell out to large, international groups. In the 1990s, for example, all the brand names from the clock-making sector were taken over by large groups” (Corpataux, 2003: 116).

⁸ Hirigoyen (1984) wisely states that directors of SMEs turn their companies into *expense centers* rather than *profit centres*.

and accepts his own, personal way of making decisions” (St-Pierre and Baudouin, 1995). Binks and Ennew (1997) go even further, recommending *participative behavior* between SMEs and their bank: “Clearly, perfect information is an unobtainable goal, but a *close working relationship* between bank and business can significantly improve information availability”. Later, they add: “While collateral may be one mechanism for reducing the adverse effects of information asymmetries, the development of a *close working relationship* is an alternative. An effective banking relationship, by its nature, must involve two parties. For bank and businesses to invest time and effort in developing and maintaining such relationships requires that there are discernible benefits from so doing. (...) Further analysis suggests that more participative relationship types are associated with benefits to the firm in the form of better financing conditions and better quality of service and benefits to the bank in the form of more favorable customer assessments of bank service” (Binks and Ennew, 1997: 90).

- *In the choice of support networks and backing*: Gibb’s “layers” theory (Bridge, O’Neill, Cromie, 1998) once again bears witness to the hierarchical proxemic relationships between the various spheres that make up the director of an SME’s support network. According to Gibb, “a small business will be subject to many influences. It is not however always obvious what these influences will be or what will be the interplay between the different influences”. “The relative strengths of the influences of different groups of people are indicated in a diagram produced by Gibb to indicate the layers of small business support networks. One implication of this is that the closer, and more personal, layers will always have a much stronger influence than the outer, and more official, layers” (Bridge, O’Neill, Cromie, 1998). Gibb considers that the influence of the support network is organized into a hierarchy in relation to proximity and thus draws the following conclusions: “If friends when consulted are negative in their advice then it will be far more influential than any positive input from government agencies”. These opinions and influences are not all equal, but are organized into a hierarchy on the basis of weighting that increases in relation to the closeness of the link with the owner-director.



Figure 2. - The “layers” theory (source: A. Gibb, 1988 in Bridge et al., 1998).

These six examples show that the effects of proximity create a hierarchy of strategic decisions that privilege that which is close to the detriment of that which is distant⁹. The

⁹ There are several counter-examples to this proxemic concept. Studies on INV (International New Ventures), companies that grow rapidly or start-ups, on capital-risk and so on show that certain small-sized companies

proximity principle is, in our opinion, a response that is adapted to the principles of limited rationality and the asymmetry of information. Proximity is a vote of confidence. This type of behavior, which privileges proximity, is perfectly rational because anything recommended by a close friend or family member, or business relationship with an acquaintance, is trustworthy. Here, proximity plays the role of guarantee as well as a reducer of uncertainty. It reduces the asymmetry of information and broadens the rationality. This recalls Akerlof (1970), who advises someone selling a car in good condition to sell it to someone who trusts him – in other words, someone he knows. Proximity is the most natural response, and the least costly, to the problem of the asymmetry of information.

The aim of the remainder of this paper is to demonstrate the role and importance of the effects of proximity in SME ethics.

2. – Ethics as a field of application of the proxemic model for SMEs:

2.1. - Ethics as a relationship to others:

The search for a unifying definition of ethics, particularly in the field of management, finds itself confronted with the multiplicity of the rules of action adopted and the paths taken by moral conscience. It would seem difficult to try to make a synthesis of these standards as a means of extracting a common concept for acting well. The solution thus lies not in this diversity, but, on the contrary, in returning to the original question of moral sense. Analysis of the major philosophical texts devoted to ethics effectively makes it possible to recall the profoundly individual nature of moral sense on the one hand and, on the other, the role played by morals in the preservation of the social links to which Man aspires beyond (or within the very heart of) his egocentric desires. From this, it is interesting to retain a definition of ethics that comes from an individualistic approach to the relationship with others.

An individual's moral acts, which shape his relationships with others, are a translation of his concept of justice (distributive). "We can [thus] see in any moral act an *attribution* or allocation of something (rights, objects, feelings, intentions, etc.) to someone. Specifying this something comes down to *sharing* [...]" (Moessinger, 1996, 105).

The fundamental moral problem with which the actor is faced is thus focused on the way in which, by using these rules, he consciously tries to reconcile his search for personal interest with the respect of that of others. The quest for morality in action effectively comes up against the limited nature of the means at his disposal, which prevents him from dealing with all the parties concerned by his decision in the same manner, directly or indirectly.

He is thus obliged to choose the partner(s) that he must privilege, morally speaking.

This principle of distributive justice that underlies all moral acts thus leads to a distribution of wealth. In other words, within the company, it leads to a distribution of added value.

diverge completely from this conception. It is these companies that we have qualified as managerial SMEs as they tend to be managed like miniature versions of large companies. This type of company is the opposite of the standard SME, and is the illustration of denaturation phenomena (dilution of specificities) (Torrès, 1998).

- *The intention and power of the actor in the face of others*: It is very widely accepted that morality (the object of which is to give human actions a framework liable to guarantee social cohesion, but which fights the centrifugal effect of each person's search for their own personal interests) tends to limit the ambitions of each individual, who must take his fellow man into account. Morality as we see it in an act is also a function of the consequences that are attributed to it in its satisfaction of the interests of others. It is in this sense that every moral act can be defined as an act of sharing.

The result of this sharing is nevertheless not always enough to make it possible to judge the morality of an act. There must be, in addition, the respect of the interests of others. The notion of respect, as explained by E. Kant (in *Practical Reason*), is the very "moral motive" behind the decision, which pushes the actor to treat others as an end in themselves, and not as simple means. In order to be moral, an act must be *deliberate* and *disinterested*. Deliberate, because the respect of others must be one of, if not *the*, real motive behind the decision. Disinterested, because it must not be a conscious means of pursuing one's personal interests. If this were the case, it would no longer be a question of moral motive but of pragmatic motive (in Kant's sense).

As the actor, by means of both his decisions and his choices, nevertheless irremediably pursues his interests (material interest or moral satisfaction at having acted well), it is thus only the intention or motivation regarding others that gives the act its moral nature, independently of the vagaries of its implementation. It would nevertheless be inaccurate to claim that an act is morally good *because* it satisfies the interests of others, just as it would be inexact to claim that an act is morally condemnable *because* it goes against the interests of others.

The moral qualification of acts thus appears to be very relative, as it is a function, when the actor has (or believes he has) interests opposed to those of others, of the recognized legitimacy of the satisfaction of his own desires. This relativity is double:

The judgement will vary with the identity of the moral judge, his personality, experience and position as regards the act (the judge can be the actor himself or an external observer who is more or less close to the actor).

Furthermore, the judgement, which is based on confrontation and the comparison of alternative interests, can only be expressed in terms of degree in most cases. It is thus generally an appreciation of the ordinal, rather than cardinal, type. Different scales for measuring ethics have thus been proposed (for example, Reidenbach & Robin, 1991; Skipper & Hyman, 1993) to understand the hierarchy established by the referee in terms of the morality of behavior. Certain authors esteem, for example, that it is more serious to deceive a child than an adult, the reason being that a child is, by nature, weaker. For others, on the contrary, as a deception necessarily creates a situation of superiority regardless of the usual nature of the power struggle that exists between the actor and his partner, it should be judged as it stands, independently of the context in which it is placed.

Finally, the question of morals is only raised for the actor who, free in his decision-making, has power over his partners, that is, those involved in his choices. It is a good thing, for example, if a company owner, who has power over his subordinates, can be led to envisage the use of fixed-term contracts and thus make a moral judgement on the precarious nature of the jobs he has thus created.

2. 2. – The weight of individual representations:

The recognized moral character of an act is thus based on the representation (which is built up in the course of the act, that is, the ‘enaction’ in the sense used by Varela) that is made of its consequences.

- *The four elements of ethical representation:* This representation concerns four elements.

- It is based on the intention of the actor: judgement is based on the idea one has of the goal being sought.

- It is based on the nature of others, that is, on both the identity (physical and moral) of the different people involved in the decision and on the choice of those in whose interest one esteems oneself obliged to act out of priority. Not only is the decision made in a situation of limited rationality, but also the inextensible nature of the means at one’s disposal force one to abandon the idea of simultaneously satisfying all the identified people involved, as they often have conflicting interests.

- It is thus also based on the idea that one has of the interests of others. What are the needs of others? How can one preserve another’s interests in a satisfactory manner? What is the best way of satisfying these interests?

- Finally, it is based on the legitimacy of the actor’s self-satisfaction in his own interests when, in the representation that he has of them, it is obtained to the detriment of others to a varying degree.

Morals, or the ideal that guides action, aims for the absolute satisfaction of the interests of others. But the action itself supposes a degree of arbitration.

Ethics are thus the representation that one has of a classification of interests, considered from the viewpoint of their legitimacy. The key question is thus knowing whether or not this legitimacy is sensitive to proximity. The partner can be more or less close, more or less distant. For example, can it be deemed more serious to steal from one’s mother, brother or a friend than from a stranger? An affirmative answer would lead to acceptance of the hypothetical influence the proximity link has on ethical judgement. On the contrary, a negative answer would mean that theft should be judged as it stands, independently of the links of proximity binding the thief and victim.

As part of the teleological approach to ethics, where the morality of an act is measured by the yardstick of its consequences on others, it has been possible to demonstrate the influence on moral judgement of the proximity perceived with the partner involved in the decision (Misrahi, 1997; Dupuy, 1999): the closer the partner is considered to be, the greater the sensitivity to his perceived interests. Nevertheless, motivated by the same desire to act well, the actors obey the rules and/or patterns of logic of varied actions. For example, certain, using a Kantian form of logic, would systematically refuse to steal for the reason that, as theft cannot be built up into a universal law, it is intrinsically bad, whereas others would not hesitate, on occasion, to conceal a truth that could hurt someone. It is thus that those who respect the teleological concept of ethics favor the direct respect of the interests of others, whereas those who prefer a more deontological approach come out more in favour of indirect respect. For the latter, morality is born of the scrupulous respect of the rule that is the best guarantee of the respect of the interests of everyone, as it makes all decisions predictable and

the standardization of behavior makes anticipation easier. Their approach is reason-based and is less sensitive to the affective dimension of interpersonal relationships than the teleological approach. There is little or no personalization of those involved. That said, the most fervent supporters of the deontological viewpoint are not strangers to cases of conscience caused by finding themselves incapable of respecting exactly these rules, which are necessarily too general to not, on occasion, be contradictory. Being obliged to come out in favor of one side or the other thus forces them to explicitly evaluate the consequences of their act on the interests of others.

As this approach is based on the idea of respecting the interests of others and thus of having a prior definition of the partner(s) to be privileged, it has three advantages:

- it comes within the framework of progress in the concept of company which has moved from the “stockholder model” (which traditionally places the shareholder as the only important partner for a company) to that of “stakeholder model”, for which the company has become an “arena” for a much wider community of partners (shareholders, family, clients, suppliers, employees, local groups and so on).

- in methodological terms, it makes it possible to go beyond the questions inevitably raised by the observer as regards the real motivations of those involved by focusing essentially on concrete facts. Moreover, it protects the observer from the temptation to become the judge himself given that, in the end, everyone is simply trying to protect or develop his own needs.

- finally, it makes it possible to include the study of ethics in the framework of the proxemic approach to SME management. Effectively, by identifying the degree of proximity of each partner, it thus becomes possible to test the link between the classification of the interests of others and their degree of proximity. In other words, this ethical approach is the ideal framework for the general model based on the Law of Proxemics (Moles et Rohmer, 1978).

As the fundamental characteristics of ethical judgement thus waver between egocentricity (judgement is made using oneself as the starting point) and alterocentricity (it is made in relation to others), this leads us to wonder whether or not it is a relevant field of observation for the law of proxemics in SMEs. In other words, the question is whether or not the distance between the director-owner of a small company and the various stakeholders is the explanation for the classification of their interests drawn up through the ethical choices made.

Two proposals can thus be made:

P1: There is a distance between the director-owner of the SME and his partners (spatial representation of the partners)

P2: This distance explains the classification that he draws up between the interests present (effect of proxemics).

3. - Methodology:

As a means of validating these proposals, we have used the results of a survey conducted in the Languedoc-Roussillon region in France. The director-owners of 194 companies with less than 50 employees (69% of the companies were very small businesses with less than 10 employees) and from all sectors of activity were questioned. The

questionnaire was given face-to-face, and its object was to describe the ethical attitudes of the director-owners in relation to organizational and personal contingency factors. For this communication, we will cover only the factors liable to describe the proxemic effect (Courrent, 1998). The operationalization of the concepts was as follows:

- *Proximity*: Identifying the proximity of the parties involved supposes prior classification of these partners, adapted in particular from the works of Trevino (1993), Longenecker (1995) and Goodpaster (1997). Six categories have been retained: clients, employees, State, municipality, administrative department or region, and suppliers (Courrent, 1998).

It can be tempting to want to identify the perceived relative proximity with each of these categories by means of a question of the “with which type of partner do you feel the closest?” type, classifying each category according to the relative degree of proximity. This apparent simplicity in fact comes up against the complexity of the concept of proximity and, as a result, the difficulty for the questionees to have a very clear idea of this proximity. Does the question, for example, refer to geographical, affective or cognitive proximity? A summary of these various dimensions can be attempted by identifying, for each category, a common-ground of interests (are the expectations of your suppliers / clients and so on similar to those of your company?)

- *Ethics*: The classification of the interests of the parties involved can be obtained by means of the following question: “given that it is difficult to satisfy the aspirations of all one’s partners, which are the aspirations that, in your opinion, a small company should privilege?” (classify the six categories of partners, starting with those toward whom the company should be the most attentive and ending with those toward whom it should be the least attentive).

4. - Results

4. 1. - Proposal P1:

The proximity identified by the convergence of interests produced the following classification:

Table n°1 : Classification of partners in relation to the convergence of interests

Partners	
Employees	67,9%
Clients	65,1%
Suppliers	59,0%
Municipality	48,2%
Other local groups	36,3%
State	18,4%

It should be noted that the differential between the proportion of questionees who feel close to their employees and those who feel close to their clients is low (2.8 points). This is clearly not

very significant, and is doubtless the explanation, at least in part, for the results obtained for proposal 2.

4. 2. - Proposal P2:

The hierarchy operated by the directors between their partners is clearly defined if we refer to the opinions given: 1- clients, 2- employees, 3- suppliers, 4- municipality, 5- department or region, 6- State.

Table 2: Distribution of director-owners in relation to the classification they make between their partners

Proxemic rank	Partners	Rank1	Rank2	Rank3	Rank4	Rank5	Rank6
1	Employees	41,8%	46,4%	8,2%	3,1%	0,5%	0,0%
2	Clients	57,7%	36,6%	3,1%	1,0%	1,0%	0,5%
3	Suppliers	0,5%	10,3%	64,9%	12,4%	5,7%	6,2%
4	Municipality	0,0%	4,6%	18,6%	63,4%	12,9%	0,5%
5	Department – Region	0,0%	0,0%	3,6%	12,9%	71,1%	12,4%
6	State	0,0%	2,1%	1,5%	7,2%	8,8%	80,4%

This classification is clearly defined, given the significant differential that there is between the highest score and the others for each of the five ranks in the hierarchy. The variation in the differential from one rank to another nevertheless corresponds to non negligible nuances.

The State, region and department, and municipality occupy respectively the last three places of the classification with the highest differentials in score. The State is thus classed in last place by 80.4% of those who answered, 71.1% put the region and department in 5th place and 63.4% put the municipality in 4th place.

On the other hand, although the clear majority of the director-owners questioned placed their attention primarily on their clients (57.7%), there were still 41.8% who “preferred” their employees, which reduces the differential for these two categories to 15.9 points for first place and 9.8 points (in favor of the employees this time) for second place.

Finally, suppliers occupy a median position in the classification for 64.9% of those questioned. This is a considerable majority, and is 46.3 points higher than the next score for this place.

In other words, directors of SMEs agree largely, not to say massively, in their lack of sensitivity to the interests of the State (and, to a lesser extent, those of local groups). They also agree in their affirmation that they are keen to satisfy the expectations of their clients and employees. On the other hand, they are more divided as to the place to be given to these two categories of partner, even though a non negligible majority came out in favor of the clients.

The classification in the satisfaction of the interests of those involved thus corresponds, more or less perfectly, to their classification in relation to proximity. Clients are favored over employees, even though employees are considered to be closer.

Proposal 2 thus seems to be validated.

The general classification of partners, including the apparent dissonance observed between ranks 1 and 2¹⁰, can no doubt be justified by the instrumental concept of ethics that directors seem to have: as they consider ethics more as a management tool (58.8%) than as a constraint to their actions (24.2%), the relative attention given to their partners is doubtless a means of developing the company's performances.

Table 3: Distribution of the director-owners in relation to their concept of ethics as either a constraint to action or a management instrument:

Constraint or means	Number of answers	Frequency
Always a constraint	12	6.2%
Often a constraint	35	18.0%
Don't know	33	17.0%
Often an instrument	81	41.8%
Always an instrument	33	17.0%
Total	194	100.0%

Preferring clients to employees, despite the fact that employees are considered to be closer, is symptomatic: a decrease in effectiveness no doubt seems less prejudicial for the efficacy and efficiency of the company than the dissatisfaction of the clients, especially as the differential in the proximity index is low (less than 3 points). As for the State and local groups, it is highly likely that within the French context, director-owners expect little in terms of positive feedback for their companies: the legal and regulatory side of their activity, which is considered above all to be a constraint, is generally felt to be more developed than actions judged positive (particularly public orders). It should be noted that the disinterest in, or hostility to, professional bodies is negatively associated with the degree of decentralization of power that it represents.

Another explanation can be found in the lack of formalization of ethics in SEs. As a result, although rather paradoxically, directors of SEs partially adopt a deontological stance by acting like colleagues (as regards the problems identified as universal and common to all) for whom the ethical stance is explicit, and they privilege the teleological approach as soon as the problems seem to them to be particular to their own company.

5. - Conclusion:

After presenting the general model that supports this theory, this article has demonstrated how the effects of proxemics are shown in the ethical judgement of the director-owners of SMEs. By fitting in with the stakeholder approach, which is central to current work on ethics and social responsibility in companies, the authors have highlighted the role and importance of proxemics in the classification of the interests accorded to others. They have shown in particular that the degree of proximity significantly affects ethical behavior, depending on the nature of the partner (family, employee, client, supplier, administration, State and so on). From these results, it can be deduced that the ethical judgement of director-owners of SMEs is profoundly *egocentric*.

¹⁰ Dissonance caused by the fact that the feeling of convergence of the company's interests with those of the clients is close to that regarding the employees (see the results for proposal 1).

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