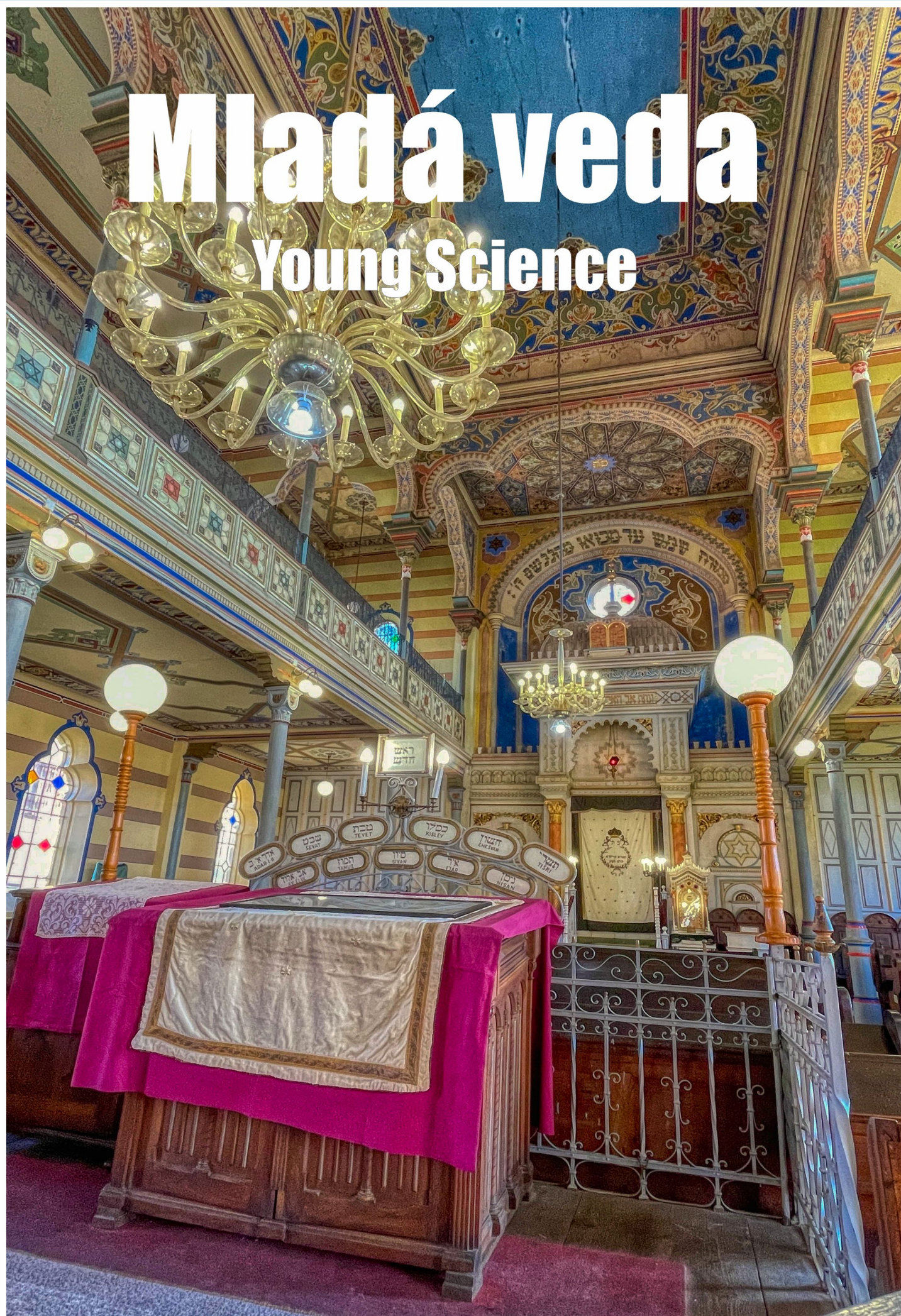


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MAPPING THE ETHICAL SITUATION IN CONSTRUCTION COMPANIES IN SLOVAKIA

MAPOVANIE ETICKEJ SITUÁCIE V STAVEBNÝCH FIRMÁCH NA SLOVENSKU

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Abstract

At present, our society is undergoing complex changes, in which ethical issues and problems are coming to the forefront of the whole society. At the societal level of the intersection of ethics and economics, the ethical requirements and standards according to which this process should be implemented have not yet been clearly declared by state, legislative and governmental institutions. Therefore, the application of ethics to the business environment is based on the individual decision of each entity, and construction is no exception, as is one of the most important sectors of the national economy.

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The main goal of this article is to present the results of a questionnaire survey conducted by the authors in construction companies in Slovakia and which really document the current application of ethics in the corporate culture of construction companies in Slovakia.

Key words: market ethics, ethical thinking, business and managerial ethics, code of ethics, corporate social responsibility, corporate philanthropy

Abstrakt

V súčasnej dobe naša spoločnosť prechádza zložitými zmenami, pri ktorých sa etické otázky a problémy dostávajú do popredia celej spoločnosti. Na celospoločenskej úrovni prieniku etiky a ekonomiky neboli zatiaľ zo strany štátnych, zákonodarných a vládnych inštitúcií jasne deklarované etické požiadavky a normy, podľa ktorých by sa tento proces mal realizovať. Preto aplikovanie etiky do podnikateľského prostredia je založené na individuálnom rozhodnutí každého subjektu a výnimkou nie je ani stavebníctvo ako jedno z najdôležitejších odvetví národného hospodárstva. Hlavným cieľom tohto článku je prezentovanie výsledkov dotazníkového prieskumu, ktorý autori realizovali v stavebných firmách na Slovensku a ktoré reálne dokumentujú súčasné uplatnenie etiky vo firemnej kultúre stavebných firiem na Slovensku.

Kľúčové slová: etika trhu, etické myslenie, podnikateľská a manažérska etika, etický kódex, spoločenské zodpovednosť podnikania, firemná filantropia

Introduction

Ethics has developed at a tremendous pace around the world in recent decades. Its origin and development is part of the overall cultural heritage of mankind. It is a response to the huge demand from society as a whole for moral rules and norms that would regulate and coordinate all human action in accordance with the principles of respect for human dignity, solidarity, justice and freedom. (Jankovichová, 2008).

The construction industry creates works of longevity and thus ensures, in addition to a specific production process, also an architectural and cultural contribution, which is an important part of mental performance and, last but not least, has a significant aesthetic, ecological and social impact. It is also a major consumer of various types of energy, minerals, materials and products, and the industry continues to produce enormous amounts of construction waste, demolition materials and emissions. From this point of view, the relationship between construction activity and the environment on the one hand and sustainable development on the other is therefore very important and not negligible. Adherence to the principles of sustainable development is therefore of particular importance for the construction industry (Yearbook of Slovak Construction, 2019).

Of particular importance to practice is the knowledge that the development of ethics is linked to the search for eternal moral criterion, which is closely linked to the idea of what is the highest value of human existence. If such a value is precisely determined, the acts and deeds which are intended to fulfill that value are considered to be good, moral and correct, and those which harm or impede such an intention are considered to be incorrect and immoral (Remišová, 2011).

Areas of Corporate Social Responsibility in the Construction Sector

European Union research shows that design and implementation in construction should focus primarily on internal issues in the field of corporate social responsibility (CSR), as the sector lags behind other sectors. Therefore, this list focuses on internal CSR opportunities that can improve operations, attract and retain employees, increase productivity and improve the industry's image (EC, 2001).

- ▶ Flexible time
- ▶ Work plans from home and subsidized public transport
- ▶ Better recruitment practices
- ▶ Career management and mentoring
- ▶ Payment of the subsistence minimum to all employees
- ▶ Responsible purchases
- ▶ Waste minimization
- ▶ Helping to enforce better energy requirements efficiency
- ▶ Mentoring and sharing training with subcontractors and other companies
- ▶ Creation of ethics support lines (Bryant, 2014).

Analysis of the Ethical Situation in Construction Companies

In business, there is room for ethical decision-making, and this space is everywhere. In many ways, this requires little more than just honesty and decency. Peter F. Drucker, one of the most important representatives of management in the 20th century, writes about business ethics: "Entrepreneurs should not cheat, steal, deceive, bribe or accept bribes. But no one should do that. It is a problem of moral values and moral education of the individual, family, school. However, there is no separate business ethic, nor do we need one" (Anderson, 2012). If business in construction companies is to be effective, it must be governed not only by applicable laws and legislation, but also by moral and ethical principles. Meeting ethical standards can be considered a guarantee of a healthy business but also a competitive environment.

Conditions for the Development of Business Ethics in Practice

The development of business ethics in Slovakia is taking place due to various societal changes that take place in the institutional, legislative, economic but also due to the influence of foreign investors who have a majority or minority stake in Slovak companies.

The most common reservation for the development of business ethics is considered to be the argument that "ethics is expensive, it increases the costs of the company." This idea is very deeply rooted in the consciousness of business entities. However, it is true that business itself is associated with many risks, but it is responsible behavior in the internal and external environment that reduces this level of risk. An ethical approach should be applied in compliance with all contracts and obligations to which the parties have committed themselves (Horbulák, 2015).

Objective of the Survey

The primary goal was to find out to what extent business ethics is applied in our conditions, how some ethical principles are applied to the corporate culture, whether ethics is considered a tool that can improve reputation and image. For this purpose, we chose a questionnaire survey as a means.

The main objectives of the survey were:

- ▶ find out if they consider ethics as a means that can contribute to a better corporate culture and at the same time can become a competitive advantage,
- ▶ find out whether employees, business partners, customers are an important part for them,
- ▶ find out whether all employees in the company have confidence in the effective functioning of ethical principles and rules,
- ▶ examine whether companies create ethics programs and determine the existence of codes of ethics. If they do not have a code of ethics, they would like to introduce it in their company.

Implementation of the Survey

To obtain the required information in the field of business ethics, a questionnaire was prepared, which contained 7 areas of analysis with 35 questions. Most of the possible answers were "yes-no-partially-I don't know-not applicable".

Questionnaire - Analysis of the ethical situation in construction companies in Slovakia was focused on seven areas:

1. Basic information about the company
2. Ethics as a part of corporate culture
3. Ethics as an important marketing tool
4. Ethics and compliance with technical regulations, technological procedures
5. Ethics and the environment
6. Ethics and internal environment of the company
7. Code of ethics

Sample Structure

A randomly selected 100 companies and organizations participated in the survey. The basic data on companies included: legal form, subject of main activity and number of employees divided into small companies with the number of employees 1-9, 10-49, medium-sized companies 50-249 employees and large companies with 250 or more employees.

Return of Questionnaires

The total number of questionnaires was 100, of which a maximum of 71 were completed for 24 questions, which represented a return of 71% for a given number of questions. The total number of questions included in the questionnaire was 35. 24 questions out of this number represent 69%. All these returned questionnaires were complete, so it was possible to process them in full and in full.

The return of the questionnaires can be assessed positively, which confirms the correctness of the form and manner in which the survey was conducted. The companies were not specifically named anywhere, the information provided was not and will not be misused, it will be used only for the needs of research in the given area. Also, the use of the face-to-face method, personal contact, explanation of the aims and significance of the survey was evaluated very positively by many companies.

Survey Results

The results obtained in the survey speak of the interest of companies in the issue of business ethics and its application in practice in Slovakia. It is obvious that companies are gradually changing their thinking in the field of applied ethics and are also striving for the most effective way of achieving ethical behavior in both indoor and outdoor environments. Due to the scope of this article, only some answers to the questions asked are presented in it. The complete results of the survey were processed in the publication Assumptions of the Ethical Development of a Construction Company (Jankovichová, Ďubek S., 2019).

Topic 1: Basic information about the company

► Question 1, 2 concerned the legal form, subject of activity and number of employees (71 replies)

From the evaluation of the number of employees we can see that the total number of micro and small companies was 49.3% (26.8% + 22.5%), medium-sized companies with 50 to 249 employees were 23.9% and large companies 26.8%. %. In terms of statistical division into micro, small, medium and large companies, their representation in the questionnaire survey was comparable.

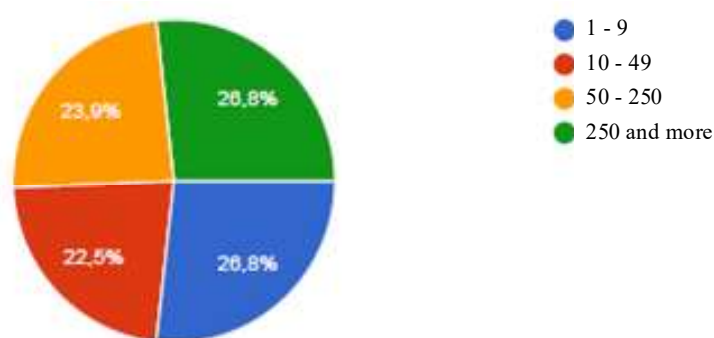


Figure 1 – Graphic representation of basic data about the company - number of employees
Source: authors

Topic 2: Ethics as a part of corporate culture

► Question 3: Do you consider ethics to be a tool that contributes to a better corporate culture? (71 replies)

Almost 82% of respondents answered this question in the affirmative, which indicates that companies in Slovakia are introducing or considering applying ethical principles and rules to

the internal company environment, they consider ethics to be a means that contributes or can help to improve corporate culture in the future.

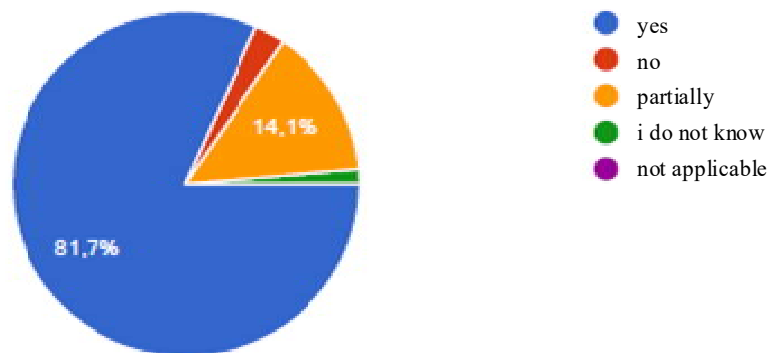


Figure 2 – Graphic representation of question 3
Source: authors

► Question 8: Do your employees know the values of your company and its management principles? (71 replies)

Communication with employees about knowledge of values and principles of corporate governance achieved a higher score than with customers, together complete and partial knowledge accounted for 94.3%.

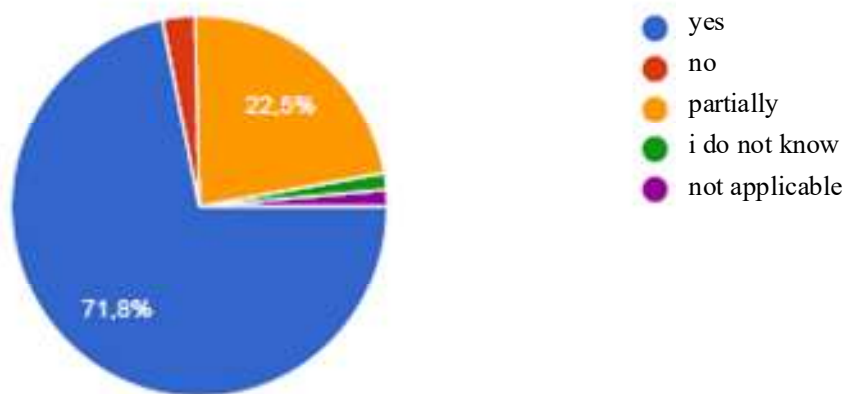


Figure 3 – Graphic representation of question 8
Source: authors

Topic 5: Ethics and the environment

► Question 17: Have you tried to reduce the environmental impact of your business by saving energy? (71 replies)

The issue of environmental protection is becoming more and more important and the need for its protection is a priority in all spheres of economic life. Construction companies participate in environmental protection on two levels. The first level is compliance with legislation related to environmental protection; water, soil, air. The second way in which a company can

participate in its protection is through thorough waste separation, waste reduction, recycling, the use of alternative energy sources, energy savings, the use of new technologies that are more environmentally friendly. The companies contacted to reduce the impact of their activities on the environment by saving energy participate in full 53.5% and partially 32.4%.

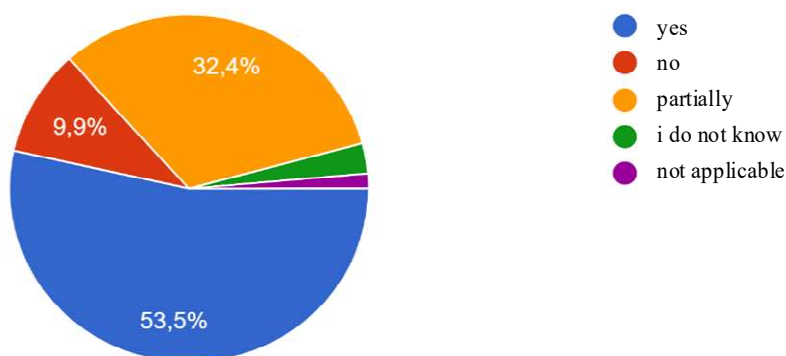


Figure 4 – Graphic representation of question 17
Source: authors

► Question 20: Does your company provide clear and accurate environmental information about its activities? (71 replies)

Comprehensive, clear and accurate information regarding the company's impact on the environment is provided by 42.3% of respondents and partially by 29.6% of companies surveyed. The percentage of companies (19.7%) that do not provide such information is relatively high. In this context, the question arises about unfair practices of companies that do not provide sufficient information about their activities and their impact on the environment. It is up to control mechanisms to ensure that such practices do not occur.

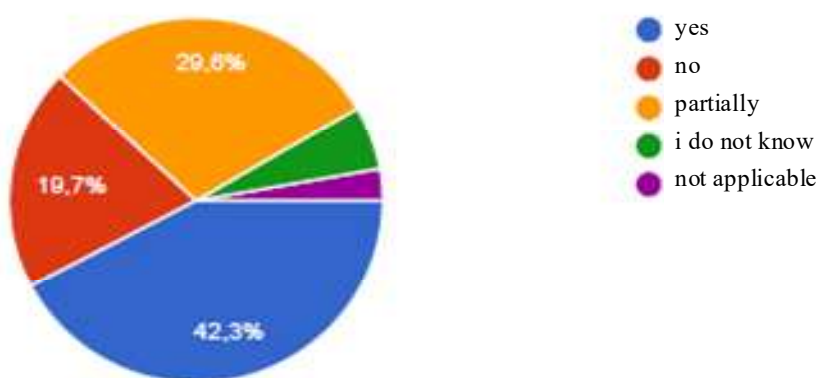


Figure 5 – Graphic representation of question 20
Source: authors

Topic 7: Code of Ethics

► Question 27: Does your company have a code of ethics? If not, are you considering introducing it? (70 replies)

When examining the existence of a code of ethics, which is the basic means of integrating ethics into corporate culture, the addressed companies have a code of ethics of 52.9%, ie 37 companies and its implementation is considered by another 11 companies (15.7%) out of 70 companies that participated. questionnaire survey. These findings are positive, as they together represent 68.6% of companies that already have a code of ethics or are considering its development. However, 22.9% of companies still do not address this issue.

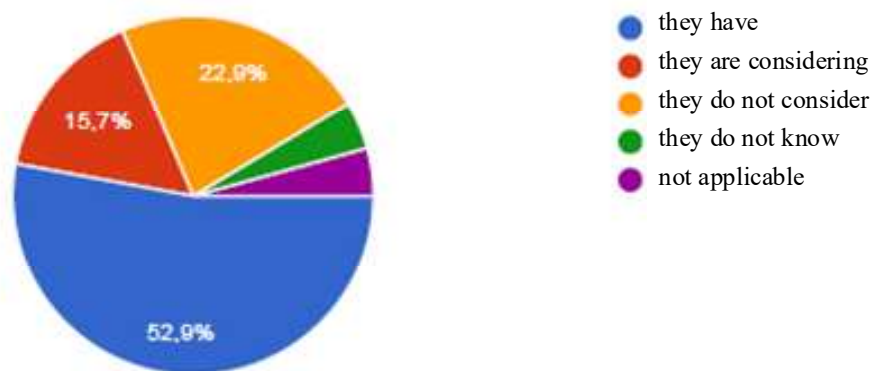


Figure 6 – Graphic representation of question 27
Source: authors

► Question 30: What relationships with which stakeholders are the main content of solving your code of ethics? (62 replies)

The results of the research in the solution of the analysis from the point of view of the code of ethics also brought other findings. The most resolved interest group was employees, which was confirmed by 38 companies (61.3%) out of all 62 respondents. The second group were customers, 34 companies in 54.8% representation. This was followed by business partners, occupational health and safety, the environment and the state with 17.7%.

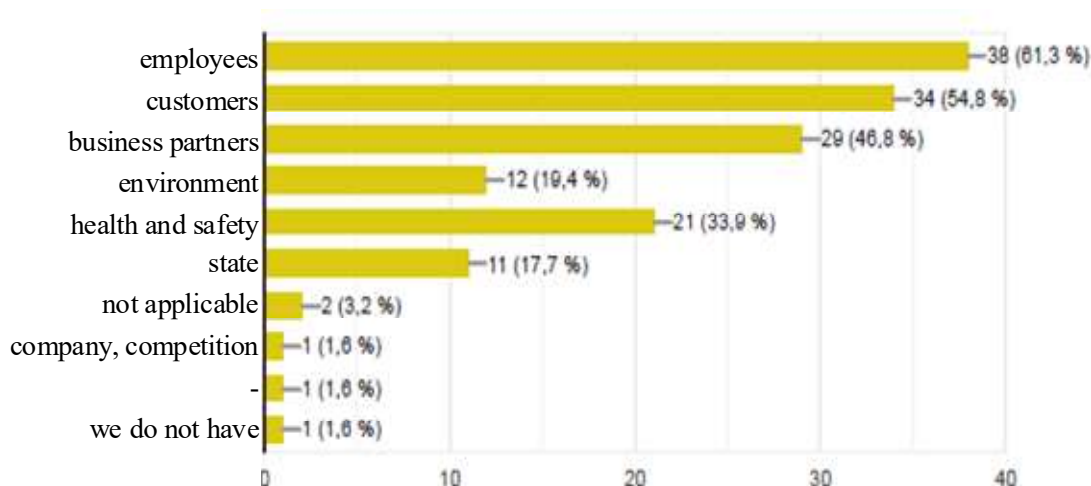


Figure 7 – Graphic representation of question 30

Source: authors

Conclusion

Companies doing business on the construction market in the Slovak Republic tend to implement ethical and moral principles and principles into their corporate culture. This was also confirmed by the addressed companies, which consider ethics to be an important marketing tool with which they can gain not only the trust of their employees, customers but also business partners and the whole company. This trust can mean, in the long run, a competitive advantage and stability in a highly competitive environment. Of the 71 companies contacted, 58 (81.7%) companies perceive ethics positively and up to 67 companies (94.4%) care about their goodwill.

In many areas, however, companies still have large reserves in applying ethics in their corporate culture. According to the analysis and evaluation of the research, the code of ethics has 37 companies in place, which is 52.9%, and another 11 companies, out of 70 addressed, are considering this. However, as many as 22.9% of companies still do not address this issue at all. We would also find weak points in communication, presentation of ethical values and principles to employees or customers of the company.

We also see shortcomings in the relationship between ethics and the environment, as it is important for construction companies to be more involved in environmental protection, recycling, thorough separation and reduction of waste, the use of alternative energy sources, etc. Specific data show that 70.4% of companies completely and 19.7% partially reduce the negative impacts of their activities by minimizing waste and recycling, they are environmentally responsible.

The issue of ethical relationships and requirements is not only topical in today's complex corporate culture, but increasingly important. There is a period when it is necessary to establish a higher ethical order in our country as well. The solution of the indicated problems of how to bring business entities to respect ethical boundaries can be found in two basic dimensions. One of them is the regulation of business activities and relationships by means of legal norms that define permissible behavior together with its enforcement and also sanctioning. The second way to put business ethics into practice lies in education, namely by

including it in the system of schools and at the same time in various forms of education in the field of business (Seknička, Putinová, 2016).

A more important message is that the Slovak business community is aware of the importance of the level of ethical standards that are generally applied and accepted in the business environment in Slovakia. She is aware of the influence of this level on her own work. Regardless of their size, companies are not only actively interested in this topic, but are also ready to engage in and support related activities (SCC, 2015).

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