

Remišová, Anna; Lašáková, Anna; Stankovičová, Iveta et al.

Article

Unethical practices in the Slovak business environment

Ekonomický časopis

Provided in Cooperation with:

Slovak Academy of Sciences, Bratislava

Reference: Remišová, Anna/Lašáková, Anna et. al. (2020). Unethical practices in the Slovak business environment. In: Ekonomický časopis 69 (1), S. 59 - 87.

<https://www.sav.sk/journals/uploads/0122161101%2021%20Remi%C5%A1ov%C3%A1%20+%20SR.pdf>.

doi:10.31577/ekoncas.2021.01.04.

This Version is available at:

<http://hdl.handle.net/11159/5564>

Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics
Düsternbrooker Weg 120
24105 Kiel (Germany)
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)
<https://www.zbw.eu/econis-archiv/>

Standard-Nutzungsbedingungen:

Dieses Dokument darf zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden. Sie dürfen dieses Dokument nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen. Sofern für das Dokument eine Open-Content-Lizenz verwendet wurde, so gelten abweichend von diesen Nutzungsbedingungen die in der Lizenz gewährten Nutzungsrechte.

<https://zbw.eu/econis-archiv/termsfuse>

Terms of use:

This document may be saved and copied for your personal and scholarly purposes. You are not to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public. If the document is made available under a Creative Commons Licence you may exercise further usage rights as specified in the licence.

Unethical Practices in the Slovak Business Environment¹

Anna REMIŠOVÁ – Anna LAŠÁKOVÁ – Iveta STANKOVIČOVÁ –
Paulína STACHOVÁ*

Abstract

This study aims to map the occurrence of various unethical business practices in the Slovak business environment, and to examine potential differences in incidence of these practices towards five key company stakeholders. Furthermore, the hypothesized connection between the occurrence of unethical practices and the company size and regional location is analyzed. Data acquired by means of a questionnaire on the sample (n = 1295) stratified according to company size and regional location suggest that compared to the other stakeholders, the group “employees” is significantly less exposed to unethical practices. While the company size and the incidence of unethical practices are connected, with smaller companies being substantially more exposed, the relationship between the regional location and the occurrence of unethical practices was not confirmed.

Keywords: *business ethics, business environment, company size, business partners, competitors, customers, employees, regional differences, Slovakia, stakeholders, unethical practices*

JEL Classification: L20, M14

DOI: <https://doi.org/10.31577/ekoncas.2021.01.04>

Introduction

In line with the institutional theory (North, 1990; 2005; Scott, 2014), the functioning of the market economy is regulated by formal legislative as well as informal ethical institutions. In this study, we focus on mapping the real state of

* Anna REMIŠOVÁ, corresponding author – Anna LAŠÁKOVÁ – Iveta STANKOVIČOVÁ – Paulína STACHOVÁ, Comenius University in Bratislava, Faculty of Management, Department of Management, Odbojárov 10, 820 05 Bratislava, Slovakia; e-mail: anna.remisova@fm.uniba.sk; anna.lasakova@fm.uniba.sk; iveta.stankovicova@fm.uniba.sk; paulina.stachova@fm.uniba.sk

¹ This work was supported by the Slovak Research and Development Agency under the contract No. APVV-16-0091.

affairs of ethical norms in the Slovak business environment in the second decade of the 21st century, which follows 30 years of a fundamental economic and political transformation.

The key impetus for this investigation was the finding that, although everyday empirical experience suggests that unethical practices are commonly found in the Slovak business environment, there is no comprehensive objective knowledge of their nature, occurrence rate and causes. This gap in knowledge is even more intriguing because prior literature came to the unequivocal conclusion that unethical practices undermine societal institutions, social trust and social wealth creation (Cohn, Fehr and Maréchal, 2014; Pirson, 2009; Zahra, Pati and Zhao, 2013; Zahra and Wright, 2016).

So far, many studies of the business environment from an ethical point of view in countries of the former socialist block have paid attention to the consequences of the “wild” privatization (e.g., Castater, 2002; Filatotchev, Starkey and Wright, 1994; Gray, 1996; Kaufmann and Siegelbaum, 1996; Mlčoch, 1998; Saving, 1998). Significant attention has been paid by foreign scientists to the study of the impact of socialist heritage on the functioning of the market economy (Bohatá, 1997; Padelford and White, 2010; Smallbone and Welter, 2001), and to the peculiarities of the development of capitalism in CEE countries (Myant and Drahokoupil, 2012; Hardy, 2014). Special attention has also been paid to the issue of corruption and bribery in transition countries (Figura, 2004; Györfi et al., 2016; Ivlevs and Hinks, 2018; Petrík, 2010; Zakaria, 2013; Zemanovičová, 2002; Zemanovičová and Vašáková, 2017).

However, there is lack of a more comprehensive view of the real state of ethics in business in both domestic and foreign literature. Mapping and analyzing unethical practices in Slovakia is an essential precondition for their theoretical conceptualization and for formulating practical solutions in our country, which could probably also serve as a common basis for solving similar problems in the CEE region.

This study is based on a critical analysis of results from a large quantitative empirical research, which was carried out in Slovakia on a sample of 1295 respondents in the first half of 2019. The aims of this paper are as follows: 1. To map the occurrence of various unethical business practices (hereafter UBPs) in the Slovak business environment in general as well as in respect to five company stakeholders, namely business partners, competitors, customers, employees, and state/society; 2. To examine potential differences in the occurrence of UBPs between these five stakeholders; and 3. To analyze the connection between company variables of size and regional location and the occurrence of UBPs in Slovakia.

1. Theoretical Background and Hypotheses Development

The literature lacks a unifying definition that would unambiguously and clearly define the substance and conceptual boundaries of an “unethical business practice”. Jones (1991) assumes that an ethical issue is present when the action has harmful consequences for others and the decision maker has free will (choice, volition) to act, regardless of whether this person is or is not aware that some ethical issues are at stake. The key feature of an unethical practice is that it is either illegal or morally unacceptable to a larger community (Jones, 1991).

Given the aforesaid, the practice can be considered unethical if it is illegal, it violates moral standards established in the society and its consequences are detrimental to any individuals, social groups, or companies. Due to numerous and interconnected levels of issues and subjects in business ethics, it is quite difficult to establish a common classification of UBPs. The widely accepted categorizations of UBPs include the typology proposed by Fassin (2005), Geva (2006), and Lasthuizen, Huberts and Heres (2011). In general, these typologies usually suggest classification based on company stakeholders, whose needs were not met and whose interests were abandoned by the company, or alternatively various application areas like the ethical issues in finance, marketing, or human resources are considered.

For the purpose of our research, we have found the typology of UBPs according to the *company stakeholders* as a useful one. Stakeholder theory is considered one of the most influential theories in business ethics (Egels-Zandén and Sandberg, 2010). By definition, stakeholders are groups that are influenced by the company operations, having a contractual link to the company (employees, suppliers, etc.) or to the wider public (region, society, environment, etc.). Stakeholders have legitimate interests, which any responsible company should accept and respect.

This study elaborates on *five stakeholder groups*, namely the business partners, customers, competitors, employees, and state/society. Their specificity lies in that they belong to the so-called *primary stakeholders*, defined as groups “without whose continuing participation the corporation cannot survive as a going concern”, and thus, a high level of interdependence between the company and its primary stakeholder groups persists (Clarkson, 1995). They significantly influence the way companies operate, while each shapes the company operations in its own unique way, for instance through new legislative measures implemented by the State, through the race for market share, growth and innovation that is driven by the competitors, or through the changing customers’ needs and expectations. As the business environment is based on networks of relationships, the influence is mutual in that each business entity co-creates the business environment and affects (in an ethical or unethical way) each of its stakeholders.

Out of these five stakeholder groups, the *employees* have a special position. They represent an *internal* stakeholder, that is a group within the internal company environment, which holds legitimate interests towards the company. This particular stakeholder group is theorized to be the most valuable asset and the source of competitive advantage in current companies. Research claims that especially in knowledge-based high-tech industries, human capital is a core intangible resource for innovation, and that the human capital will become even more critical as the knowledge-based society progresses (Clarke and Gholamshahi, 2018). Today, companies are doing a lot to improve the status and work conditions to retain a satisfied and productive workforce, especially in highly competitive environments with low levels of unemployment. At the time this research was carried out, unemployment was decreasing in Slovakia, while the labor shortage was increasing in several sectors (MPSVR SR, 2019). In the growing struggle for qualified labor, businesses continuously seek to attract employees by building a socially safe and ethical working environment. Along with this line of reasoning, this study hypothesized that:

H1: The UBPs against the stakeholder group of employees occur in the Slovak business environment to a significantly lesser extent than the UBPs against the other stakeholders do.

To include an additional level of analysis and insight into the ethical issues in the current Slovak business environment, the next two subsections of the theoretical background provide rationale following from prior literature for the hypotheses on the differences in occurrence of UBPs based on the company size and its regional location.

1.1. Unethical Business Practices and Company Size

Scholars have emphasized that ethics in small companies is subject to rules different to those in larger companies (e.g., von Weltzien Hoivik and Mele, 2009). Prior research evidence points out that the business ethics issues represent a particular challenge for SMEs. They must fight for survival in harsh conditions (Enderle, 2004). They are deeply influenced by the volatility of the business environment with its everchanging legal regulations, and therefore need to develop new innovative coping mechanisms with a potential to serve as good examples in business ethics for others.

Tilley (2000) and Jenkins (2004) have argued that small firms are not “little big firms” when it comes to business ethics. As such, they face a different set of challenges from both their external and internal environment. Additionally, in order to survive in a market with fierce competition, small companies are in a more vulnerable position to cope with negative externalities on the market like

corruption or other unfair business practices. In relation to other, larger business entities, small companies are often in a “hostage” position, their survival depending on the fairness of decision of the “big ones”, for instance in cases of non-compliance with contacts, non-payment to contractors (suppliers), or even corruption of the smaller business partner’s employees (Lašáková, Remišová and Bohinská, n.d.). A similar observation was made by Fassin (2005), who discussed the abuse of power that is often related to company size and occurs in relationships between large multinationals and their smaller suppliers, for instance in price negotiation, or not paying them on time, which in turn causes inability of the supplier to pay to his own suppliers or employees. In addition, in Slovakia, SMEs are also under pressure due to the unsensitive and frequently changing legislation and related bureaucracy burdening small business owners and low law enforcement, often resulting in the perpetrators not being sanctioned (Remišová and Lašáková, 2019).

Given the above discussed prior findings from the literature on the differences between large companies and SMEs in business ethics, and on some specificities of SMEs in the Slovak business environment, this study hypothesized that:

H2: The occurrence of UBPs differs significantly by company size, in that the smaller companies are more exposed to the UBPs than the larger companies.

1.2. Unethical Business Practices and Company Regional Location

Several scholarly papers imply that the economic development is a relevant factor connected with UBPs permeating the society. On the one hand, low levels of development and poverty might ignite and nurture UBPs because, as Singhapakdi et al. (2001) indicate, the focus on the basic needs, subsistence and survival may lead to sacrificing values and morality. On the other hand, UBPs might foster an economic decline. For instance, corruption reduces economic growth, lowers investments and shifts them to specific sectors that are close to the power elites in governmental structures (Boudreaux, Nikolaev and Holcombe, 2018). Negative effects have also been found on tax revenues and public policy effectiveness (Hillman, 2004).

The regional differences due to different economic and historical backgrounds are likely to moderate pressures toward convergence with values of corporate social responsibility (Stohl, Stohl and Popova, 2009). In an interesting study by Redfern and Crawford (2010) it was shown that higher levels of the regional industrialization and the adoption of the western market-based economy principles significantly attribute to higher moral judgements of managers. The level of regional development (Li and Zhang, 2010), or more specifically the regional institutional development (Marquis and Qian, 2014), have connections to the

corporate social responsibility. Importantly, the low regional social trust toward companies, proxied by political connections, might play a role in unethical behavior in business (Ang, Jiang and Wu, 2016).

As for the differences in regional development in Slovakia, large disparities in economic and social conditions are observed (Bajžíková and Bajžík, 2020). According to the Regional Well-being Indicator, the Bratislava region achieves the best results in nearly all the measured issues compared to the other three regions of Western, Central and Eastern Slovakia (OECD, 2016). Similarly, the EU Regional Competitiveness Index shows that interregional differences in Slovakia are quite large, with Bratislava region clearly outperforming the other regions in the measured criteria (EC, 2019). As Husar et al. (2018) state, there are many problems in the least developed regions located in the east and south-east of our country, including amongst others low labor force qualification, underdeveloped infrastructure that increases the costs for employers and worsens the workforce mobility, complicated public procurement and nearly non-existing guidelines for public procurement with social aspect, slowing the use of local potential, job creation and reinforcing unemployment, and an overall imbalance of disadvantages linked to peripheral areas (Husar et al., 2018).

Taking into account the aforementioned connections between regional development and UBPs, and the differences in the development of the Slovak regions, this study posited that:

H3: The occurrence of UBPs differs significantly by the region in which the company operates, in that the companies in less developed regions are more exposed to UBPs than the companies located in the most developed Bratislava region.

2. Research Methodology

2.1. Methods

Results presented in this paper derive from the quantitative phase of a larger multi-method research project focused on a comprehensive assessment of the current state of business ethics in Slovakia. The data in the quantitative phase were acquired by means of a questionnaire entailing several units. One of these units dealt specifically with the UBPs. In line with the aims of this paper – to investigate the occurrence of UBPs in the Slovak business environment in general as well as in respect to the five key company stakeholders, and to explore the theorized differences in the occurrence of UBPs according to company size and regional location – the following part of this section outlines how the respective questionnaire unit was designed.

The questionnaire section on UBPs was derived from four consecutive focus groups. Our intent was to design an original tool for assessing unethical practices, which would be connected to the actual problems of the Slovak business environment. The aim was to keep the research connected to the present problems and to formulate the content of the questionnaire capturing the dominant and current ethical issues in business in Slovakia. The results from focus groups served then as the main source of information for designing the questionnaire section dealing with the UBPs.

The focus groups mapped the situation in the Slovak business environment primarily in three areas: What unethical practices appear in business? What are their perceived reasons? What measures do companies employ to avoid unethical practices? The responses to the first research question became the source of information for generating the UBPs items in the questionnaire. All focus groups followed the same methodological protocol that ensured for scientific rigor as well as for anonymity of individual participants. After presenting the introductory question about respondents' experiences with unethical practices in the Slovak business environment, several sub-questions, depending on the evolution of the debates in each of the focus groups, were posed to keep respondents concentrated on the research inquiry. The sample was based on systematic, purposeful, and non-probabilistic sampling procedure. To obtain rich material including diverse points of view, the call for participation was disseminated to different groups of organizations.

The first focus group included representatives from Slovak business and employer organizations as these organizations significantly influence the business environment, especially through networking, proposing new legislative measures, and articulating their expert opinions towards the general public via mass media. The call was sent out to 26 organizations and yielded a 26.9% response rate, with eight representatives from seven business and employer organizations participating in the first focus group. All participants were publicly exposed personalities and influential opinion leaders. As for their position in the respective companies, the sample included two executive directors, one company presidential board member, one economist, one spokesperson, and three managers of governmental affairs and external relations. The second focus group included executives from organizations that won the "Via Bona" award-winning competition organized annually by the Pontis Foundation. The background idea was that companies that won the competition could be considered role-models in business ethics in Slovakia and, as such, they could bring in substantial insights into the studied phenomena. The call for participation was disseminated to 26 companies awarded by the Pontis Foundation in 2014 – 2016. Eight participants accepted the invitation,

which yielded a 30.8% response rate. They served at various positions as company director, directors' board member, and managers for human resources, corporate affairs, and public relations. Their companies operated in food processing, automotive industry, waste processing, social and health-care services, retail and wholesale, consulting and outsourcing company operations, and IT/Telecom services. To capture potentially valuable insights of small companies, as these represent a significant fraction of the Slovak economy and have to face different problems than the large companies and multinationals, the third focus group built on the views of respondents from small and medium-sized (SME) companies in Slovakia. The call for participation was supported by three Slovak business associations, which forwarded the request to 66 business entities to appoint their members. This resulted in a 9.1% response rate, with six respondents participating in the third focus group. All were actively involved in SME business associations, and their companies operated in the service sector. As for their position, the sample included one company director, one managing partner, and four statutory directors. The fourth session was organized with representatives of large companies operating in Slovakia and abroad, as large companies represent an influential actor within the business environment, and play an essential role in establishing new business regulations and advancing business ethics in the society. We invited 35 companies to join the discussion. The resulting response rate was 17.1%, including seven representatives from six companies. The participants were higher-level managers in their companies, with key responsibility for CSR, ethics and compliance (six persons) as well as governmental and EU affairs (one person). Their companies were operating internationally in IT/Telecom, construction, petrochemicals, energy, and the steel industry.

Three research team members recorded the four discussions individually, and the transcriptions were then compared, supplemented by missing details, and unified. After processing of the substantial amount of rich qualitative data, a first list of UBPs appearing in the current Slovak business environment was compiled. Based on its critical analysis, research team members decided to drop infrequent or overlapping items. Consecutively, four additional focus groups with 32 company representatives from the corporate practice tested the pilot version of the questionnaire. These focus groups intended to check the appropriateness, clarity, and unambiguousness of the individual questionnaire items, and the ease of navigation through the questionnaire from the viewpoint of professionals from corporate practice. Their critical comments resulted in another round of editing the content, diction, and graphic outline of the questionnaire.

The final UBPs questionnaire section involved 26 individual items. Their complete list is given in Table 1 (see section 4). Here, it is important to note that

the labels for the 26 unethical practices shown in Table 1 match fully the content of the statements that respondents were actually asked to assess, and only in some cases the full expression of items was slightly shortened to fit into the table. Otherwise, Table 1 accurately shows the content of the UBPs-related items included in the questionnaire.

The main question presented to respondents was whether they encounter these unethical practices when doing business in Slovakia, while the instruction was to answer this question on a five-point scale ranging from “yes, I encounter this practice” to “no, I do not encounter this practice”. In processing the results, the answers on the scale were coded reversely (with 1 indicating low occurrence and 5 denoting high occurrence of the respective UBPs). In this context, it should be noted that the indirect way of questioning was given by a general reluctance of respondents to answer ethics-related questions that was proved by the prior research on the peculiarities of doing research in business ethics (e.g., Hannafey, 2003; Fassin, 2005). If asked directly, the social desirability bias could negatively affect the data (Crane, 1999).

2.2. Sampling Strategy and Procedure of Data Acquisition

The method of stratified random sampling from the population of Slovak companies by proportional allocation was applied as the sampling strategy with two stratification variables: company size and region. The classification of the variable “company size” was based on the number of employees according to the European Commission recommendation no. 2003/361/EC (EC, 2003; EÚ, 2015). It entailed four categories: micro (1 – 9 employees), small (10 – 49 employees), medium-sized (50 – 249 employees) and large companies (250 and more employees). The groupings within the variable “company regional location” were based on the classification system NUTS2 (EP, 2003) and included the Bratislava region, West Slovakia, Central Slovakia, and the East Slovakia region. Based on well-established formulas (Cochran, 1977; Bartlett, Kotrlik and Higgins, 2001), we have obtained a minimum sample size of 1022 companies (for a detailed description of the procedure for calculating the sample size see Stankovičová and Frankovič, 2020).

The data acquisition took six months, from January until June 2019. Data were gathered via e-questionnaire and an identical printed version. Research team members approached potential participants through email addresses included in the database of Slovak companies provided by FinStat and Cribis. Along with the electronic call, the questionnaire was disseminated also in print through several additional channels (e.g., conferences for business professionals, contacts in business networks of business associations and employers’ organizations).

2.3. Sample's Description

The final sample consisted of $n = 1295$ respondents (46.3% females and 53.7% males). The majority (30.4%) was in the age category of 41 – 50 years, 26.2% were 51 – 60 years old, and 23% were in the category of 31 – 40 years old. Regarding their position, the majority of participants were company owners/managing directors (41.5%) and top managers (24.7%). As for the organizational background, 26.6% were micro companies, 31.9% small companies, 22.7% medium-sized companies, and 18.8% of the sample entailed large companies. Companies from the Bratislava region represented 32.6% of the sample; 28.5% of the companies were located in the West Slovakia region, 20.2% of companies were from the Central Slovakia region, and 18.8% of the sample was populated by companies from the East Slovakia region. For an overall picture of the other company-level characteristics, the majority of companies were private-owned (89%), and about 25% of companies were foreign-owned. Slightly more than a half of the companies (51%) were active only in Slovakia (no foreign trade or export). The most populated sectors of economic activity, differentiated according to the NACE system (NACE, n.d.), were the general services (20%), wholesale trade, retail trade, transportation and warehousing, accommodation and food services (19%), manufacturing, mining, quarrying and related services (18%), and construction (almost 10%). The majority of companies (80%) reported to be profitable in the last three consecutive years.

2.4. Data Analysis

The results of the reliability analysis and factor analysis show that all items from the questionnaire were eligible for further statistical analysis. Consecutively, based on descriptive statistics, we evaluated the respondents' answers to questions concerning the UBPs. We tested the difference in UBPs towards employees and towards the other stakeholders by a non-parametric Wilcoxon Signed-Rank test. We also used a non-parametric ANOVA method, namely The Wilcoxon Rank-Sum test, to identify differences in UBPs in respect to the company size and regional location. In all calculations, professional statistical software SAS Enterprise Guide, version 7.1 was utilized.

3. Research Results

Table 1 shows the descriptive results for the individual 26 practices involved in this research together with their ranking, with the 1st place denoting the highest perceived occurrence in the business environment (UBPs1_1: Non-payments to business partners).

Table 1

Descriptive Results for 26 Unethical Business Practices (UBPs)

Ranking	Labels & variables (UBPs)	Mean	Std. Dev.	Lower Quartile	Median	Upper Quartile	Coeff. of Var
1.	UBPs1_1 Non-payments	3.95	1.34	3	5	5	33.90
3.	UBPs1_2 Non-compliance with contracts	3.70	1.36	2	4	5	36.91
13.	UBPs1_3 Corrupt behavior of business partner	3.11	1.42	2	3	4	45.64
2.	UBPs1_4 Abuse of the position of large companies against the small	3.79	1.31	3	4	5	34.61
5.	UBPs1_5 Nepotism in the business environment	3.58	1.33	2	4	5	37.25
14.	UBPs1_6 Purposeful bankruptcy	2.92	1.45	2	3	4	49.57
9.	UBPs2_1 Sale of poor-quality products or services	3.25	1.44	2	4	5	44.41
8.	UBPs2_2 Avoiding liability for complaints and errors	3.34	1.42	2	4	5	42.50
7.	UBPs2_3 Misleading advertising	3.43	1.47	2	4	5	42.96
4.	UBPs3_1 Abuse of a strong market position, cartels	3.59	1.37	3	4	5	38.19
6.	UBPs3_2 Unfair procurement practices (gaining benefits, disrupting e – procurement, etc.)	3.52	1.39	3	4	5	39.53
15.	UBPs3_3 Patent abuse, theft of ideas/brands	2.92	1.33	2	3	4	45.58
12.	UBPs3_4 Purposeful damaging of competitors reputation	3.12	1.38	2	3	4	44.23
22.	UBPs4_1 Employee discrimination	2.64	1.37	1	2	4	51.67
20.	UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.76	1.53	1	3	4	55.39
25.	UBPs4_3 Failure to comply with employee levies-related obligations	2.48	1.49	1	2	4	60.28
24.	UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.55	1.40	1	2	4	55.12
21.	UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.75	1.45	1	2	4	52.56
23.	UBPs4_6 Bad work conditions	2.56	1.40	1	2	4	54.58
26.	UBPs4_7 Persecution of whistleblowers	2.43	1.36	1	2	3	56.05
18.	UBPs5_1 Failure to comply with applicable laws	2.86	1.47	1	3	4	51.47
19.	UBPs5_2 Non-payment of taxes, tax fraud (not issuing documents, speculation with VAT refunds, shifting profits, transfer pricing, etc.)	2.78	1.56	1	3	4	56.10
17.	UBPs5_3 Corruption of civil servants to increase own financial gains	2.90	1.52	1	3	4	52.45
11.	UBPs5_4 Misuse of contacts with politicians and officials to increase own financial gains	3.13	1.53	1	3	5	48.95
10.	UBPs5_5 Unfair practices in obtaining public contracts, public funds, euro funds	3.13	1.56	1	3	5	49.94
16.	UBPs5_6 Causing environmental damages	2.91	1.45	2	3	4	49.96
	Total	3.08	1.05	2.27	3.08	3.88	34.03

Note: UBPs1 – business partners (six items), UBPs2 – customers (three items), UBPs3 – competitors (four items), UBPs4 – employees (seven items), UBPs5 – state/society (six items).

Source: Authors' own calculation.

In addition, the total mean score for the sum of the studied UBPs of $M = 3.08$ implies that the unethical practices occur to a moderate extent in the Slovak business environment. Interestingly, variability for the individual UBPs towards the stakeholder “employees” (the group UBPs4) is relatively high, indicating considerable differences in the occurrence of these unethical practices across the companies. The descriptive statistics with the mean values for the individual seven items within the group of UBPs4 are shown in the Annex, Table A (results differentiated according to the company size) and Table B (regional location).

Table 2 provides results for the occurrence of UBPs towards the five stakeholder groups. Here, the UBPs towards the business partners have the primacy (Mean = 3.51), followed by customers (3.34), competitors (3.29), and state/society (2.95). The category of UBPs towards the employees closes this ranking with the lowest mean value on the five-point scale (2.60).

Table 2

Descriptive Results for the Five Stakeholders

Ranking	Variable	Mean	Std. Dev.	Lower Quartile	Median	Upper Quartile	Coeff. of Var
1.	UBPs1 towards business partners	3.51	1.06	2.83	3.67	4.33	30.27
2.	UBPs2 towards customers	3.34	1.35	2.00	3.67	4.67	40.52
3.	UBPs3 towards competitors	3.29	1.20	2.50	3.50	4.25	36.49
5.	UBPs4 towards employees	2.60	1.23	1.43	2.57	3.43	47.44
4.	UBPs5 towards state/society	2.95	1.38	1.50	3.00	4.17	46.81

Source: Authors' own calculation.

Table 3 shows results for testing the statistically significant differences between the stakeholder “employees” and the other four stakeholders (business partners, customers, competitors, and state/society). All three statistical tests proved that there are significant differences in the occurrence of UBPs towards these groups, with practices towards the employees occurring to a significantly lower extent. The mean for employees equaled 2.60, while the mean for the other stakeholders was 3.26.

Table 3

Statistically Significant Differences between the Stakeholder “Employees” vs. the other Four Stakeholders (results of three tests for location of differences in occurrence of UBPs – Diff = UBPs_Mean1235 – UBPs_Mean4)

Tests for Location: $\mu_0 = 0$				
Test	Statistic		p-value	
Student's t	t	29.2	$\Pr > t $	<.0001
Sign	M	401.5	$\Pr > = M $	<.0001
Signed Rank	S	307408.5	$\Pr > = S $	<.0001

Source: Authors' own calculation.

Thus, the *hypothesis H1* that the UBPs in relation to the stakeholder group of employees occur in the Slovak business environment to a significantly lesser extent than the UBPs in relation to the other researched stakeholders do, was *accepted*.

In addition, we also conducted the comparative analysis on an individual basis, for each of the four stakeholders and the stakeholder “employees” separately (see Annex, Table C). The analysis for each of the researched pairs supported the prior result, and pinpointed significant differences ($p < 0.0001$) in the occurrence of UBPs towards the stakeholder “employees” and towards the other four stakeholder groups included in this study.

To find out whether there are any significant differences in the occurrence of UBPs in respect to the company size, we performed the Kruskal-Wallis test with Wilcoxon scores.

These results show that the company size is connected with the occurrence of UBPs ($p < 0.0001$) in that the larger the company, the lower the level of perceived UBPs and that some of these differences are significant (Table 4). The descriptive results for the company size are in Annex, Table D.

Table 4

Significance of Differences in UBPs between Micro, Small, Medium and Large Companies

Kruskal-Wallis Test Chi-Square = 47.2373; Pr > Chi-Square = < 0.0001				
Wilcoxon Scores (Rank Sums) for Variable Mean26_UBPs by Company Size				
N	Sum of Score	Expected Under H0	Std. Dev. Under H0	Mean Score
Micro (N = 345)	256004.00	223560.00	5949.13	742.04
Small (N = 413)	269019.00	267624.00	6271.79	651.38
Medium (N = 243)	128418.50	157464.00	5254.03	528.47
Large (N = 294)	185718.50	190512.00	5637.32	631.70

Source: Authors' own calculation.

Thus, the *hypothesis H2* that the experiences with UBPs differ significantly by company size in that the smaller companies are more exposed to the negative impact of UBPs than the larger companies, was *accepted*. As Table D in Annex shows, an exceptionally low mean score was found in large companies (2.75) compared to medium-sized companies (3.04), small companies (3.09) and micro companies (3.34).

Next, to ascertain the differences in UBPs based on regional location, the same set of tests as used in the previous hypothesis testing were carried out. As shown in Table 5, statistically significant differences between the regions were not proven ($p = 0.677$).

Table 5

Significance of Differences in UBPs between Companies Located in Bratislava Region, West Slovakia, Central Slovakia and East Slovakia Regions

Kruskal-Wallis Test Chi-Square = 1.5227; Pr > Chi-Square = 0.677				
Wilcoxon Scores (Rank Sums) for Variable Mean26_UBPs by Region				
<i>N</i>	<i>Sum of Score</i>	<i>Expected Under H0</i>	<i>Std. Dev. Under H0</i>	<i>Mean Under H0</i>
Bratislava region (N = 422)	268126.50	273456.00	6307.33	635.37
West Slovakia region (N = 369)	237344.50	239112.00	6074.36	643.21
Central Slovakia region (N = 261)	174967.50	169128.00	5398.37	670.37
East Slovakia region (N = 243)	158721.50	157464.00	5254.03	653.17

Source: Authors' own calculation.

Thus, the *hypothesis H3* that the experiences with UBPs differ significantly by the region in which the company operates, in that the companies in less developed regions are more exposed to the negative impact of UBPs than the companies located in the most developed Bratislava region, *was rejected*. Although the lowest occurrence of UBPs was, indeed, noted for the Bratislava region with Mean = 3.05, the differences in means, with respect to the other regions, were insignificant. An overview of descriptive results for the four Slovak regions is in Annex, Table E.

4. Discussion to Research Results

General discussion. The total mean score for the sum of the studied UBPs (3.08 measured on a five-point scale) indicates that *the Slovak business environment is plagued by the unprincipled business practice to a moderate level*. This outcome is slightly surprising if we consider the widespread assumption that business ethics in the CEE region is underdeveloped and highly problematic (i.e. Batory, 2012; Bohatá, 1997; Elms, 2006; Eurobarometer, 2017; Petrík, 2010). Indeed, our results do not indicate that the Slovak business environment is “crystal clear” and non-problematic in this sense; rather this study points out that, in general, it is evident that business ethics is no longer a sheer illusion (Fülöp, Hisrich and Szegedi, 2000) but has its place in the Slovak business environment.

Another notable finding concerns the ranking of two explicitly stated corruption-related practices from the questionnaire. Both the “corruption of business partners” and “corruption of civil servants” ranked in the second half of the 26-long list of investigated items (placed 13th and 17th, respectively). This might indicate that the corruption is not the most important issue in the current business environment. Instead, the UBPs that ranked the highest were the non-payments

to business partners, and the abuse of strong market position to disadvantage smaller firms (placed 1st, and 2nd, respectively). These problems are currently amongst the most widespread issues that bother entrepreneurs the most.

Considering the ranking of UBPs within the groups of the five stakeholders, this study shows that *the most widespread are the unethical practices towards the business partners*, which include three items ranking the highest within the full list of 26 practices. More specifically, the practices targeted against business partners that ranked the highest include non-payment, abuse of position of large firms against the smaller ones, and non-compliance with contracts. The unethical practice towards customers ranked the second, with all three items (misleading advertising, avoiding liability for complaints or errors, and selling poor-quality products) ranking similarly high. Practices against competitors ranked third, with abuse of strong market position via cartels and unfair procurement practices scoring the highest in this group.

Interestingly, prior evidence implies that there are significant problems in the relationship between the entrepreneurs and the State in Slovakia, which are connected with the fact that business is not nested in the society and cooperating with other societal institutions (Remišová, Lašáková and Bohinská, 2019). However, this study shows that the business practices detrimental to the state/society ranked fourth (out of the five stakeholders), with the unfairness in gaining public money from funds and the misuse of contact with politicians scoring the highest (10th and 11th, respectively), while the other practices like damaging the environment, non-compliance with laws, or non-payment of taxes, all ranked in the second half of the 26-items long list. Thus, although the mean scores for these individual items imply these issues still occur to a certain degree in our society, results show that *the UBPs are targeted more against other businesses and customers and less in respect to the State and the society in general*.

The practices against the stakeholder group of employees ranked at the lowest end of the continuum of UBPs, with the item of “persecution of whistleblowers” ranking the lowest out of the whole list of the 26 practices. Furthermore, the results clearly show that, in line with the first hypothesis (H1), *the occurrence rate of unprincipled practice towards employees was significantly lower than towards the other stakeholders*. Possibly, this outcome could be understood in the light of the positive influence of the new legislation on employee rights and their protection. These new legal acts relate to the reporting of anti-social corporate activity and protecting the whistleblowers, stronger protection of employee rights via novelizations of the Labor Code, or the recently introduced obligation to publish the basic wage component in job offers. Secondly, labor unions can also play a role here, creating pressure to maintain human rights at workplace

and supporting employees' position in negotiation with the employers, despite some evidence that the strength of unions might be actually limited nowadays (Babos, 2017; Drahokoupil and Kahancová, 2017). Finally, the finding that employees are the least exposed stakeholder group might also partially stem from the recent scientific developments in ethics management and related dissemination of know-how on integrating ethics in the internal processes and structures in the company.

Company size. Notably, in accordance with the second hypothesis (H2), the research findings show that company size matters in Slovakia. First, in line with prior literature on the ethical specificities of small firms (i.e., Arend, 2013; von Weltzien and Mele, 2009), our study confirmed that *company size has a connection to UBPs and that different experiences and challenges are at stake in small and large businesses*. Second, this study shows that compared to respondents from larger companies, *the representatives of micro firms have substantially more negative experiences with the unethicity of the business environment*. Because the micro companies are the most numerous and constitute the backbone of the economy, the fact that they feel surrounded by UBPs is quite alarming. In a sense, they may feel rooted out from the environment, left unprotected and marginalized. This lack of social embeddedness might then lead to opportunistic attitudes (Sakalaki and Fousiani, 2012). The small businesses affect the quality of life of citizens on a daily basis. As they feel endangered by an unfair and non-transparent environment, it is highly probable that in their fight for survival they will not hesitate to reach out for unethical practices. Small firms in Slovakia perceive themselves as battling constantly with the State administration, against insensitive legal obligations and with the municipalities (Remišová and Lašáková, 2019). As a result, the surrounding business environment itself, which they perceive immoral, might affect their values and tempt them to accept the unethical modus operandi as something normal, even necessary for survival. A kind of economic opportunism (Sakalaki, Richardson and Thépaut, 2007) is embedded in the smaller firms' ecosystem, where the ethical business conduct is perceived as a threat to survival, disqualifying the company against its competitors.

Company regional location. This study revealed that the regional location of companies does not have any relationship with the occurrence of UBPs in Slovakia. The third hypothesis (H3) was not confirmed. Although the most developed Bratislava region together with the West Slovakia region ranked as the regions with the lowest occurrence of UBPs, the differences between the regions were insignificant. This means that in Slovakia, *the region does not play any substantial role in assessing the extent to which business environment is plagued by unethical practices*.

Nevertheless, although the UBPs are evenly distributed, a minor exception is *the Central Slovakia region with a slightly higher occurrence rate* (Mean = 3.14, see Table E in Annex). When looking at the economic indicators and related specifics of this region provided by MDV SR (2018) and SARIO (n.d.), the Central Slovakia seems to be less interesting for investors due to the poor transportation infrastructure, less developed southern areas and large environmentally protected zones. Compared to the other three regions, both the density of road network, railway lines and the share of regional GDP in Slovakia are the lowest in this region. Furthermore, specific industries, e.g. forestry, construction, metallurgical, automotive and mining, dominate in this region. In the light of these details, it is hard to draw conclusions on whether some of these specifics of the Central Slovakia region can at least partially account for the non-significant but slightly elevated levels of UBPs. Thus, future research should deal in greater detail with the relationship between selected economic and related development indicators and the unethicity in regions.

In sum, our results imply that regardless of the interregional differences and the level of regional development, *the business culture in the four regions in Slovakia is quite homogeneous in terms of business ethics*. It could be theorized that the interregional differences are not so high to influence ethics in business given the trend of convergence between the regions in some aspects (e.g. convergence in incomes and pensions analyzed by Pauhofová and Želinský, 2017). Alternatively, the level of regional development does not play any role in business ethics at all. Nevertheless, this assumption is purely theoretical and needs further empirical investigation across different countries.

4.1. Limitations

First, as noted in the theoretical background, the sphere of unethical practices in business is complex and includes an enormous number of interconnected phenomena. Thus, the list of 26 researched practices is large, but it still does not cover all UBPs due to their vast diversity. To keep the research connected to the current and pressing unethical practices appearing in the Slovak business environment, the list of UBPs was based on the qualitative research strand with several focus groups that preceded its quantitative phase. Nonetheless, despite the unified protocol and related methodological rigor applied in the focus groups, some information might have been lost in this process due to the obvious limits of the respective method. Second, only two stratification criteria (company size and regional location) were utilized in the sampling strategy. A further refinement based on other company-level strata like the sphere of economic activity or the company ownership, could have produced a more objectivized understanding

of the occurrence of UBPs in our business environment. Third, the response quality might suffer in electronically distributed self-administered questionnaires. Despite an indirect way of questioning utilized in this research, it is a common shortage of quantitative self-reported measures in business ethics that the data might be affected by the social desirability bias. Furthermore, the sample consisted mainly of company owners and top-level managers (66.2%), which may have influenced the outcomes as prior research showed that the higher-level managers' view of the corporate world in terms of ethics might be actually rosier than the reality (D'Aquila, 2001; Trevino, Weaver and Brown, 2008). This is connected with another limitation concerning the relevant assessment of the outcomes for the stakeholder "employees". Our results may have been affected by the fact that in the case of the other four external stakeholders included in this study, the unethical behavior might be caused by actors outside of the company. However, due to the desire to avoid any potential suspicions of unethical behavior within their companies, managers and owners as research respondents may have a somewhat biased assessment of the occurrence of UBPs towards the internal stakeholder group of employees. Finally, we are aware that the business environment is complex and is co-created by diverse social groups and institutions (state administration, NGOs, professional associations, higher education, etc.) located at the macro, mezzo and micro levels of the society (Enderle, 1997; Goodpaster, 1992). In order to understand the intricate processes and relations among its actors, different perspectives should be included, while this study focused mostly on the experiences and insights provided only by one of the actors, the businesses.

Conclusion

As for the contributions to the extant theory, this paper, in line with prior literature, confirmed that the company size is, indeed, a relevant factor connected with ethics in business. It pointed out that especially the micro-sized companies are far more affected by the unethicity of business than the larger companies are. On the other hand, in contradiction with some previous scholarly works, this study questions, at least for the Slovak context, the assumption that interregional differences influence the level of ethicality in business as statistically significant differences between the four Slovak regions were not confirmed. Furthermore, our findings showed that employees are in a substantially different position than the other stakeholders, in that this particular group was considerably less exposed to the negative effects of UBPs and, as such, seemed to be less vulnerable than business partners, customers, or competitors in the market. In addition, the most pressing issues in the current Slovak business environment were identified

as the low payment discipline in respect to business partners, the abuse of the stronger market position by larger firms at the expense of the smaller companies, and the non-compliance with contracts with business partners. Finally, the overall occurrence of UBPs was found to be at a moderate level. As a reality check, this study implies that there might be a slight difference between the widespread poor public image of the business in our country and the everyday business reality in terms of business ethics.

Considering the practical implications, this study provided new insights into the real state of business ethics in Slovakia, relevant both for State-level decision-makers, professional associations and non-profit organizations, and for top management in companies. The results call for new governmental measures targeted to provide stronger prevention of the low payment discipline, especially to protect the small firms on the market and the customers' rights as well. Furthermore, this study calls for greater protection and support for the micro and small firms and a more focused attention of the State administration to the problems of this largest group of business actors in Slovakia.

References

- ANG, J. S. – JIANG, Z. – WU, C. (2016): Good Apples, Bad Apples: Sorting among Chinese Companies Traded in the US. *Journal of Business Ethics*, 134, No. 4, pp. 611 – 630.
- AREND, R. J. (2013): Ethics-focused Dynamic Capabilities: A Small Business Perspective. *Journal of Business Ethics*, 41, No. 1, pp. 1 – 24.
- BABOS, P. (2017): The Working Poor in Post-Communist EU: What can Social Policy Change? *Ekonomický časopis/Journal of Economics*, 65, No. 9, pp. 876 – 895.
- BAJZÍKOVÁ, Ľ. – BAJZÍK, P. (2020): Mobility and Working Opportunities in the EU and Slovakia. *Management: Journal of Contemporary Management Issues*, 25, No. 1, pp. 103 – 115.
- BARTLETT, J. E. II – KOTRLIK, J. W. – HIGGINS, CH. C. (2001): Organizational Research: Determining Appropriate Sample Size in Survey Research. *Information Technology, Learning, and Performance Journal*, 19, No. 1, pp. 43 – 50.
- BATORY, A. (2012): Why do Anti-corruption Laws Fail in Central Eastern Europe? A Target Compliance Perspective. *Regulation & Governance*, 6, No. 1, pp. 66 – 82.
- BOHATÁ, M. (1997): Business Ethics in Central and Eastern Europe with Special Focus on the Czech Republic. *Journal of Business Ethics*, 15, pp. 1571 – 1577.
- BOUDREAUX, CH. J. – NIKOLAEV, B. N. – HOLCOMBE, R. G. (2018): Corruption and Destructive Entrepreneurship. *Small Business Economics*, 51, pp. 181 – 202.
- CASTATER, N. M. (2002): Privatization as a Means to Societal Transformation: An Empirical Study of Privatization in Central and Eastern Europe and the Former Soviet Union. *Nota di Lavoro*, No. 76, pp. 1 – 88.
- CLARKE, T. – GHOLAMSHAHI, S. (2018): Developing Human Capital for Knowledge Based Economies. In: CLARKE, T. and LEE, K. (eds): *Innovation in the Asia Pacific*. Singapore: Springer, pp. 247 – 270.
- CLARKSON, M. E. (1995): A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *Academy of Management Review*, 20, No. 1, pp. 92 – 117.
- COHN, A. – FEHR, E. – MARÉCHAL, M. A. (2014): Business Culture and Dishonesty in the Banking Industry. *Nature*, 516, pp. 86 – 89.

- COCHRAN, W. G. (1977): *Sampling Techniques*. 3th ed. New York: John Wiley and Sons, Inc. ISBN 0-471-16240-X.
- CRANE, A. (1999): Are You Ethical? Please Tick Yes or No. On Researching Ethics in Business Organizations. *Journal of Business Ethics*, 20, No. 3, pp. 237 – 248.
- D'AQUILA, J. M. (2001): Financial Accountants' Perceptions of Management's Ethical Standards. *Journal of Business Ethics*, 31, No. 3, pp. 233 – 244.
- DRAHOKOUPIL, J. – KAHANCOVÁ, M. (2017): *Workers' Participation in Czechia and Slovakia*. [CELSI Discussion Paper, No. 44.] Bratislava: CELSI.
- EGELS-ZANDÉN, N. – SANDBER, J. (2010): Distinctions in Descriptive and Instrumental Stakeholder Theory: A Challenge for Empirical Research. *Business Ethics: A European Review*, 19, No. 1, pp. 35 – 49.
- EC (2003): Commission Recommendation No. 2003/361/EC of 6 May 2003 Concerning the Definition of Micro, Small and Medium-Sized Enterprises. Brussels: EC. Available at: <<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003H0361&from=EN>>.
- EC (2019): EU Regional Competitiveness Index 2019. Brussels: EC. Available at: <https://ec.europa.eu/regional_policy/en/information/maps/regional_competitiveness/#3>.
- ELMS, H. (2006): Corporate (and Stakeholder) Responsibility in Central and Eastern Europe. *International Journal of Emerging Markets*, 1, No. 3, pp. 203 – 211.
- ENDERLE, G. (1997): In Search of a Common Ethical Ground: Corporate Environmental Responsibility from the Perspective of Christian Environmental Stewardship. *Journal of Business Ethics*, 16, No. 2, pp. 173 – 181.
- ENDERLE, G. (2004): Global Competition and Corporate Responsibilities of Small and Medium-sized Enterprises. *Business Ethics: A European Review*, 13, No. 1, pp. 51 – 63.
- EP (2003): Nariadenia Európskeho parlamentu a Rady (ES) č. 1059/2003 z 26. mája 2003 o zostavení spoločnej nomenklatúry územných jednotiek pre štatistické účely (NUTS). Luxembourg: Úrad pre vydávanie publikácií Európskej únie. Available at: <<http://eur-lex.europa.eu/legal-content/SK/TXT/PDF/?uri=CELEX:02003R1059-20180118&from=EN>>.
- EU (2015): Príručka pre používateľov k definícii MSP. Luxembourg: Úrad pre vydávanie publikácií Európskej únie. Available at: <<https://ec.europa.eu/docsroom/documents/15582/attachments/1/translations/sk/renditions/native>>.
- EUROBAROMETER (2017): Corruption. European Union Report.
- FASSIN, Y. (2005): The Reasons Behind Non-ethical Behaviour in Business and Entrepreneurship. *Journal of Business Ethics*, 60, pp. 265 – 279.
- FIGURA, I. (2004): Corruption – Actual Socio-economic Phenomenon. *Ekonomický časopis/Journal of Economics*, 52, No. 3, pp. 281 – 297.
- FILATOTCHEV, I. – STARKEY, K. – WRIGHT, M. (1994): The Ethical Challenge of Management of Buy-Outs as a Form of Privatisation in Central and Eastern Europe. *Journal of Business Ethics*, 13, No. 7, pp. 523 – 534.
- FÜLÖP, G. – HISRIC, R. D. – SZEGEDI, K. (2000): Business Ethics and Social Responsibility in Transition Economies. *Journal of Management Development*, 19, No. 1, pp. 5 – 31.
- GEVA, A. (2006): A Typology of Moral Problems in Business: A Framework for Ethical Management. *Journal of Business Ethics*, 69, No. 2, pp. 133 – 147.
- GOODPASTER, K. E. (1992): Business Ethics. In: BECKER, L. and BECKER, C. (eds): *Encyclopedia of Ethics*. New York: Garland Publishing, pp. 111 – 115.
- GRAY, C. (1996): In Search of Owners: Privatization and Corporate Governance in Transition Economies. *The World Bank Research Observer*, 11, No. 2, pp. 179 – 197.
- GYÖRFI, A. – MOLNÁR, T. – RESZKETŐ, P. E. – VÁRADI, B. (2016): The Impact of Cohesion Policy on Corruption and Political Favouritism. [Study for the Greens/EFA Group – European Parliament.] [Online.] Budapest: Budapest Institute for Policy Analysis. Available at: <http://www.budapestinstitute.eu/BI_Green_Cohesion_201610_final2.pdf>.
- HANNAFEY, F. T. (2003): Entrepreneurship and Ethics: A Literature Review. *Journal of Business Ethics*, 46, pp. 99 – 110.

- HARDY, J. (2014): Transformation and Crisis in Central and Eastern Europe: A Combined and Uneven Development Perspective. *Capital and Class*, 38, No. 1, pp. 143 – 155.
- HILLMAN, A. L. (2004): Corruption and Public Finance: An IMF Perspective. *European Journal of Political Economy*, 20, pp. 1067 – 1077.
- HUSAR, M. – FINKA, M. – SOKOL, T. – ONDREJICKA, V. (2018): New Approaches to the Development of the Least Developed Regions in Slovakia. In: *IOP Conference Series: Materials Science and Engineering* 471 092056, pp. 1 – 7.
- IVLEVS, A. – HINKS, T. (2018): Former Communist Party Membership and Bribery in the Post-socialist Countries. *Journal of Comparative Economics*, 46, pp. 1411 – 1424.
- JENKINS, H. (2004): A Critique of Conventional CSR Theory: An SME Perspective. *Journal of General Management*, 29, No. 4, pp. 37 – 57.
- JONES, T. M. (1991): Ethical Decision Making by Individuals in Organizations: An Issues-contingent Model. *Academy of Management Review*, 16, No. 2, pp. 366 – 395.
- KAUFMANN, D. – SIEGELBAUM, P. (1996): Privatization and Corruption in Transition Economies. *Journal of International Affairs*, 50, No. 2, pp. 419 – 458.
- LASTHUIZEN, K. – HUBERTS, L. – HERES, L. (2011): How to Measure Integrity Violations. *Public Management Review*, 13, No. 3, pp. 383 – 408.
- LAŠÁKOVÁ, A. – REMIŠOVÁ, A. – BOHINSKÁ, A. (n.d.): Barriers to Ethical Business in Slovakia: An Exploratory Study Based on Insights of Top Representatives of Business and Employer Organizations. *European Journal of International Management* (in print).
- LI, W. – ZHANG, R. (2010): Corporate Social Responsibility, Ownership Structure, and Political Interference: Evidence from China. *Journal of Business Ethics*, 96, No. 4, pp. 631 – 645.
- MARQUIS, C. – QIAN, C. (2014): Corporate Social Responsibility Reporting in China: Symbol or Substance? *Organization Science*, 25, No. 1, pp. 127 – 148.
- MLČOCH, L. (1998): Czech Privatization: A Criticism of Misunderstood Liberalism (Keynote Address). *Journal of Business Ethics*, 17, No. 9, pp. 951 – 959.
- MDV SR (2018): Dopravná infraštruktúra podľa regiónov. Bratislava: Ministerstvo dopravy a výstavby Slovenskej republiky. Available at: https://www.mindop.sk/files/statistika_vud/reg_infra.htm.
- MPSVR SR (2019): Február priniesol pokles nezamestnanosti. Bratislava: MPSVR SR. Available at: <https://www.employment.gov.sk/sk/informacie-media/aktuality/februar-priniesol-pokles-nezamestnanosti.html>.
- MYANT, M. – DRAHOKOUPIL, J. (2012): International Integration, Varieties of Capitalism and Resilience to Crisis in Transition Economies. *Europe-Asia Studies*, 64, No. 1, pp. 1 – 33.
- NACE (n.d.): NACE Rev.2 Introductory Guidelines. Luxembourg: Statistical Office of the European Communities. Available at: <http://ec.europa.eu/eurostat/documents/1965800/1978839/NACEREV.2INTRODUCTORYGUIDELINESEN.pdf/f48c8a50-feb1-4227-8fe0-935b58a0a332>.
- NORTH, D. C. (1990): *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press. ISBN 978-0-521-39734-6.
- NORTH, D. C. (2005): *Understanding the Process of Economic Change*. Princeton and Oxford: Princeton University Press. ISBN 978-0-691-14595-2.
- OECD (2016): *Regional Well-Being*. Paris: OECD. Available at: <https://www.oecdregionalwellbeing.org/>.
- PADELFORD, W. – WHITE, D. W. (2010): The Influence of Historical Socialism and Communism on the Shaping of a Society's Economic Ethos: An Exploratory Study of Central and Eastern Europe. *Journal of Business Ethics*, 97, No. 1, pp. 109 – 117.
- PAUHOFOVÁ, I. – ŽELINSKÝ, T. (2017): On the Regional Convergence of Income at District Level in Slovakia. *Ekonomický časopis/Journal of Economics*, 65, No. 10, pp. 918 – 934.
- PETRÍK, B. (2010): Teoreticko-empirické aspekty výskumu negatívnych ekonomických fenoménov. *Ekonomický časopis/Journal of Economics*, 58, No. 1, pp. 74 – 84.

- PIRSON, M. (2009): Facing the Trust Gap – Measuring and Managing Stakeholder Trust. In: FRIEDLAND, J. (ed.): *Doing Well and Good: The Human Face of the New Capitalism*, Information Age Publishing, Charlotte, NC.
- REDFERN, K. – CRAWFORD, J. (2010): Regional Differences in Business Ethics in the People's Republic of China: A Multi-dimensional Approach to the Effects of Modernisation. *Asia Pacific Journal of Management*, 27, pp. 215 – 235.
- REMIŠOVÁ, A. – LAŠÁKOVÁ, A. (2019): Are Slovak SMEs Ready to Take Responsibility for the Development of Business Ethics? *Economy & Business*, 13, pp. 161 – 174.
- REMIŠOVÁ, A. – LAŠÁKOVÁ, A. – BOHINSKÁ, A. (2019): Reasons of Unethical Business Practices in Slovakia: The Perspective of Non-Governmental Organizations' Representatives. *Acta Universitatis Agriculturae Et Silviculturae Mendelianae Brunensis*, 67, No. 2, pp. 565 – 581.
- SAKALAKI, M. – RICHARDSON, C. – THÉPAUT, Y. (2007): Machiavellianism and Economic Opportunism. *Journal of Applied Social Psychology*, 37, No. 6, pp. 1181 – 1190.
- SAKALAKI, M. – FOUSIANI, K. (2012): Social Embeddedness and Economic Opportunism: A Game Situation. *Psychological Reports*, 110, No. 3, pp. 955 – 962.
- SARIO (n.d.): Regionálne analýzy. Bratislava: Sario. Available at: <https://www.sario.sk/sk/investujte-na-slovensku/regionalne-analyzy>.
- SAVING, J. L. (1998): Privatization and the Transition to a Market Economy. *Economic Review – Federal Reserve Bank of Dallas*, ProQuest Central, pp. 17 – 25.
- SCOTT, W. R. (2014): *Institutions and Organization. Ideas, Interests, and Identities*. Forth Edition. Los Angeles: SAGE. ISBN 978-4522-4222-4.
- SINGHAPAKDI, A. – MARTA, J. K. M. – RAO, C. P. – CICIC, M. (2001): Is Cross-Cultural Similarity an Indicator of Similar Marketing Ethics? *Journal of Business Ethics*, 32, pp. 55 – 68.
- SMALLBONE, D. – WELTER, F. (2001): The Distinctiveness of Entrepreneurship in Transition Economies. *Small Business Economics*, 16, No. 4, pp. 249 – 262.
- STANKOVIČOVÁ, I. – FRANKOVIČ, B. (2020): Určenie veľkosti vzorky pre aplikovaný výskum. *Forum Statisticum Slovaca*, XVI, No. 1, pp. 57 – 70.
- STOHL, C. – STOHL, M. – POPOVA, L. (2009): A New Generation of Corporate Codes of Ethics. *Journal of Business Ethics*, 90, pp. 607 – 622.
- TILLEY, F. (2000): Small Firm Environmental Ethics: How Deep Do They Go? *Business Ethics: A European Review*, 9, No. 1, pp. 31 – 41.
- TREVINO, L. K. – WEAVER, G. R. – BROWN, M. E. (2008): It's Lovely at the Top: Hierarchical Levels, Identities, and Perceptions of Organizational Ethics. *Business Ethics Quarterly*, 18, No. 2, pp. 233 – 252.
- VON WELTZIEN HOIVIK, H. – MELÉ, D. (2009): Can an SME Become a Global Corporate Citizen? Evidence from a Case Study. *Journal of Business Ethics*, 88, No. 3, pp. 551 – 563.
- ZAHRA, S. – PATI, R. – ZHAO, L. (2013): How does Counterproductive Entrepreneurship Undermine Social Wealth Creation? In: WELTER, F. (ed.): *RENT Anthology of Entrepreneurship*. Cheltenham: Elgar.
- ZAHRA, S. A. – WRIGHT, M. (2016): Understanding the Social Role of Entrepreneurship. *Journal of Management Studies*, 53, No. 4, pp. 610 – 629.
- ZAKARIA, P. (2013): Is Corruption an Enemy of Civil Society? The Case of Central and Eastern Europe. *International Political Science Review*, 34, No. 4, pp. 351 – 371.
- ZEMANOVIČOVÁ, D. (2002): Economic Aspects of Corruption. *Ekonomický časopis/Journal of Economics*, 50, No. 2, pp. 182 – 196.
- ZEMANOVIČOVÁ, D. – VAŠÁKOVÁ, L. (2017): Corruption as a Global Problem. In: 17th International Scientific Conference: Proceedings (Part VI.). *Globalization and Its Socio-economic Consequences*. Žilina: University of Žilina, pp. 3069 – 3075.

Annex

Table A

Descriptive Results for the Individual Seven Items in the Group of UBPs4 (Employees) Differentiated According to Company Size

Company size	N	Labels & variables (UBPs4)	Mean	Std. Dev.	Lower Quartile	Median	Upper Quartile	Coeff. of Var
Micro	345	UBPs4_1 Employee discrimination	2.80	1.37	2	3	4	48.91
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	3.12	1.47	2	4	4	47.07
		UBPs4_3 Failure to comply with employee levies-related obligations	2.85	1.54	1	3	4	54.13
		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.71	1.49	1	3	4	54.95
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.94	1.49	1	3	4	50.54
		UBPs4_6 Bad work conditions	2.70	1.45	1	3	4	53.86
		UBPs4_7 Persecution of whistleblowers	2.63	1.43	1	3	4	54.45
Small	413	UBPs4_1 Employee discrimination	2.54	1.34	1	2	4	52.84
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.81	1.53	1	3	4	54.58
		UBPs4_3 Failure to comply with employee levies-related obligations	2.38	1.44	1	2	4	60.62
		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.43	1.35	1	2	4	55.65
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.55	1.41	1	2	4	55.09
		UBPs4_6 Bad work conditions	2.50	1.36	1	2	4	54.35
		UBPs4_7 Persecution of whistleblowers	2.33	1.29	1	2	3	55.65
Medium	294	UBPs4_1 Employee discrimination	2.73	1.37	2	3	4	49.98
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.66	1.53	1	2	4	57.53

		UBPs4_3 Failure to comply with employee levies-related obligations	2.45	1.47	1	2	4	60.08
		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.61	1.39	1	2	4	53.18
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.88	1.47	2	3	4	51.10
		UBPs4_6 Bad work conditions	2.61	1.42	1	2	4	54.40
		UBPs4_7 Persecution of whistleblowers	2.46	1.36	1	2	3	55.36
Large	243	UBPs4_1 Employee discrimination	2.50	1.38	1	2	4	55.36
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.30	1.48	1	2	4	64.52
		UBPs4_3 Failure to comply with employee levies-related obligations	2.15	1.44	1	1	3	66.74
		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.44	1.36	1	2	3	55.96
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.67	1.39	1	2	4	51.84
		UBPs4_6 Bad work conditions	2.41	1.34	1	2	3	55.71
		UBPs4_7 Persecution of whistleblowers	2.28	1.34	1	2	3	58.75

Source: Authors' own calculation.

Table B

Descriptive Results for the Individual Seven Items in the Group of UBPs4 (Employees) Differentiated According to Company Regional Location

Region	N	Labels & variables (UBPs4)	Mean	Std. Dev.	Lower Quartile	Median	Upper Quartile	Coeff. of Var
Bratislava region	422	UBPs4_1 Employee discrimination	2.61	1.41	1	2	4	54.16
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.66	1.50	1	2	4	56.46
		UBPs4_3 Failure to comply with employee levies-related obligations	2.39	1.49	1	2	4	62.18
		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.54	1.43	1	2	4	56.49
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.73	1.46	1	2	4	53.42
		UBPs4_6 Bad work conditions	2.48	1.40	1	2	4	56.24
		UBPs4_7 Persecution of whistleblowers	2.43	1.43	1	2	3	58.75
West SVK region	369	UBPs4_1 Employee discrimination	2.62	1.35	1	2	4	51.65
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.79	1.53	1	3	4	54.80
		UBPs4_3 Failure to comply with employee levies-related obligations	2.50	1.48	1	2	4	59.32
		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.59	1.39	1	2	4	53.71
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.78	1.42	1	3	4	51.18
		UBPs4_6 Bad work conditions	2.54	1.38	1	2	4	54.60
		UBPs4_7 Persecution of whistleblowers	2.39	1.28	1	2	3	53.54
Central SVK region	261	UBPs4_1 Employee discrimination	2.72	1.39	2	3	4	51.11
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.84	1.57	1	3	4	55.30
		UBPs4_3 Failure to comply with employee levies-related obligations	2.56	1.52	1	2	4	59.28

		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.52	1.39	1	2	4	55.37
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.82	1.48	1	3	4	52.45
		UBPs4_6 Bad work conditions	2.66	1.41	1	2	4	53.13
		UBPs4_7 Persecution of whistleblowers	2.43	1.40	1	2	3	57.46
East SVK region	243	UBPs4_1 Employee discrimination	2.67	1.28	2	2	4	48.09
		UBPs4_2 Unlawful wage-paying practices (postponing of paying wages; paying part of the wage in cash on hand, etc.)	2.80	1.53	1	3	4	54.60
		UBPs4_3 Failure to comply with employee levies-related obligations	2.50	1.49	1	2	4	59.74
		UBPs4_4 Failure to respect employees' privacy at the workplace (e.g., camera surveillance)	2.52	1.39	1	2	4	54.93
		UBPs4_5 Unethical behavior towards employees (indecent, unfair, arrogant)	2.70	1.44	1	2	4	53.51
		UBPs4_6 Bad work conditions	2.63	1.40	1	2	4	53.37
		UBPs4_7 Persecution of whistleblowers	2.48	1.33	1	3	3	53.63

Source: Authors' own calculation.

Table C

Results of Three Tests for Location of Differences in Occurrence of UBPs between the Stakeholder “Employees” Versus the other Four Stakeholders (in Pairs)

Variable: Diff_Mean1-Mean4: Business partners vs. Employees				
Tests for Location: $\mu_0 = 0$				
<i>Test</i>	<i>Statistic</i>		<i>p-value</i>	
Student's t	t	28.9739	$\Pr > t $	<.0001
Sign	M	381	$\Pr \geq M $	<.0001
Signed Rank	S	293224	$\Pr \geq S $	<.0001
Variable: Diff_Mean2-Mean4: Customers vs. Employees				
Tests for Location: $\mu_0 = 0$				
<i>Test</i>	<i>Statistic</i>		<i>p-value</i>	
Student's t	t	23.3263	$\Pr > t $	<.0001
Sign	M	308	$\Pr \geq M $	<.0001
Signed Rank	S	221041	$\Pr \geq S $	<.0001
Variable: Diff_Mean3-Mean4: Competitors vs. Employees				
Tests for Location: $\mu_0 = 0$				
<i>Test</i>	<i>Statistic</i>		<i>p Value</i>	
Student's t	t	23.5751	$\Pr > t $	<.0001
Sign	M	327	$\Pr \geq M $	<.0001
Signed Rank	S	232308	$\Pr \geq S $	<.0001
Variable: Diff_Mean5-Mean4: State/society vs. Employees				
Tests for Location: $\mu_0 = 0$				
<i>Test</i>	<i>Statistic</i>		<i>p Value</i>	
Student's t	t	14.5653	$\Pr > t $	<.0001
Sign	M	187	$\Pr \geq M $	<.0001
Signed Rank	S	142224	$\Pr \geq S $	<.0001

Source: Authors' own calculation.

Table D

Descriptive Results for the Company Size and UBPs
(Five Stakeholder Groups and the Total Scores)

Company size	Variable	Mean	Std. Dev.	Min	Max	N	Lower Quartile	Median	Upper Quartile	Coeff. of Var
Micro	Mean_UBPs1	3.70	1.03	1	5	345	3.00	3.83	4.50	27.84
	Mean_UBPs2	3.66	1.32	1	5	345	2.67	4.00	4.67	35.90
	Mean_UBPs3	3.59	1.16	1	5	345	3.00	3.75	4.50	32.36
	Mean_UBPs4	2.82	1.29	1	5	345	1.57	3.00	3.86	45.80
	Mean_UBPs5	3.26	1.39	1	5	345	2.17	3.67	4.50	42.46
	Mean26_total	3.34	1.06	1	5	345	2.58	3.50	4.15	31.58
Small	Mean_UBPs1	3.59	1.05	1	5	413	2.83	3.67	4.50	29.20
	Mean_UBPs2	3.34	1.33	1	5	413	2.00	3.67	4.33	39.87
	Mean_UBPs3	3.38	1.20	1	5	413	2.50	3.50	4.25	35.37
	Mean_UBPs4	2.51	1.18	1	5	413	1.43	2.43	3.29	47.22
	Mean_UBPs5	2.95	1.38	1	5	413	1.50	3.00	4.17	46.66
	Mean26_total	3.09	1.02	1	5	413	2.35	3.12	3.81	32.96
Medium	Mean_UBPs1	3.45	1.04	1	5	294	2.67	3.50	4.33	30.12
	Mean_UBPs2	3.27	1.31	1	5	294	2.00	3.33	4.33	40.15
	Mean_UBPs3	3.19	1.13	1	5	294	2.50	3.50	4.00	35.48
	Mean_UBPs4	2.63	1.22	1	5	294	1.43	2.57	3.57	46.60
	Mean_UBPs5	2.88	1.37	1	5	294	1.50	3.00	4.00	47.52
	Mean26_total	3.04	1.01	1	5	294	2.23	3.04	3.81	33.26
Large	Mean_UBPs1	3.17	1.08	1	5	243	2.33	3.17	4.00	33.96
	Mean_UBPs2	2.95	1.38	1	5	243	2.00	2.67	4.00	46.74
	Mean_UBPs3	2.83	1.19	1	5	243	1.75	3.00	3.50	42.25
	Mean_UBPs4	2.39	1.19	1	5	243	1.43	2.14	3.29	49.59
	Mean_UBPs5	2.61	1.32	1	5	243	1.33	2.50	3.67	50.54
	Mean26_total	2.75	1.04	1	5	243	1.92	2.65	3.46	37.94

Note: UBPs1 – business partners, UBPs2 – customers, UBPs3 – competitors, UBPs4 – employees, UBPs5 – state/society.

Source: Authors' own calculation.

Table E

Descriptive Results for the Company Regional Location and UBPs
(Five Stakeholder Groups and the Total Scores)

Slovak regions	Variable	Mean	Std. Dev.	Min	Max	N	Lower Quartile	Median	Upper Quartile	Coeff. of Var
Bratislava region	Mean_UBPs1	3.47	1.09	1	5	422	2.67	3.67	4.33	31.26
	Mean_UBPs2	3.30	1.35	1	5	422	2.00	3.67	4.33	40.79
	Mean_UBPs3	3.25	1.21	1	5	422	2.25	3.25	4.25	37.10
	Mean_UBPs4	2.55	1.25	1	5	422	1.29	2.43	3.43	49.06
	Mean_UBPs5	2.94	1.36	1	5	422	1.67	3.00	4.00	46.48
	Mean26_total	3.05	1.05	1	5	422	2.19	3.04	3.81	34.63
West SVK region	Mean_UBPs1	3.49	1.03	1	5	369	2.83	3.67	4.33	29.39
	Mean_UBPs2	3.35	1.37	1	5	369	2.00	3.67	4.67	40.90
	Mean_UBPs3	3.26	1.20	1	5	369	2.50	3.50	4.25	36.94
	Mean_UBPs4	2.60	1.23	1	5	369	1.43	2.57	3.57	47.19
	Mean_UBPs5	2.93	1.37	1	5	369	1.67	3.00	4.00	46.76
	Mean26_total	3.07	1.05	1	5	369	2.27	3.04	3.85	34.10
Central SVK region	Mean_UBPs1	3.52	1.03	1	5	261	2.83	3.67	4.33	29.38
	Mean_UBPs2	3.33	1.37	1	5	261	2.00	3.67	4.67	41.07
	Mean_UBPs3	3.40	1.18	1	5	261	2.75	3.50	4.25	34.68
	Mean_UBPs4	2.65	1.24	1	5	261	1.43	2.57	3.57	46.68
	Mean_UBPs5	3.08	1.43	1	5	261	1.50	3.50	4.33	46.58
	Mean26_total	3.14	1.05	1	5	261	2.35	3.19	3.96	33.31
East SVK region	Mean_UBPs1	3.59	1.11	1	5	243	2.83	3.67	4.50	30.81
	Mean_UBPs2	3.38	1.32	1	5	243	2.00	3.67	4.67	39.06
	Mean_UBPs3	3.28	1.21	1	5	243	2.50	3.50	4.25	36.79
	Mean_UBPs4	2.61	1.20	1	5	243	1.43	2.57	3.57	46.04
	Mean_UBPs5	2.89	1.38	1	5	243	1.50	3.00	4.00	47.71
	Mean26_total	3.09	1.05	1	5	243	2.23	3.12	3.96	33.83

Note: UBPs1 – business partners, UBPs2 – customers, UBPs3 – competitors, UBPs4 – employees, UBPs5 – state/society.

Source: Authors' own calculation.