

BUSINESS ETHICS IN THE SLOVENIAN ECONOMY

Danijel Pučko*

Received: 28. 05. 1999.
Accepted: 25. 05. 2000.

Original scientific paper
UDC: 65.01 (497.12)

While taking into account the main concepts of business ethics, the author underlines the importance of the ethical issues in the transition period, identifies the perceived unethical behavior in the Slovenian economy as well as the main approaches to business ethics enhancement in Slovenia. Especially, the attempts to improve business ethical behavior by establishing ethical codes are analysed. This includes the Ethical Code of the Slovenian Managers' Association, the Code of the Professional Ethics of the Accountants and the Code of the Professional Ethics of the Controllers in Slovenia, as well as some other ethical codes. The courses, workshops and seminars in the field of the business ethics are surveyed as well as the problems in teaching business ethics and empirically researching the field in Slovenia. The role of the media in enhancing business ethics in the country is analysed too. The last part of the article is dedicated to the identification of the prevailing values and attitudes of the Slovenian top managers and of the younger Slovenian managers. Differences and similarities are shown the respect to the results of some foreign research findings. Finally, there are a few conclusions regarding the needed future actions for further enhancement of business ethical behavior in Slovenia.

1. BUSINESS ETHICS AND ITS RELEVANCE TO AN ECONOMY IN TRANSITION

1.1. Business ethics' main concepts

Ethics as a science deals with the moral aspects of decision-making and behaviour (Tavčar, p.136). It looks into morality, moral principles and moral decision-making as well as into moral norms and ethical procedures. Ethics, as a

* Danijel Pučko, Ph.D., Professor of Strategic Management, Director of Graduate Programmes, Faculty of Economics, University of Ljubljana, Slovenia, Kardeljeva ploščad 17, 1000 Ljubljana, phone: +386 61 1892 542, fax: +386 61 1892 698, e-mail: daniel.pucko@uni-lj.si

practice, means the consensually accepted standards of moral behaviour (Hunger, p. 68). Morality is the precepts of personal behaviour, based on religious or philosophical grounds. Moral behaviour norms should be in accordance with ethics. Ethics is a value-laden concept and, as such, susceptible to ideological and emotional interpretation (Montanheiro, p. 565). Ethics is the sole regulator of behaviour in the fields where it is not regulated by law. Law is really the formal codes that permit or forbid certain behaviours and may or may not enforce ethics or morality.

Modern society is confronted with a diversity of ethical perceptions. Three basic approaches to ethics are probably the utilitarian approach, the individual rights approach and the justice approach. The first approach stems out of the assumption that profit maximisation behaviour will result in the welfare - promoting for the whole society (Keung, p. 27). The individual rights approach builds upon fundamental human rights that should be respected in all decision - making. The justice approach is based on the fundamental premise that decision - makers should be equitable, fair, and impartial in the distribution of costs and benefits to individuals and groups. The existence of different approaches to ethics do not contribute to the upgrading of ethical behaviour in society. They might even promote a general disorientation in matters of ethics.

In business, there are many ethical issues present. Therefore, a growing awareness of ethical responsibility of business firms and managers can be noticed on one hand, but on the other hand numerous contradicting ethical perceptions.

Business ethics is not a concept that is acknowledged by everybody. Those who deny that an enterprise can have, as a collective entity, intentions argue that such an entity cannot have the ability to discharge responsibilities, and therefore should not be treated as an object of moral praise or blame (Keung, p. 29). There is no space for business ethics as a concept on these grounds. Only individuals can discharge the responsibilities. Management ethics is a valid concept, but not the business organisational one if we agree with the above argument.

Those who perceive enterprises as policy makers suggest that they should be held responsible for the consequences of their policies. Whether business organisations have a moral intent independent of its members, are questions that have been raised many times in theoretical debates. If we give an affirmative answer on the stated question, we open the door for the business ethics and/or social responsibility of a business firm.

Our short overview over the main relevant ethical and moral concepts indicates that there might be at least three levels which might require a separate debate of ethical issues in business (Thommen, p. 455). The first is the level of an individual (microlevel). The second level (mezzolevel) is linked to the business firm as an independent business unit that has the responsibility for its moral behaviour. The macro level means the whole national economy which has to deal with a just economic system and policy, environmental policy, etc.

We are aware of the stated ethical concepts and approaches, but we shall not follow these lines strictly in our further presentation of the main ethical issues in Slovenian business. The available empirical material does not allow us such an analytical approach. We chose, rather, to present some evidence of important unethical business behaviour in the Slovenian economy in the transition period as well as the approaches to strengthen the morality in decision - making in the economy. Finally, we will offer some insights into the prevailing values of Slovenian top managers and the ethical attitudes of younger managers (middle managers) in the country.

1.2. Perceived main unethical business behaviour in the Slovenian economy in the transition period

The transition period is a time period without any morality (Praprotnik, p. 4). Such a thesis is certainly too absolute. Moral principles and norms are always there. The big issue is how much are they respected in practical business behaviour. When a society implements radical socio-economic changes, then bribery and economic criminality are usually inherent companions of such changes. There are many discussions, talks and public appeals for ethical behaviour, but it seems frequently to be "unwise". The transition period is obviously the time for "the new primary accumulation of wealth" by individuals.

Slovenia is taking part in the transition process. It certainly tries to regulate the changes by enacting numerous laws. In spite of the existing legal regulations the "grey" unregulated area that has no other regulations but ethical is vast. Ethical behaviour can be easily neglected when opportunities for acquiring wealth by individuals appear.

The country is confronting, therefore, with many forms of unethical business behaviour. Unethical practices stem most frequently in the utilitarian approach to ethical perceptions. Individuals apply profit maximisation

behaviour that cannot be ethical most of the time, because the main assumption of the whole utilitarian approach is not fulfilled. Pure competition is not provided for.

Nobody is in a position to register all forms of unethical behaviour that are present in a transition period. He or she can certainly try to eliminate the most frequently present ones. Such an attempt is usually dangerous because unethical behaviour is not something which an individual or group of individuals, who is (are) responsible, would like to make public. All forms of unethical behaviour are, therefore, not known to the public. Being aware of this danger and taking the risk that the result could be biased, we are able to develop the following list of main unethical forms of behaviour in Slovenian business:

- 1) main unethical forms of behaviour in the preprivatization period
- 2) main unethical forms of behaviour in the privatisation process
- 3) main unethical forms of behaviour in Slovenian business regardless of privatisation.

1.2.1. Main unethical forms of behaviour in the preprivatization period

The transition period started in Slovenia in 1990. The Law on Privatisation of previous state (social) enterprises was passed in 1992. The privatisation process started in 1993 and was formally concluded in 1997. Management teams in companies were well aware that their enterprises would be privatised from the beginning of the transition period. They were confronted with the loss of the previous (domestic) Yugoslav market in 1991, which was the main market for many Slovenian business firms. Confronted with radical changes in their environment, many Slovenian state (social) enterprises came into a latent or real crisis.

Two forms of unethical behaviour were very much present in this preprivatization period in Slovenian business. Initiating and implementing so-called planned (or programmed) bankruptcies of companies by management was the first. The practice of founding by-pass firms was the second.

A planned (or programmed) bankruptcy of a company is defined as a certain behavioural procedure by the company management which results in company bankruptcy in spite of that it could be avoided. The relevant management behaviour is not clearly illegal. It may have certain illegal acts, but mostly management activities are in the "grey" area which are not well regulated by law.

A planned (or programmed) bankruptcy of a company was the way, unethical in nature, to achieve one or more of the following effects (Žnidaršič Kranjc, p. 178):

1. to reduce the work force, employed in the company, in a way which will not require legally previewed payments by the company to employees who are fired;
2. to avoid certain financial obligations which the company has towards their employees or other business partners (payables, credits, etc.);
3. to transfer some cost on the state institutions (subsidies for the unemployed, subsidies for the creation of new working posts, etc.).

The analysis of all the bankruptcies in Slovenia in the period from 1989 - 1991 (Žnidaršič Kranjc, p. 171) found that the share of planned bankruptcies amounts to 47%. Of that, 55% of the planned company bankruptcies were initiated to get rid of surplus labour in companies, 15% of them were aimed to cause a certain damage to companies' creditors, 11% of them had the purpose to reorganise and to retrench companies, and the rest were initiated because of other reasons (Žnidaršič Kranjc, p.179).

The planned bankruptcies did not allocate cost and benefits evenly to all stakeholders. Management teams founded, usually before implementing a planned company bankruptcy, a by-pass firm (a subsidiary really) on which the best assets of the other company were transferred, but not a proportional part of the liabilities. The management teams were able to manage a by-pass firm after the start of the bankruptcy procedure of the old firm. The management team and the reduced size of the workforce, which were employed in the by-pass firm, could be in a much better position in the privatisation process of the by-pass firm than they would be if the old firm would still exist.

Founding by-pass firms in the Slovenian economy was not exclusively linked to the planned bankruptcies of the state (social) companies. Many viable state companies founded by-pass firms. Management teams consider such a practice as a way of how to prepare themselves for a better potential stake in the privatisation process. If they will take part in the employee buy-out of the company or management buy-out of the company in the privatisation of state companies, they would certainly prefer to buy-out a very profitable economic entity. Therefore, they attempted to create such enterprises by giving cheap long-term credits to by-pass firms, renting the best facilities to by-pass firms, transferring receivables to by-pass firms, taking over some costs of the by-pass

firms, etc. In such a manner, the old (founding) company improved the financial performance of their by-pass firms, while worsening its own financial position and heading towards bankruptcy.

1.2.2. Main unethical forms of behaviour in the privatisation process

Slovenia used a few methods for privatising its state (social) enterprises. About 70% of the enterprises were privatised by internal employee and management buy-outs. This dominant privatisation method stimulated many forms of unethical behaviour of management teams and workers' self-managing bodies. Potential internal owners were well aware that if they succeed to diminish the value of their enterprise, it would be easier for them to buy it out. There are many possibilities of how to diminish the company value if you run a company. Therefore, one was able to notice during the '90s that companies wrote off significant amounts of receivables, did not collect rents for their rented equipment and facilities, wrote off credits that they would be able to get repaid, were willing to pay out to their employees excessive fringe benefits, neglected the possibilities to take part in bankruptcy procedures as creditors, etc. The assessment of auditors of the Slovenian Agency for the auditing of the privatisation of state enterprises is that the assets for about 50 billion tolar (i.e. Slovenian currency) were allocated in an unacceptable way to the hands of individuals and organisations which were not eligible (Grgič, p. 3).

Management teams have made numerous business decisions that intentionally caused huge damage to their companies. There were many cases where the equal access to all potential investors in the companies, while privatising a company, was not secured.

The founding of subsidiaries and private companies abroad was one of the important unethical behaviour forms, applied by managers of state (social) enterprises in their endeavours to acquire as much wealth in the privatisation process as possible. The biggest state (social) engineering firm in Slovenia, Smelt, founded a subsidiary Smelt Intag AG Zurich already in the mid '80s because of business reasons. After 1990, the management founded a number of other subsidiaries abroad. They began to transfer business deals on these subsidiaries. The subsidiaries employed a lot of managers and professionals from the headquarters. Assets had been transferred as much as possible from headquarter company to subsidiaries using tools developed by multinationals. The privatisation of subsidiaries progressed by internal management buy-outs. Previous top managers of Smelt in Ljubljana took over the managing directors' positions of subsidiaries which were gradually bought out by them. The

Ljubljana state (social) enterprise became a candidate for bankruptcy. It was taken over by the state Slovenian Development Company (Repovž, p. 3).

1.2.3. Main unethical forms of behaviour in the Slovenian economy regardless of privatisation

The transition period means instability, radical changes, high risks, high inflation, high level of interest rates, low level of living standard for the majority of the population and the prevailing feeling of individual insecurity. Inhabitants are not inclined to consume much. They try to save as much as possible. Private financial organisations find such an environment as a big opportunity for themselves. They invite inhabitants to deposit their savings and then promise a high return on these savings. They do not explain to their customers that the risk is very high because of the unstable economic environment and because of their weak economic power (i.e. small financial organisations). As human beings are not very well educated, on average, and as they are looking for big earnings, they usually trust their savings to such newly founded small financial intermediaries. Most of the time, the result is very disappointing. The financial organisation invests the gathered capital into a too risky investment, loses liquidity and is forced into bankruptcy. In some cases, the owners of such organisations disappear with at least some of the capital. Depositors lose their deposits. This kind of behaviour has been extensively present in the '90s. The founders of small financial organisations have to be blamed for their unethical behaviour. They should know what the risks are and they should openly communicate in due time those risks to their potential clients. Even the macro level decision-makers might be blamed for not behaving properly regarding regulations which should protect citizens.

Slovenia is a small country. A small country offers many more possibilities for non-ethical behaviour on the stock exchange. As a result of the privatisation of previous state (social) enterprises, more than 30 investment companies were founded. A significant part of citizens trusted their privatisation vouchers to these investment companies. Investment companies are the most active actors on the stock exchange. Due to their mutual links - formal and informal, they sometimes consciously influence stock and bond prices on the stock exchange. Their financial transactions enable them to create gains, which on the competitive market cannot be achieved.

The management practice of using internal information for acquiring personal benefits is not unknown to Slovenia. Since the majority of previous Slovenian state (social) enterprises were privatised by internal employee and

management buy-outs, the ownership of companies is quite dispersed. The process of the ownership concentration is in progress. Managers have the best access to internal information in companies. Potential external investors are not in the same (equal) positions. Managers use their advantage. They are able to buy most favourably additional capital shares of their enterprises as they are equipped with relevant information which they deny to potential external (or even to other internal) investors. The management board in the company, Comet, established at first an internal fund of the companies' own shares. When top managers were informed about the good past financial performance of the company, they bought out, from the internal fund, a significant part of the companies' shares applying the bookkeeping (historical) value of the shares (Einspieler, p. 5). They even borrowed a huge amount of money from commercial banks. There is no need to say that their capital gain was tremendous. We cannot be sure that they will be convicted because of breaking the law. However, it is sure that their behaviour was unethical. Similar forms of behaviour can be noticed in some instances where company management prepares a take-over. Their purchases of stocks of the take-over candidate before the take-over plan is made public results in capital gains. Their linkages with stock exchange speculators might be a way to achieve similar gains.

There are not rare cases of companies selling some of its real estate to other companies that are fully or partly in the ownership of managers of the company which is the seller. Similar cases are renting some facilities or equipment or even land to companies owned by managers of the first company. It is not hard to believe that the prices which apply to those deals are lower than the market price.

The less known and usually very unprovable unethical behaviour, but potentially very dangerous, might appear when politicians have a linkage with the management team of a company (Milošič, p. 3). The company might be very successful in getting government contracts or other favours. Government money might mean huge profits. For most of the cases, it is not possible to find out what are the dimensions of such frauds and possible bribes.

One might register other forms of unethical behaviour which are present in the developed countries (Hunger, p. 63-64) and in the Slovenian economy, too. Companies improperly dispose their toxic wastes. They do not pay sufficient attention to safeguard employees from exposure to dangerous chemicals and materials in the workplace. They push customers to purchase unneeded products or services or even defected ones. They consciously publish their financial reports which contain mistakes. Many examples of neglecting basic human rights are not difficult to find in the business practice on the micro level.

1.3. Importance of the Ethical Issues in the Transition Period

A growing tension between the awareness of ethical responsibility and the continued erosion of universally acknowledged values and moral standards certainly exists in modern societies. The unacceptable disorientation in matters of ethics is particularly significant in rapidly developing societies and in societies which implement radical changes. In societies that are in transition, the old legal framework has many weaknesses, therefore the "grey" , legally unregulated area is very vast. Ethics might be a substitute. It might offer the needed benchmarks. Ethical issues should be considered as very important.

Such awareness is stronger everyday. Many initiatives for strengthening the ethical behaviour which appears prove the thesis. Many non-governmental organisations try to be the promoter of ethical behaviour. Professional organisations, schools, churches, intelligentsia and many others try to contribute to more ethical behaviour in society.

Reality does not allow rapid changes. Endeavours in numerous fields which are needed might result in the more responsible, more ethical behaviour of managers, but one should not expect spectacular changes. Behaving more strictly in accordance with ethical principles and norms is a very complex issue. It simply cannot be turned around in a relatively short time period. Establishing ethical codes in different fields of human endeavours, teaching and educating people on all levels regarding business ethics, researching ethical issues and disseminating the findings, using the media for the promotion of ethical behaviour, developing organisational cultures, etc. are all needed directions of endeavours which will improve the overall level of ethical behaviour in our societies.

2. MAIN APPROACHES TO THE BUSINESS ETHICS ENHANCEMENT IN SLOVENIA

2.1. Attempts to enhance business ethical behaviour by establishing ethical codes

Business ethics could be enhanced by establishing a business code of ethics in the company (Keung, p. 36) which serves to explicitly define corporate intents and values, as well as a uniform framework for behaviour. About one-half of American companies have such a code (Hunger, p. 71). One would hardly find such a code of ethics in any Slovenian company. The reasons are not known to me. A productive hypothesis might be that managing directors, who experienced too many regulations of their behaviour in the socialist period, are somehow "naturally" against any new, formal regulatory device which would diminish the freedom of their choices.

On the other hand, many ethical codes do exist in the Slovenian economy. The historical primacy has the Code of Professional Ethics of the Accountant and of the accounting principles which were established already in 1973 by the Association of Accountants and Controllers of Slovenia. This Code was renewed in the '90s (Kodeks poklicne etike računovodje, 1994). Slovenian managers, associated in their organisation, established the Code of the Society of Managers in Slovenia in 1990 and amended it in 1993 (Tavčar, p. 147). The Slovenian Association of Accountants, Controllers, and Auditors established the Code of the professional ethics of controllers in 1997. The code of professional ethics of external auditors exists from 1994. The Slovenian Institute for Auditing established it. One can find the Code of the Ljubljana Stock exchange. The Association of Consultants in Slovenia established its own Ethical Code. Firms in the real estate field have their own ethical code. I believe that not all ethical codes which exist in the Slovenian economy have been mentioned by this enumeration, but I am convinced that the most important ones have been. Let us get some insight into three of the stated codes.

2.1.1. Code of professional ethics of the accountant

This code offers a set of rules which should direct the behaviour of accountants while implementing their professional work. The code contains a few basic principles of the professional ethics and a few behavioural principles which an accountant should respect (Osutek kodeksa računovodskih načel in kodeksa poklicne etike računovodje, p. 54 - 58). Basic principles require effective professional work, a respect for principles of personal and professional

ethics contained in the code, an accountant who is professionally well educated, trustful, honest and truthful as well as laborious, a readiness for co-operation in solving professional problems and willingness for transferring professional experiences. An accountant should value and pay respect to knowledge, dignity and professional expertise.

Behavioural principles suggest to an accountant to develop professionally and responsibly, to maintain the secrecy of company information, to be honest, to promote truthfulness and to be laborious.

In spite of the stated code, surveys show that about one-third of the companies' financial reports contain intentional mistakes. Most mistakes (52% of the cases) have the purpose to show to the public higher achieved profit than was really achieved (Gorenc, p. 58). Otherwise, a survey found out that the mistakes in financial reports of the Slovenian companies are quite similar to those found in American and British firms. Did the code contribute to these achievements ?

2.1.2. Code of the professional ethics of controllers

This code offers a set of ethical principles which controllers should take into account when they make decisions. Ethical principles tackle five groups of ethical issues:

- ethical issues of business financial objectives and goals
- ethical issues of decision-making
- ethical issues of financial informing
- ethical issues of executing financial transactions
- ethical issues of recruiting.

The principle which regulates the behaviour by establishing financial objectives and goals suggests that long-term profit should be followed as well as justice in its allocation between stakeholders. The principle which regulates decision-making requires that the decisions should be in accordance with the truth, that they are made for a human being, that they result in profit for all stakeholders, that they will bring an equal justice to everybody, and that they will improve the relationships and the co-operation between all of the organisation's interest groups.

The principle of ethical informing suggests that it is based on truth, honesty, comprehensiveness, precision, adequate information safeguarding, and on right timing. The principle of ethical execution of financial transactions

requires that all transactions are beneficial and just for all of the organisation's interest groups. The principle of ethical recruitment requires that any recruitment should be based on the criteria of professional skills, required set of personal characteristics, personal responsibility, honesty, truthfulness and no previous malfunctioning.

2.1.3. Code of the Society of Managers

This code contains 12 ethical principles which Slovenian managers should follow. Managers should endeavour to increase the welfare of all stakeholders. They should fight for larger freedom for the company, but taking into account the interest of the state and all other participants and respecting "the rules of the game". Managers should try to improve the role which the enterprise has on the market. They should permanently develop their leadership skills and care for their health. They must endeavour to acquaint themselves as much as possible with the consumers' needs, direct them to positive and humane goals, and to satisfy them in the best possible way.

Their leadership should enable subordinates to develop into independent and pleasant persons who will be enjoying their work for the firm, and who will pay due respect to co-employees and other people. Managers should safeguard the interests of the company owners and should co-ordinate those interests with the interests of other stakeholders in the long-term. They must take care that their competencies and responsibilities in the relationship toward company owners are defined clearly.

Managers are responsible to develop partnerships with the company's suppliers and buyers which will be built upon mutual trust. Managers should be loyal towards competitors, i.e. they should behave in accordance with the law, good business habits and business morality. Managers should implement mutual solidarity between the members of the Society of Managers. They must be active in public life and should strive for the protection of the environment.

One might rapidly notice that these ethical principles are very general and certainly assume some more detailed company ethical codes.

2.2. The teaching of business ethics in Slovenia

The teaching of business ethics was not a part of the curriculum in business schools in Slovenia until the beginning of the '90s. The new curriculum for the undergraduate level does not include any specific course on business ethics, but it offers a few topics in business ethics that are the integral part of the Business Environment course. This course should take a lead in sensitising students about ethical issues in business. Students are modestly acquainted with issues of ethics in the entrepreneurial sector, a company's ethical behaviour, roots of dominant business ethics, and ethical dilemmas in the transition period. All undergraduate students must take this mandatory course.

The MBA programmes include the course on Business Environment too. The course is not obligatory for all graduate students. Those graduate students that choose a general management concentration within the programme must take the Business Environment course. By taking this course, they study more extensively business ethical issues as those on the undergraduate level.

Workshops and seminars in business ethics practically still do not exist. The ethical issues are tackled, at least partly, on workshops and seminars that are dedicated to organisational culture and which start to be offered to managers and employees as a part of their external or internal permanent training.

Professional business bodies do not have to be very active either in offering business ethical topics at their conferences or symposia. There is an evident lack of highlighting of important and community - relevant ethical issues on such professionals' gatherings.

It seems, taking into account all of the above mentioned facts, that quite a vast, rather "empty" space exists for teaching and promoting business ethics in Slovenia.

It is difficult to teach about specific topics if there are not a lot of relevant research findings available. We have no research centres or learning research centres that would be established to facilitate and promote research and learning in the field of business ethics. One can find just a few articles in Slovenian scientific and professional journals in the last decade. Those articles (Snoj, Kajzer, Thommen) are not based on any systematic empirical research. The empirical research of business ethical issues will probably become a reality in Slovenia in the new millennium.

2.3. Media and their role in promoting business ethical behaviour

The professional business bodies and media have been the most active promoters of ethical awareness in Slovenia in the transition period. The media has had quite an active role in informing and sensitising the public about the unethical behaviour of managers and enterprises. Journalists might be seen as big fighters against any negligence of ethical principles and norms. They are eager to publish stories on business frauds, briberies, corruption, inhuman treatments of workers in companies, irresponsible pollution of the environment, unethical mutual behaviours of managers and individual politicians, etc.

Newspapers (not the yellow ones) are on the first front in this fight for ethical behaviour in business. Journalists are quite aggressive in blaming any disregard of ethical norms in business. They often even risk being sued, which often happens. The majority of these cases are solved in favour of journalists.

3. SOME INSIGHTS INTO PREVAILING VALUES AND ATTITUDES OF SLOVENIAN MANAGERS AND THE BUSINESS ETHICS

3.1. Some insights into prevailing values and attitudes of Slovenian top managers

The survey that was carried out by our team, in 1996 in 80 Slovenian medium and large enterprises in a diversity of industries (Pucko, 1997), brought some insights into the top managers' value systems too. We found out that managing directors' personal values were changing slowly and insignificantly in the transition period. They still differ noticeably from the value systems of Western European entrepreneurs and managers (Pucko, 1997, p. 364), but it is not true when their values as employers are concerned (Pucko, 1997, p. 369). Providing good working conditions for their employees, saving jobs, enabling self-fulfillment and improving their employees' life style were assessed as the most important values for both groups of top managers. Profit-sharing was appreciated as a value much more by Slovenian than by Western European top managers.

We carried out a second similar survey in the Slovenian SME sector (Pucko, 1998). Our respondents were managing directors or entrepreneurs of 97 small and medium enterprises from a diversity of industries. The findings regarding their values as employers were very similar to those of the first survey. The biggest perceived difference in values' ranking between Slovenian

and Western European managers and businessmen was noticed regarding their attitude towards new job creation and job preserving. The Slovenian managers considered these values as less important as did their Western counterparts (Pucko, 1998, p. 562).

No research findings exist regarding more general ethical values which are dominated by Slovenian top managers. We might only derive them out of the analytical statements presented so far in this paper.

3.2. Some insights into prevailing values and attitudes of younger Slovenian managers

The master's degree thesis on SWOT analysis of the biggest Slovenian pharmaceutical company that was submitted recently contains the assessment that younger managers and professionals, employed in the company, brought with them a new and different set of values into the company (Matko, p.101). One can certainly expect that the value systems of older and younger managers in business firms differ. Their ethical norms and behaviour are not the same. This fact suggests that we should search into the ethical attitudes of the younger managers who most frequently occupy (if they have university degrees) middle management positions in enterprises separately. Let us try to get some insight into their ethics by applying a modest exploratory empirical study.

Our purpose is to find out which ethical attitudes are the least acceptable and which are the most acceptable for this group of managers in business. We will try to carry out some international comparison in this regard with the existing and accessible research findings too.

Our empirical research approach is based on the approach applied by Mc Donald, Zepp and Cho Kan (Mc Donald, p. 45). Their questionnaire on ethical decisions was given to my part-time MBA students who are active in Slovenian business organisations in different middle managerial positions. The sample consisted of middle-level managers from a variety of industries. A total of 80 students responded to the 12 questions in the questionnaire partly in December 1998 and partly in January 1999.

The questionnaire contained 12 situational statements (Mc Donald, p.55). Of these, eight were based on a collection of morally difficult marketing situations, the rest were based on other morally difficult behavioural situations. A nine-point Likert scale was applied. The specific situational statements were linked to the following:

1. Truth in advertising
2. Obtaining trade secrets
3. Ethical sales practice
4. Irritation in advertising
5. Using company time for personal business
6. Taking credit for another's work
7. Taking longer time than necessary for a job
8. Deceptive advertising
9. Padding an expense account
10. Gaining of competitor information
11. Falsifying reports
12. Offering and accepting bribes.

The survey results are shown in Table 1. Table 1 includes the results of the survey carried out by Mc Donald, Zepp and Cho-Kan (Mc Donald, p. 48 - 50) on the sample of 63 respondents from Australian advertising agencies (at the account executive/client servicing level) and members of business organisations (at the marketing/advertising/sales/manager level) in Perth and on the sample of 107 MBA part-time students at the University of Macau (the sample consisted of middle-level managers from a variety of industries in Hong Kong). The Australian survey was carried out in 1982, and in Hong Kong in 1987.

The Slovenian younger managers consider taking credit for another's work, padding one's expense account and falsifying reports (See Table 1) as less acceptable moral behaviour. In this regard, they have the same ethical attitudes as the Hong Kong managers. They differ from the Australian managers especially by not opposing to the practice of briberies.

Gaining of competitor information and irritation in advertising seem to be quite acceptable moral practices for the Slovenian younger managers (See Table 1) as well as for the Australian and Hong Kong managers. Concerning ethical attitudes, on three of the 12 questions, the means for the Slovenian younger managers were significantly lower than those for the Australian and Hong Kong managers (See Table 2).

Table 1: Ranking of ethical statements by Slovenian, Australian, and Hong Kong managers

Ethical Statement	Weighted Mean*		
	Slovenia	Australia	Hong Kong

1. Taking credit for another's work	1.57 (1)	1.69 (2)	3.23 (1)
2. Padding one's expense account	1.99 (2)	3.44 (5)	3.57 (3)
3. Falsifying reports	2.76 (3)	1.53 (1)	3.53 (2)
4. Using company time for personal business	3.25 (4)	4.40 (10)	5.63 (7)
5. Unethical sales practice	3.46 (5)	3.17 ((4)	5.60 (5)
6. Truth in advertising	4.69 (6)	3.98 (6)	5.01 (4)
7. Deceptive advertising	4.74 (7)	4.11 (7)	6.51 (10)
8. Obtaining trade secrets	4.95 (8)	4.25 (8)	5.92 (9)
9. Bribery	5.11 (9)	2.74 (3)	5.23 (5)
10. Taking longer than necessary to do a job	5.71 (10)	4.33 (9)	5.71 (8)
11. Gaining of competitor information	7.01 (11)	6.16 (11)	7.02 (12)
12. Irritation in advertising	7.18 (12)	7.08 (12)	6.72 (11)

* Means are based upon a nine-point scale (1 = Strongly disagree through 9 = Strongly agree)

** Ranks are in brackets

Using company time for personal business, taking credit for another's work, and padding one's expense account are much less acceptable behaviour for Slovenian younger managers than for the Australian and Hong Kong younger managers. After computing t values, we found out that there is a high degree of significance ($p= 0.01$) for the differences between ethical attitudes (measuring by means) of the Slovenian managers on one side, and the Australian as well as the Hong Kong managers on the other side regarding the following ethical attitudes: using company time for personal business, padding one's expense account, and falsifying reports. Additionally, a high degree of significance ($p= 0.01$) exists for the difference between ethical attitudes of the Slovenian managers on one side and the Australian managers on the other regarding the following additional ethical attitudes: taking longer than necessary to do a job, gaining of competitor information and bribery. The comparison of the attitudes just between the Slovenian group and the Hong Kong group shows that there are additional significant differences ($p= 0.01$) regarding unethical sales practices, taking credit for another's work, and deceptive advertising.

Table 2: Comparison of personal beliefs of Australian, Hong Kong, and Slovenian managers regarding which ethical actions are more acceptable and which are less

Ethical Issue	Weighted Mean*		
	Australia	Hong Kong	Slovenia
1. Truth in advertising	3.98 (SD=2.910)	5.02 (SD=2.624)	4.69 (SD=2.503)

2. Obtaining trade secrets	4.25 (SD=2.713)	5.92 (SD=2.593)	4.95 (SD=2.713)
3. Unethical sales practices	3.17 (SD=2.618)	5.61 (SD=2.314)	3.46 (SD=2.412)
4. Irritation in advertising	7.08 (SD=2.190)	6.73 (SD=1.984)	7.18 (SD=1.791)
5. Using company time for personal business	4.40 (SD=2.983)	6.64 (SD=2.418)	3.25 (SD=2.101)
6. Taking credit for another's work	1.69 (SD=1.232)	3.23 (SD=2.239)	1.57 (SD=1.040)
7. Taking longer than necessary to do a job	4.33 (SD=3.090)	5.71 (SD=2.379)	5.71 (SD=2.408)
8. Deceptive advertising	4.11 (SD=2.709)	6.51 (SD=2.186)	4.74 (SD=2.576)
9. Padding one's expense account	3.44 (SD=2.896)	3.57 (SD=2.477)	1.99 (SD=1.479)
10. Gaining of competitor information	6.16 (SD=3.067)	7.03 (SD=1.657)	7.01 (SD=1.964)
11. Falsifying reports	1.53 (SD=1.183)	3.53 (SD=2.368)	2.76 (SD=1.795)
12. Bribery	2.74 (SD=2.547)	5.23 (SD=2.486)	5.11 (SD=2.783)

* Means are based upon a nine-point scale (1= Strongly disagree through 9 = Strongly agree)
SD = standard deviation

The exploratory findings indicate that there exists quite a difference in the systems of business ethical values of managers around the world. Business decision-making should be aware of this fact on one hand, and the endeavours for promoting and harmonising business ethical behaviour need to be increased on the other hand.

4. CONCLUSIONS

The overview of the ethical issues that are present nowadays in Slovenia as well as the survey findings suggest that there is a big need to enhance business ethics in the Slovenian environment. The business code of ethics, which serves to explicitly define corporate goals and values and helps to establish a uniform framework for behaviour, should be established. Companies should have a boards-level committee which would deal with the moral aspects of company policies and behaviours. Teaching and training in the business ethics field should be intensified in schools and in external and internal workshops and seminars. Research work in the business ethics area must be stimulated. At least one research or resource centre for business ethical issues should be founded in Slovenia to facilitate and promote research and learning in

business ethics. The media should continue to play an active role in sensitising the public about business ethical issues. Finally, legislative bodies should be more effective in enacting laws that will narrow the “grey” area where business ethics alone cannot successfully regulate business decision-making in a way that would be acceptable for the society.

REFERENCES:

1. Becker, K.G. (ed.) (1996): *Ethics in Business and Society*, Springer, Berlin
2. Becker, K.G. (1996): *Ethics between East and West: The Example of Hong Kong – Introduction*, Springer, Berlin
3. Einspieler, V. (1998): *Cometova uprava kazensko ovadena*, Delo, December 1, p. 5
4. Gorenc, S. (1999): *Revizijsko ugotavljanje najpogostejših napak pri pripravi računovodskih izkazov (magistrsko delo)*, Univerza v Ljubljani, Ekonomska fakulteta, Ljubljana
5. Grgič, M. (1998): *Koliko premoženja se je vrnilo*, Delo, November 30, p. 3
6. Hunger, D.J., Wheelen, L.T. (1996): *Strategic Management*, Addison-Wesley Publishing Company, Readings, Mass.
7. Kajzer, Š. (1994): *Etika podjetja v tranziciji*, Naše gospodarstvo, No. 4
8. xxx (1997): *Kodeks poklicne etike finančnikov*, Revizor, No. 2, p. 123-141
9. Matko, M. (1998): *Celovita ocena Krke, tovarne zdravil d.d. (magistrsko delo)*, Univerza v Ljubljani, Ekonomska fakulteta, Ljubljana
10. Mc Donald, M.G., Zepp, A.R. and Cho-Kan, P. (1996): *Comparative Ethical Perceptions of Australian and Hong Kong Managers*, in Becker, K.G. (ed.): *Ethics in Business and Society*, Springer, Berlin
11. Milošič, F. (1998): *Podobnik ovaden komisiji, ki jo vodi*, Delo, December 1, p. 3
12. Montanheiro, L. (1996): *Business Management In Transition Economies: The Significance of Values And Ethics For Business*, in 50th Anniversary of the Faculty of Economics, University of Ljubljana, Faculty of Economics, Ljubljana
13. xxx (1994): *Osnutek kodeksa računovodskih načel in kodeksa poklicne etike računovodje*, IKS, No. 4, p. 53-59
14. Po - Keung, I. (1996): *Profit and Morality: Problems in Business Ethics*, in Becker, K.G. (ed.): *Ethics in Business and Society*, Springer, Berlin
15. Praprotnik, I. (1998): *Prevent, Trojev trojanski konj*, Delo, December 17, p. 4
16. Pučko, D., Lahovnik, M. (1997): *Managers in the transformation process of Eastern Europe - A Case of Slovenia*, *Journal for East European Management Studies*, Vol. 2, No. 4, p. 360-376
17. Pučko, D., Lahovnik, M. (1998): *Strateški management v slovenskih podjetjih - približevanje ali oddaljevanje od Evropske unije*, *Slovenska ekonomska revija*, Vol. 49, No. 6, p. 557-573
18. Repovž, M. (1998): *Odstavljena uprava vztraja*, Delo, December 2, p. 3

19. Snoj, B. - Urlep, M. (1995): Nekateri vidiki poslovne etike in kulture organizacije, naše gospodarstvo, Vol. 41, No. 5-6, p. 518-522
20. Tavčar, M. (1994): Etika in morala managerjev, in Možina, S. (ed.): Management, Didakta, Radovljica, p. 131-173
21. Thommen, P.J. (1994): Etika podjetja v socialnih tržnih gospodarstvih, Naše gospodarstvo, No. 5, p. 455-458
22. Žnidaršič Kranjc, A. (1993): Planirani stečaj, Didakta, Radovljica

POSLOVNA ETIKA U SLOVENSKOM GOSPODARSTVU

Sažetak

Uzimajući u obzir temeljne koncepte poslovne etike, autor naglašava značaj etičkih problema u periodu tranzicije, identificira primjere neetičkog ponašanja u slovenskom gospodarstvu i temeljne pristupe poboljšanju poslovne etike u Sloveniji. Posebno se analiziraju pokušaji poboljšanja etičkog ponašanja putem uspostavljanja etičkih kodeksa. Oni uključuju Etički kodeks udruge slovenskih managera, Kodeks profesionalne etike računovođa i Kodeks profesionalne etike revizora u Sloveniji. Istražuju se i predmeti, tečajevi i seminari na području poslovne etike, kao i problemi u nastavi i istraživanju poslovne etike u Sloveniji. Analizira se i uloga medija u poboljšanju poslovne etike u zemlji. U posljednjem dijelu rada se određuju pretežite vrijednosti i stavovi slovenskih top managera, kao i mlađih managera u Sloveniji, a dobivene razlike i sličnosti se uspoređuju s rezultatima stranih istraživanja. Na kraju se daju preporuke u svezi potrebnog budućeg djelovanja za poboljšanje etičkog poslovanja u Sloveniji.