

Late payments explained by ethical culture*

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Late payments have long been a problem for enterprises, and the situation only escalated following the recent global economic crisis. Even though new legislation has been adopted at the European level, the problem of late payments has not improved. The aim of the study presented in this paper was to find out whether late payments can be explained by enterprises' ethical culture. The analysis of ethical culture was performed by Kaptein's (2008) measurement instrument. Of the six dimensions that could be confirmed with our sample, three correlated statistically significantly with late payments: sanctionability, feasibility and transparency. Sanctionability refers to the likelihood that unethical behavior will be sanctioned and ethical behavior will be rewarded; feasibility refers to the creation of conditions that allow employees to meet normative expectations; and transparency refers to the degree to which incorrect behavior is visible to those who can have an influence on changing such behavior. The more sanctionability and feasibility are expressed in enterprises, the better their payment discipline; the more transparency is present, the worse the payment discipline. Furthermore, our research showed that the size of the enterprise, liquidity (current ratio) and financial leverage (debt to asset ratio) have no statistically significant influence on the payment discipline of the observed enterprises.

Key words: business ethics, ethical culture, ethical work culture, late payments, payment discipline (JEL Code: A13, J30, M14)

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