The Impact of The Financial Crisis on The Labour Protection of Chosen Employer Brands in The Construction Industry In Slovakia

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Abstract

The paper deals with the financial crisis and its impact on the labour protection of chosen employer brands in the construction industry in Slovakia. The labour protection generally means improving the working environment and the work culture. The health and safety at work represents today one of the most important social policy areas of the European Union. The neglect of labour Protection has the negative impact on the employee, the employer and whole society. This doubly remains since 2008 and basically this period continues today. It is a period of global economic crisis, which came up in a protection work. In cases of massive investigation in companies, there is a risk of undermining the protection of labour. This can be manifested, for example, in injury in companies in sanctioned, occupational diseases, etc. For these reasons, the survey was carried out with focus on chosen employer brands in Slovakia, and the results are presented in that paper.

1. Introduction

The labour protection is an inseparable part of jobholder relations. Not only determining the effectiveness of staff power, it is also the realization of employees' social rights. The neglect of the care about the labour protection negatively strikes upon the employer and the whole company. It focuses mainly on the employee’s protection, who is in the weaker position than the employer (HRclub, 2014). This has been doubly valid in the period from 2007 or

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2008 and in fact this period lasts until today. It is the period of global economic crisis, which was not avoided by the labour protection. There exists a risk of underestimating the labour protection in the cases of massive cost saving in firms. This can be expressed for example in the firm's accident rate, in the conferrable sanctions, diseases from the profession etc. (Majerová & Križanová, 2013)

Every year, working injuries cause 4.9 million injuries with more than three-days absence. The costs which arise in this way as the consequence of working injuries and also the diseases from the profession move in a range from 2.6 to 3.8 of gross domestic product in the majority of countries. The costs afterwards arise not only in the already-mentioned concerns, but also in the national economy (EU-OSHA, 2014). National economies and particular concerns, which have better norms in the area of the labour protection, are many times more successful. The lesser occurrence of injuries means lesser sickness absence within the employees and also lower costs in the case of interruption of labour processes. From the point of view of importance and bonding to national economy of the particular country, the construction industry plays a prominent role. This sector was afflicted by the crisis as the first one among all the other sectors in the existing economics. His overfall during the lasting of the crisis is more outstanding than the overall within the whole economy and the impacts of the crisis within the building sector last longer than in other sectors.

The area of construction is included in danger jobs, where the law clearly speaks also about the duties of the employer, and breaking this law costs fairly big financial means in the sanction form, whether for the breaking of the rules in this area found out within the operation of the Work Inspection, but also for the creation of working injuries, within which the breaking of safety rules in on the employer's side (Labour Code, Law on the Protection and Promotion of Public Health, Law on Safety and Health Protection within the Work, 2014).

2. The labour protection

The labour protection is a term, which generally means the improvement of working environment and work culture. Nowadays, health and safety within the staff represents one of the most essential areas of progress of the social politics in the European Union. In the area of safety and health protection within the labour there were accepted various measures on the basis of the article no. 153 from the Pact about the behavior of European Union. The European directives are legally binding and the membership countries have to transpose them into their inland enactments. A general directive with a wide extent of versatility, as well as other directives aimed at distinctive health aspects and safety compose the essence of European enactments about the safety and health protection within the labour (EU-OSHA, 2014). These directives stipulate minimal requirements and basic principles, e.g. the principle of precaution and evaluation of risks, and also the duties of employers and employees. Moreover, the aim of the European regulation complex is to make easier the completion of European directives, as well as the completion of European norms, which are accepted by European organizations for the normalization (HRclub, 2014).

The right for living and health is natural and sanctioned human right. Safety and health protection of employees within the work is guaranteed by the article no. 36 from the Constitution of the Slovak Republic and is enacted by the system of enactments and other rules for the assurance of safety and health protection within the staff (Law on the Protection and Promotion of Public Health, Law on Safety and Health Protection within the Work, 2014). The aim of safety and health protection of the employees is primary to ensure the safety, health protection and working ability of the employees and secondary to eliminate the employer's damage. It is effectively achieved by the precautionary policy and precautionary measures of the employer. Safety and health protection the employees is such a state of working conditions, which guarantee employees the protection of their safety and health during each work. Safety and health protection within the labour are composed of all the elements of working process, especially buildings, communications, machines and other technical devices, working procedures, the organization of labour, means of remuneration for personnel, people and the interactions between them and other elements of a working process. All the employers are obliged to ensure the safety and health protection within the labour. The employees have to care about their safety and health (Law on Safety and Health Protection within the Work - SHPW), as well as the safety and health of the other persons (Law on Safety and Health Protection within the Work, 2014)

Work of labour inspectors if focused on supervision over compliance with those laws that ensure the protection of employees in the employment relationship, including wage and working conditions, with emphasis on the working
conditions of women, youth, persons with disabilities and persons under the age of 15. Inspection work includes the supervision of compliance with laws and other regulations to ensure health and safety at work regulations to ensure the safety of technical equipment, regulations governing working environment factors, prohibition of illegal work and illegal employment and obligations stemming from collective agreements (Šukalová & Ceniga, 2013; Šukalová & Poniščiaková, 2005).

3. The area of construction industry in Slovakia and in the countries of Visegrád Four

In the area of construction industry the employment had a rising tendency from 2002 and in 2006 there were employed around 156 thousands of persons in this branch and there even approved the lack of qualified crew power. During these times there was created a good business environment in Slovakia (MVRR SR, 2007). As the prove there was a stable macroeconomic business frame, it related mainly to the economic growth, influx of abroad investments, tax burden etc. As a breaking point for the crisis was the year 2008, especially the first quarter which was known as the beginning of the crisis. Of course, the concerns were growing after this quarter, but some of them were going down, even though this approved later. (Majerová, 2014)

According to Marek Legáň, the construction industry during the crisis lowered the amounts of labourers and dismission still continues. According to the representatives of this sector there are going to follow more reductions of capacities including the recessions of some firms from the market. Main changes within the unemployment rate during the crisis times result from the rising number of those who lost the job (Legáň, 2013).

This cause extremely grows during the times of recession namely because of two reasons: firstly, there rises the number of those who are losing the employment and besides it lasts longer before they find a new position. Still few orders for the construction works, continuing dismission of people, proposals for selling or hire of the excessive property. Tenders either in court or cancelled or closed with prices, which the part of the market considers exceedingly as liquidating. This is the model of slovak building industry in these days (Šebejová, 2012).

From the data, visible in the Fig. 1, can be seen that the construction sector in 2008 belonged to the drafters of economic growth of Slovak Republic. In comparison to the year 2008, yearly construction production of Slovak Republic in 2012 dropped about 27,3% (in stable prices), which represents approximately the level of the year 2005. The construction production in 2012 continued in the dropping tendency already the fourth year, and in 2012 its overfall even speeded up (SSDS, 2013).

![Development of construction production in SR (change in % comparing the year 2005)](Fig. 1. Development of construction production in SR (change in % comparing the year 2005).)
Actual, the directors of construction companies in Slovak Republic expect additional drop of slovak construction industry namely about 1,6 percent (Table 1).

Table 1. State of construction industry in 2013 in comparison with the prediction for 2014.

| Development of construction industry | Slovakia | Czech Republic | Hungary | Poland |
|-------------------------------------|----------|----------------|---------|--------|
| Year 2013                           | -6,50%   | -7,40%         | 1,70%   | -11,00%|
| Year 2014 (prediction)              | -1,60%   | 2,70%          | 5,60%   | -1,00% |

Source: Company CEEC Research, 2013 and own source

Predictions for year 2014 (Table 2) show on the very moderate growth of income compared to year 2013 in the area of construction industry in Slovakia. Moderate growth of income in the area of construction industry is expected by the other countries of Visegrád Four.

Table 2. Development of income in the area of construction industry in Visegrád Four's countries.

| Income within the construction industry | Slovakia | Czech Republic | Hungary | Poland |
|-----------------------------------------|----------|----------------|---------|--------|
| Year 2013                               | -0,90%   | -5,70%         | 2,00%   | -6,10% |
| Year 2014 (prediction)                  | 1,40%    | 1,60%          | 5,00%   | -0,50% |

Source: Company CEEC Research, 2013 and own source

According to actual studies there seems to be an improvement in the development of market fraction compared to 2013. 50% of directors believe in the overcharging of competition in 2014. The doubt rate is also big and nearly one third of respondents is not able to provide their prediction with regard to the overcharging of competition (s. Table 3).

Table 3. Fraction of firms expecting the improvement of their position on the market.

| Improvement of the position on the market | Slovakia | Czech Republic | Hungary | Poland |
|-------------------------------------------|----------|----------------|---------|--------|
| Year 2014 (prediction)                    | 50%      | 43%            | 89%     | 54%    |

Source: Company CEEC Research, 2013 and own source

To determine the situation on the market, it is decided to perform SWOT analysis (s. Table 4).

Table 4. Opportunities and Threats of construction industry in Slovak conditions.

| Opportunities of construction industry in Slovak condition | Threats of construction industry in Slovak conditions |
|-----------------------------------------------------------|------------------------------------------------------|
| Manufacture and sale of micro products                    | Changes in legislation                               |
| Processing dolomite                                       | Low attractiveness manual occupations                |
| Desulphurization heating plant                            | Rising input prices                                  |
| Construction of highways                                  | Changes in the surface of construction of highways   |
| Car industry - plastics                                   | Reduction of cement and limestone production         |
| Agriculture and forestry                                  | Changes in the transport of products                  |

Source: Masárová & Križanová, (2014)Innovation of company’s product portfolio in the field of construction industry in Slovak conditions.

4. Survey of the impact of the financial crisis on the area of labour protection of chosen employer brands in the construction industry in Slovakia

The specification of the problem and goal setting:

The aim of the survey was to find out the impact of the financial crisis on the area of labour protection in the big construction industry in Slovakia in 2013 and evaluate the determined facts. In today’s world, brands are
everywhere; in fashion and other industries, services, politics and media. The word brand comes from the Old English word “brand”, meaning to burn, and is of Anglo-Saxon origin (Križanová et al., 2013). According to the scale in 2012 from the 84 biggest building and projection companies in Slovakia (Trend Analyses, 2013) there were accosted 30 chosen employer brands in the construction industry in Slovakia. The choice was deliberate, because the labour protection within the companies and the impact of financial crisis on this area is exclusively in the solution from the highest positions and the case of labour protection is concerned with high financial means. There was chosen a method of questioning for the survey. Questioning was done personally with the aim of bringing near the questions and defining the problem of the impact of the financial crisis on the area of labour protection in the chosen concerns. (Majerová & Križanová, 2013)

There were stated the following hypotheses:

1. The financial crisis afflicted more than 90% of the chosen brands in the construction industry in Slovakia.
2. The construction industry as the result of the financial crisis lowered the expenses in the area of SHPW.
3. More than 50% of construction industry noted the increased number of working injuries and were afflicted by sanctions in the area of SHPW.

Results of the survey:

- Financial crisis afflicted 97% of the big construction industry.
- 20% of the construction industry had to lower the expenses in the area of SHPW within the labour in the construction industry in consequence of the financial crisis.
- 83% of the construction industry is planning to lower the number of employees in the future.
- 60% construction industry does not expect the growth of their employees' payments in the next period.
- 60% of the construction industry noted an increased amount of work injuries.
- 70% of the construction industry was afflicted by the sanctions in the area of SHPW.
- Opportunities, which the financial crisis brings itself, the construction industry responded as follows:
  - 20% of the construction industry has the opportunity to employ new young people,
  - 40% gaining better conditions within the providers and customers,
  - 78% the use of cheaper labour power,
  - 10% of the construction industry could not answer the question.

5. Conclusion

All hypotheses were confirmed. The financial crisis afflicted the area of construction industry in a very negative way, which approved also in the area of labour protection. Investments into the labour protection remained on the same level and even in some companies they were growing lower. Of course, what do not let to wait on itself are the sanctions from the Work Inspection. The worst thing which was proved by this survey was the increased number of work injuries. Investments into the area of safety and health protection in the workplaces are profitable namely from the economic, as well as from the ethical reasons. However, in this area there can be felt a new pressure for the decrease of expenses on the area of labour protection within the context of the malignant economic situation. The concerns indeed have to realize that a good level of safety and health protection within the work is the key one, not only because of the ethic reasons, but likewise from the point of view of economic competition. Severance of the time and sources for the labour protection represent an investment, and not a load and a good level in this area is a contribution for the business.

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