Globalization and its impact on the Slovak consumer

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Abstract.

Research background: Globalization and the processes associated with it are reflected in the constant changes taking place in the market and affect its individual participants, among whom we also include consumers. Globalization allows consumers to choose, but on the other hand, the quality of products intended for the Slovak market is debatable (dual quality of food). Therefore, many consumers distrust imported products and believe that foreign producers use unethical practices in the Slovak market.

Purpose of the article: The paper presents the results of a survey of unethical practices towards Slovak consumers in their selected forms, as well as the results of the current state of awareness of Slovak consumers in the field of protection of their consumer rights.

Methods: The data were obtained by a questionnaire and consequently evaluated by the chosen statistical methods. Some questions were formulated to test hypothesis of dependence among selected variables.

Findings & Value added: The results point to the low state of Slovak consumer's ability to detect unethical practices in its specific forms, as well as to the low state of his knowledge in the field of consumer rights protection. However, the finding that with higher consumer education the ability of a consumer to detect misleading practices increases confirmed the importance of incorporating selected areas of consumer policy into education at lower levels. It allows supporting the sovereignty of the Slovak consumer to protect his rights.

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1 Introduction

Ethics is a philosophical discipline that searches human behaviour in situations where an individual has two (often conflicting) options. It examines if we behave ethically or contrary to any moral principles in various areas of our lives. Unfortunately, the practice points out that many companies do not keep the principals of moral responsibility in their effort to achieve profit. We can find unethical aspects in various aspects, but in relation to customers, we can notice unethical behaviour in various forms within the individual tools of the marketing mix.

In the area of the product, we often solve problem of dubious quality, in the pricing policy companies implement various activities offering products at discounted prices, which finally are not advantageous for the customer. Marketing communication presents products in their best form, but often in a misleading way. Distribution brings many problems not only in normal shops, but we find unethical behaviour mainly in online environment.

The paper presents results of our survey applied through a questionnaire method to find out how Slovak consumers register unethical misleading practices of companies realized within the individual tools of the marketing mix. The data obtained by the survey were processed in the database and then statistically evaluated. The correlation coefficient was used with the purpose to confirm or reject hypotheses where we assume relations between chosen variables.

2 Literature review

Marketers focus on global product placement to reach consumers in international markets [1].

The globalization of markets has resulted in consumers being increasingly confronted with a wide range of domestic and foreign products [2]. The development of the global economy is accompanied by growing environmental pollution, which has led to a change in attitudes and a need to promote sustainability. The scale of environmental problems, as well as global economic competition, has raised increasing awareness for the need to change and renew existing technological production, social behavioural patterns [3] and open eco-innovation [4]. Such awareness may gradually produce innovative responses leading to ecological innovation and to sustainability [3]. Trying to understand how globalization affects consumers is a key point of international marketing studies that examine how globalization affects them under different conditions [5].

In the context of globalization, we face issues of strict consumer protection. A significant part of consumer goods is produced in countries that do not have sufficient protection of some of the basic consumers' rights (e.g. security). Although EU legislation determines certain rules to protect consumers from the specific risks appearing in products from third countries, the safety net for their real protection is in fact very loose, which is caused mainly by e-commerce. Within it, purchases from third countries are made directly by consumers and the goods are sent to them in the form of packages through standard delivery services. As a result, they are not as controlled as bulk imports [6].

At present, we miss long-term systematic state and legislative support for implementing business ethics in business practice in Slovakia. It can be considered positive that the Slovak government and parliament have taken several positive measures to eliminate illegal and anti-social business practices, e. g. measures against tax evasion and corruption. Moreover, the European Union, of which Slovakia is a member, also strongly supports ethics, mainly in the area of corporate social responsibility. However, the country still lacks legislation that has a real impact on application of ethics into business. Integrating ethics

into the business environment is also disadvantaged by the fact that Slovakia is one of the post-socialist countries where the idea of ethics is developing very slowly [7].

When discussing the idea of ethics in business we should consider, that in some cases consumers have control over production (e.g. ordering products on demand, customization), they have lower purchase intentions for products made with unethical processes (e.g., pollution, underpaid labour) than if they had no role in production (i.e., buying what is already in inventory). This effect reverses, however, with positive ethical production (e.g., recycled materials). Because consumers have direct responsibility for whether a product is made, feelings of anticipated guilt or gratification result depending on the ethicality of the production process [8].

Practically, the growing demands of consumers for business ethics put pressure on companies to adhere to ethics in the implementation of their activities [9].

The issue of ethics has become also important for businesses, because when consumers are unhappy with a company's unethical behaviour (they feel misled or cheated by the seller), they share their bad experiences with their peers by word-of-mouth. Consumers can also share their experiences, feelings, and opinions, good and bad, with friends and the public through social media and mobile technologies - whenever and wherever they want [10].

Companies themselves began to realize that corporate social responsibility and ethical behaviour became an important aspect of company and brand evaluation and at the same time as a factor in their differentiating from the competition [11].

The above-mentioned companies search how to effectively manage the ethical dimensions of their business by creating formal and informal practices, including ethics, compliance, and corporate social responsibility [12].

It is the management that plays an important role in reinforcing ethics in organizations. To support this aim, managers must use incentive and goal programs in ethical ways [13].

The effort of the companies to be responsible in relation to communities and environment cannot be realized without the active participation of consumers as well as behaviour of businesses towards their customers [14].

3 Methods

We applied the marketing survey in March and April 2020. It aimed on unethical practices of businesses towards Slovak consumers realized in various forms within the individual tools of marketing mix which companies use to influence consumers' behaviour on the market.

The research sample consisted of 1009 respondents who submitted a correctly completed questionnaire consisting of 4 questions about demographic data such as gender, age, education and economic activity and 20 questions concerning their experience with selected unethical practices used within the individual components of marketing mix. The obtained data were processed into a database and then analysed through the methods of one-dimensional and multidimensional statistics.

Related to the searched dependences we also tested hypothesis, where we assumed dependence between selected demographic variables (gender, age, and education of respondents) and their experience when they became the victim of unethical behaviour.

The mutual relation among independent variables and individual responses was analysed by the correlation coefficient which is in statistics used to measure the strength of a relationship between two variables.

If a correlation coefficient equals 1, each positive increase in one variable will cause a positive increase in another one. If a correlation coefficient equals -1, each positive increase in one variable causes a negative decrease of a fixed proportion in another monitored

variable. Value zero means there is a low interdependence, with no positive or negative increase. These two variables are not related (mutually dependent).

We interpret the values of the correlation coefficient according to CHRÁSKA (2000), who describes their dependence as follows: 0.9 to 1 (-0.9 to -1) are considered to be very highly dependent, so there is a very strong interdependence among the variables. Values 0.7 to 0.9 (-0.7 to -0,) are highly dependent, from 0.4 to 0.7 (-0.7 to 0.4) are moderately dependent, from 0.2 -0.4 (-0.4 to 0.2) are with low dependence, from 0 to 0.2 (-0.2 to 0.0) the values are considered to be weak (without dependence) [15].

The table 1 presents dividing of respondents according to the selected demographic variables, such as gender, age, achieved education and economic activity.

Table 1. The structure of respondents according to the selected demographic variables.

Gender	Male		Female		
Frequency	496		513		
Age	18-25	26 - 35	36-45	45 -55	56 and more
Frequency	218	247	235	221	88
The highest achieved education	Secondary education (without school leaving exam)	Secondary education (with school leaving exam)	University education (1 st degree)	University education (2 nd degree)	
Frequency	77	402	220	310	
Economic activity	Student	employed	unemployed	retired	maternity leave
Frequency	238	576	99	62	34

4 Results and Discussion

Our survey focused on searching if respondents perceive the unethical practices that companies practice in their efforts to achieve at least short-term profit. We also examined which misleading practices they experienced within the individual components of marketing mix and whether they know how to proceed if they met with these practices in person.

The evaluation of the answers showed that 78 % of all respondents have personal experience with unethical practices. They most often occurred in sales (in shops in the form of supermarkets and hypermarkets), where respondents registered goods after the warranty, misleading prices, misleading information, etc. Service providers, especially telecommunications, insurance and banking providers also behave unethically because they mislead the consumer by concealing important facts.

89 % of respondents know the most important institutions that protect consumer rights (e. g. Slovak Trade Inspection, Advertising Standards Council) but they only exceptionally ask them for help in case of a negative experience with the seller.

Table 2 presents the most common unethical practices that respondents have encountered within the individual tools of marketing mix and with which they have personal experience. Within the distribution, problems occurred mainly in the area of online sales, which follows from the most frequently presented answers to unethical distribution problems.

Table 2. The most used unethical practices within the individual tools of marketing mix.

Product	Price
False information about product	Different price on the ticket than on the shelf
Insufficient product quality	Discount price lower than the original price
Misleading packaging	Product did not have a price tag
Products after time warranty	Promised price did not include additional fees
Distribution	Marketing communication
Late delivery	Misleading advertising (on TV)
Product did not match the image	Annoying advertising (spams, banners)
Damaged goods	Misleading product recommendations
Sales of fake products	Sales under pressure

As a substantial part of respondents have negative experience with products and traders not only from Slovakia but also from abroad, their trust in both groups is declining. Respondents do not consider the current sanctions to be sufficient and they think that unethical behaviour of companies should be punished stricter (higher fines). At the same time, it is important that consumers themselves should make an effort not to be a victim of unethical behaviour of these companies (by stronger assertion of their rights, the creation of consumer blogs and sites where customers would inform each other, etc.). It is also important to educate consumers, from school age in primary education, but also by publishing periodicals or producing television programs where unethical practices would be brought to their attention.

The research was also aimed at finding relations among assessed variables by hypothesis testing. In the first hypothesis, we assume the dependence between the gender of respondents and their experience with the unethical behaviour of a company.

Table 3. Dependence between gender of respondents and their experience with unethical behaviour.

H1	Gender	Positive experience	No experience	Total amount
Absolute abundance	Female	436	77	513
Relative abundance		85 %	15 %	100 %
Absolute abundance	Male	391	105	496
Relative abundance		90.48 %	9.52 %	100 %
Correlation coefficient				0.08009

As we can see the value of calculated correlation coefficient (0.08009) is lower than 1. Therefore, it is not possible to assume that one gender is more likely to be a victim of unethical behaviour of a company. Men as well as women have registered some form of targeted deception of the customer, so we cannot say that women are the main object of manipulation by a company, because men also have positive experiences in this area and vice versa.

The second hypothesis assumed a relationship between the age of the respondents and their attitude and confidence towards domestic products in comparison with products from abroad.

Table 4. Dependence between age of respondents and their attitude towards unethical companies regarding their origin.

H2	More unethical company	18-25	26-35	36-45	46-55	56 and more
Absolute abundance	Slovak companies	52	43	49	55	27
Relative abundance		23.85 %	17.40 %	20.85 %	24.89 %	30.68 %
Absolute abundance	Foreign companies	54	63	52	62	47
Relative abundance		24.77 %	25.50 %	22.13 %	28.05 %	53.41 %
Absolute abundance	Both of them	112	141	134	104	14
Relative abundance		51.38 %	57.10 %	57.02 %	47.06 %	15.91 %
Total amount		218	247	235	221	88
Correlation coefficient						0.11294

Within the hypothesis we assumed dependence between the age of respondents and their confidence in mainly domestic products. Regarding the calculated value of correlation coefficient (0.11294) which is lower than 1, we reject the hypothesis. As it is presented in Table 4, respondents of all age categories distrust both Slovak and foreign sellers, which may be the result of their frequent negative experience with unethical practices within the individual tools of marketing mix.

5 Conclusion

The issue of ethics in business is very critical, as it is confirmed by the results of applied research. In many cases it is impossible to resist unethical practices because it is difficult to identify them. Moreover, they are various, and they can occur in individual tools of marketing mix.

The research also showed that consumers register ethical shortcomings in all components of marketing mix.

To eliminate such behavior, it is important to support consumer literacy and knowledge how to detect unethical practices and defend their consumers’ rights. This kind of

edification could be realized within the elementary education, specialized courses or through special TV programs or periodicals.

On the other hand, companies should realize that their success on the market depends mainly on a respectable relationship with their customers. This relationship should be based on fair behavior, respect for the customers as well as their needs.

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