

## THE IMPACT OF ETHIC TOWARDS MACEDONIAN CONSUMERS

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### Abstract

In this paper the implementation of the Ethic of products and services that exists in the Republic of Macedonia is analyzed. Therefore, the research conducted in this paper shows the products and services which are been offered in Macedonia and how they manage to adhere to standards based on theoretical and empirical research. It is emphasized the need for companies to focus on issues related to ethics and the application of this process to enterprises in the Republic of Macedonia (specifically Pollog Region). To analyze this effect, it is necessary to use the method of surveying with customers in the Republic of Macedonia. The analysis was based on 50 customers on Pollog Region, which clearly illustrates how ethical are products and services of these companies and how consumers fail to distinguish between ethical and unethical products. However, with data processing, is concluded that consumers have a relatively good knowledge on ethical products and services; hence, products and services that the customers consume in this region are much less and are based on ethical standards.

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**Keywords:** Ethics, benefits, consumer behavior

### Introduction

Irrespective of the kind of businesses operating within a country, no matter if they are directed to the local market or foreign markets, they must have support in moral and ethics. Ethics is based on the philosophical approach to morality in distinguishing between good from evil. Ethics arises from the need of life in general. All people must be ethical. Life must be ethical! However, business ethics is a relatively new science, which has become an increasingly important part of business. All types of businesses whose major goal is to make profit, often do not meet the desires and needs

of consumers. Business ethics began its development in the 70's; before this year, this discipline has not been developed for business ethics philosophers to begin writing during all these years. Nowadays, they operate several bodies which has contributed in making the field of business ethics to be present in all types of business. In everyday use, the term Ethics takes different meanings, one of them relates to "the principles governing the behavior of an individual or group of individuals. Ethics itself contains somethings that might be right or wrong, good or bad. The concepts of good or bad, right or wrong are often used against their compliance or compliance with certain standards, which is a clear criteria or implied. When we judge an action if a certain behavior is morally right or wrong, good or bad, the trial that is used in this case is an moral judgment which is based on the ethic and moral standards. However, this paper will seek to examine the questions concerning the application of ethics in our businesses. In addition, if customers have the knowledge about ethical products (based on standards), the effect of the process will have consequences to customers for the use of products which are considered unethical, there by establishing a comparison between the products and services that are ethical and unethical.

### **Literature review**

Enterprises in many countries of the world overlook proper ethics process, although this issue should be given a special attention. It has been noticed that products originating from developing countries are considered the most ethical in consumer psychology compared to products from the least developed countries. Thus, a large part of the empirical work addresses the issues of how products and services are ethical. Numerous studies illustrate successful customer knowledge about ethical products, but they do not provide sufficient evidence regarding the extent of ethical products and services in their countries. Though consumer behavior is not consistent with positive attitudes towards ethics, very few consumers care about ethics (Patrick De Pelsmacker, Liesbeth Driesen and Glenn Rayp ,2005). Numerous authors in their cases show that there are differences between ethical and unethical products, thus they fail to differentiate ethical from unethical products based on the different environments and cultures (John Wiley & Sons, Ltd.). It has been observed that consumers are demanding new products with ethical attributes, to the extent that many consumers are willing to pay an even higher price for these products and services (Katherine White, Rhiannon MacDonnell, & John H. Ellard, 2012). Numerous studies show that the ethics process has raised the awareness of consumers to differentiate products (Steven Lysonski and Srinivas Durvasulae ,2008). It has also been noted that the publication of six cases shows how Nokia made use of high efficiency combined with consumer behavior (Jussi Heikkila

,2002). Recent studies by these authors shows important differences between consumer decisions, to consume ethical products or to change their purchase behavior (Jeffery Bray Nick Johns David Kilburn ,2010)

## **Perception**

Perception is the key element that connects individual, customer, group, situation and the impact of trader together. Therefore, information processing consists of four main steps, namely: exposure, attention, interpretation and memory. However, the first three forms perception.

**Exposure-** Most of the stimuli to which an individual is exposed are self-appointed. So, we expose ourselves to certain stimuli and eliminate exposure to others. Hence, the consumers are exposed more or less to a large number of incentives, at random during our daily activities.

**Attention-** The attention of consumers can be very high at the moment we are interested in the products which are previously unknown; also, the attention can be very low when it comes to products that do not serve us as consumers.

Incentive factors are physical features to stimulate themselves. There are some features that tend to stimulate our attention. They are:

-The size of the stimulus affects the probability of paying careful attention, and great incentives are more likely to be detected than those toddlers.

**The frequency and intensity:** Frequency is the number of times the same advertisement appears in the same number of magazine and has a similar effect to that size. Colors are used to draw attention, especially lit colors which attracts more attention. Position refers to placing an object in a person's visual field. Isolation is the separation of the stimulus object from other objects. The format of the overall appearance is simple, direct, and it attracts more attention than a complex presentation. Contrast is a very important element in color. Publicity which are different from those type of customers waiting for a product category often motivate more attention than those that are typical for a product category. Consumers are overloaded with so much information that they cannot or will not follow any of that information at all. This shows that perception is subjective, and every individual may have a different perception of the same stimuli in order to experience it. On the one hand, some situations perceived by some individuals are not perceived by others. The sensitivity to information depends on its purpose. Therefore, seeking information may be internal to the individual who refers to the information he has in mind, or may be external to the individual when seeking information from other people or from a broader environment.

## **Protection of consumer rights in the Republic of Macedonia**

Customer is any person who purchases, consumes goods or services for personal needs, and for purposes unrelated to the business or exercise of profession. Commodity for consumers is any movable object or immovable whether new, used or repaired, provided for use by consumers in reasonable conditions which is made available in the market during commercial activity. Traders are forced to the limits of their respective activities, to give consumers accurate information about goods and services placed on the market, or provided to be placed on the market. However, data regarding their trading conditions must be true, accurate and clear.

These data should contain features such as:

- a) nature, the identity of the manufacturer, price, quality, quantity, usefulness, origin, time of use, method of production and use, maintenance and warranty manner of goods and services
- b) risks associated with goods and services, when such risks are not understood without due warning
- c) General contract terms and conditions given to consumers

In RM, particular attention should be given to consumer protection policy so as to govern this issue; however, amongst those laws, it should be emphasized as the central law to protect consumer rights. One of such law was first passed in 2000, but in 2004, because of the need for full harmonization with the European Union directives, it brought about a new law which is the Law for the protection of consumer rights. If inspection services discovered that this law has been violated, these measures will impose punitivethrough:

-Prohibition of performing activity within 30-90 days

-confiscation of products

Penalty of 80.000 to 300.000 denars for a legal person who has violated the law

Penalty of 30.000 to 50.000 denars for a natural person who has violated the law

Furthermore, this law regulates the protection of consumer rights, conditions and consumer protection, and the terms and conditions of commercial operations that are important for the protection of consumer rights and responsibilities of the state administration in terms of consumer protection.

### **Consumer rights are:**

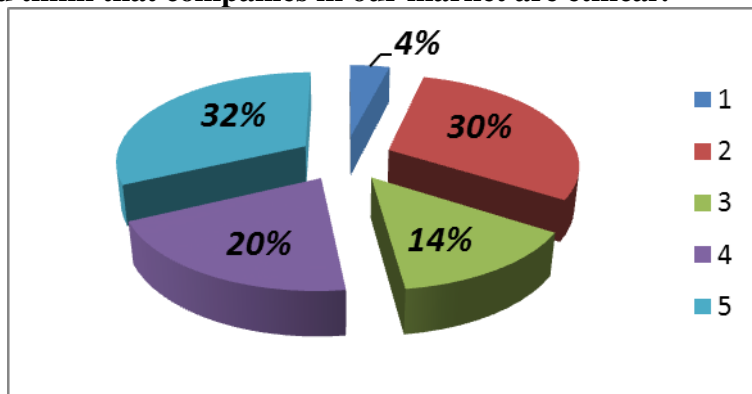
- a) The right to protection of health, environment and safety of life
- b) The right to protection of economic interests
- c) The right to appeal
- c) The right to compensation

- d) The right to education
- f) The right to information
- e) The right to use public services
- h) The right to legal defense
- f) The right of association or unions for the protection of consumer interests and the rights of their representation in decision-making bodies.

### Results and their discussion

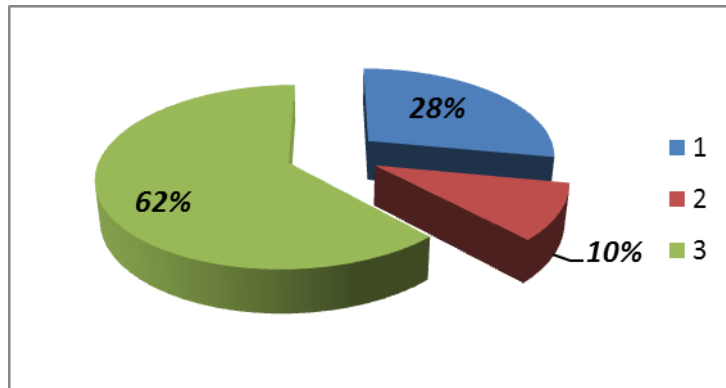
The research in this paper examines how products and services are ethical in our country. The research is focused on the Pollog Region-Republic of Macedonia, which is considered as a region which has a small number of enterprises certified. In collecting data for this research analysis, we made use of the survey technique. In this paper, we surveyed 50 consumers with different demographic characteristics such as age, gender, profession, which are the variables that will be analyzed in this research regarding the ethic of products and services in the Republic of Macedonia.

#### 1. Do you think that companies in our market are ethical?



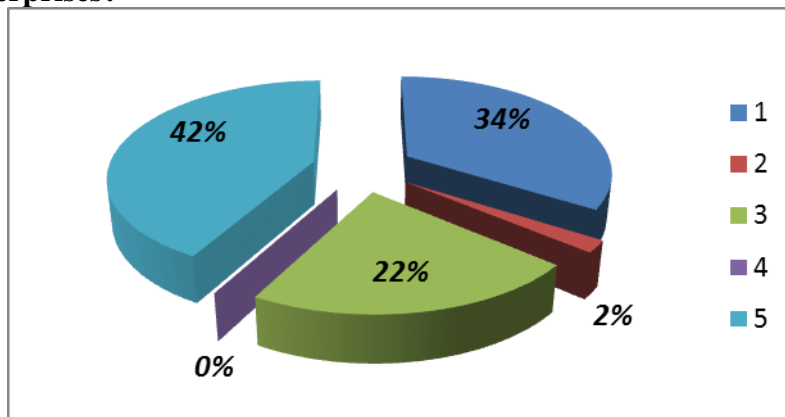
From the results obtained from the processing of data, it is concluded that there are some categories of consumers who are familiar with ethical companies. 32% of consumers stated that enterprises are ethical in our market, 30% said that they are less ethical, 14% yield answers that are ethically average, 20% said that companies are not part of the ethic and 4% said that they do not know the connection with this information.

## 2. Do you think that there should be punishment for companies that disregard ethics?



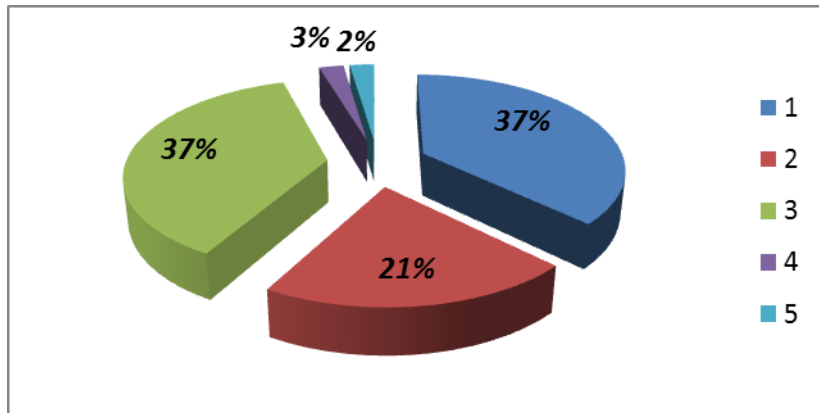
Even though the customers are pro punishing companies that disregard ethics, 62% of them still gave an answer that does not know whether or not there should be a penalty, this answer is probably related to the fact that our little country apply these laws and therefore would be useless even if it is given a positive response.

## 3. Does customers manipulate products and services that are provided by enterprises?



42% of them manage to manipulate the market, 2% stated that they less manipulated the market, 22% yield answers that are somewhat manipulated as consumers and bulk of the consumers stated that there were manipulations every moreday.

#### 4. Do our customers distinguish between ethical and unethical products in the market?



The difference between ethical and unethical products fail to make 37% of the respondents, 37% fail to distinguish between these products, 21% of respondents know enough on how to distinguish between these two groups and 5% didnot know how to show the difference between ethical and unethical products.

#### Conclusions and recommendations

Ethics as a process is becoming a part of all businesses. There are many risks and uncertainties of unethical products that consumers consume; thus, so many businesses struggle for them to remove unsafe products to apply the standards and bring to market products and services appropriate ethic. From the results obtained regarding how ethical products and services are striving in the region of Pollog, we can conclude that: "Among consumers surveyed, there exists a positive opinion about ethical products. It can be concluded that the customers have full knowledge about these ethical products; however, amounted products make the difference between ethical and unethical products, but on the other hand, it remain slightly disappointed by enterprises that predominate in this region. They put their goods, products and services in markets which do not have a full support on ethical standards. If we see that what our customers say about this issue and whether it will continue to consume these products , the results show that over 50% of these consumers surveyed in this region will continue to buy these products, because the market is limited and they have nowhere to go, as the ethics process has very little impact on products and services in countries that are less developed economically. Futhermore, day internet customers have all the rights to express their discontentment about these products, but on the other hand, companies that are unethical who well puttheir products in the market are not punished with the appropriate measures. Thus, these days need a connection enterprise - customer in order to have a feed-back which will

give us the possibilities of products to meet all the wishes and demands of consumers, and on the other hand will also fulfill the main objective of every business organization.

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