THE NEED FOR IMPLEMENTATION OF BUSINESS ETHICS TO THE SERVICES USED BY THE OLDER POPULATION

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Abstract

This article deals with the need for consistent implementation of business ethics to the services used by older fellow citizens. Presented is a violation of the ethics in business (moral principles; ethics in dealing with customers and clients) in the provision of services to the public; in this case, misleading advertising for a showroom demonstration sales event used by the older generation. These activities are professionally focused on the target group of socio-economic disadvantaged fellow citizens (often Seniors) who then get into financial debt.

Keywords: Ethics, morality, business, promotion events, socio-economic disadvantaged individual, prevention

Introduction

Since its prehistoric development humans need to live in communal societies. For this reason, various communities were formed to support survival (providing food, security, care for children, etc.). At present, these needs are met in the much more complex conditions that arise from the postmodern period of the 21st Century. Often with more diverse needs; with everything done in a much more complex way; this results in ethical and moral behavior being missing in the behavior of people in all areas of human activity.

Ethics

*Ethics is referred to as the doctrine of morality* (Bureš 1991 p 3). We can understand that morality is the *Science of Responsible Negotiations Within the Human Being* (in ordinary moral life acting within a reduced set of commands or norms of behavior. We introduce ethics in general; it is usually about ethical behavior, manners and morals from the perspective of examining its nature, origin and historical development in time and environment including patterns which are determined by moral standards (*Theory of Ethics*). If we mean good and evil, the issues of basic moral values deal with so-called *normative ethics*, which represents the *moral code of conduct* (explaining right or wrong behavior of the individual); what is possible to see in his/her sense of mission and fulfillment of human life (*Synek et al 2003*).

Also, part of the challenge is a *Code of Ethics*, which, according to A. Mátel (in Mátel *et al* 2010 p 53), in *Ethical Principles, Values and Standards* defines in writing relevant and normative guidelines for a specific Profession, Institution, or Organization.

The author indicates that within the typology of the *Deontological Codes of Ethics* which is based on multiple criteria (eg. specifics to the Profession or Professional Activity, distinguishes the *Code of Ethics* of the Medical Worker, Social Worker, Police officer, Teacher of Ethics, Psychological Operations, etc. in terms of national territory, etc.). At present, as ethics gradually penetrates deeper into each professional area, it becomes part of the content and will take specific forms (e.g. Medical Ethics, Journalistic Ethics, the Ethics of Social Work, Ethics in Business, Management, etc.).
Business Ethics

One type of Professional Ethics, Business Ethics, is dealing with the moral standards in the area of business; the generally accepted rules, in which compliance is not enforceable by Laws (Vaněk 1992; Kárníková 1997; Seknička 1997; Rolný 1998). It deals with "good" business conduct beyond the written Law of the existing links of the business entity in terms of ethical business in respect of the business entity (organizations, companies) against the external environment; meaning ethical conduct in relation to customers, clients, customers, vendors, partners, competitive entities, state institutions, including the environment.

It solves relations within the organization or company itself; meaning ethical behavior toward colleagues, managers, subordinates, including the relationship of the organization as a whole. In this case, The Code of Ethics is processed in moral standards that contain a specific business activity which belongs to the basic organizational documents of the entity. Usually it includes e.g. respect for the Laws; the safety and quality of the products; conflicts of interest and their solutions; the morality of the conclusion of contracts of employment; safety and health in the enterprise; company relations with suppliers, customers, and clients; morality in setting of prices; treatment of information; etc. Acquaintance with the internal Code of Ethics and a warning on its subsequent application in the companies work belongs in the input of new worker training (e.g. a non-standard situation; determination of the solution increases the credibility of the company). The ultimate effect is a quality; consistent communication with customers; the standardization of procedures and negotiations; etc.¹

This activity is related to the adoption of the Anti-discrimination Act No. 198/2009 Coll., whose adoption in the Czech Republic has fulfilled the obligation to the European Union. As stated in the above mentioned document, the premium is the application "of the model Code of Conduct for Entrepreneurs" Directives and Regulations which the EU Member States incorporate. It includes the following priorities: protection of the environment; permanent building of corporate culture; improving the profile of the company; the responsibility for environmentally friendly products; truthful and open communication with the public (customers, business partners, shareholders); truthful information about the impact of the company's activities on the environment; social, moral and ecological responsibility.

Unethical business

This article is dedicated to the corporate culture² in an attempt to define what in business is unethical; in practice it is more unethical than ethical. As examples are provided:

- Non-payment of obligations to your partner.
- Unbalanced treaty with favorable terms and conditions containing a provision unilaterally, that the terms are mutually balanced.
- Abuse due to the extension of customer's invoices.
- Non-compliance with oral or written arrangement.
- Deliberate non-compliance with applicable law standards.
- Submission of distorted or false information.

²) [http://www.pomocpodnikateli.cz/etika-v-podnikani](http://www.pomocpodnikateli.cz/etika-v-podnikani)
Economic-Socially Disadvantaged Groups

Many aspects of human life are influenced by the position of the human being in the socio-economic hierarchy. Economic disparities are, *inter alia*, created by the group, living in less favorable conditions of access to education, the quality of housing, dining, leisure time. We can consider groups that are relegated outside the common life of society as disadvantaged communities of the population. The process of gradual separation of individuals or groups from mainstream society can be understood as social exclusion (socio-economic slump). The basic resources of society include employment, education, housing, healthcare and social protection. The process of the majority of society by which individuals, or an entire group of the population make it more difficult or completely prevent access to resources, positions and opportunities, which allow integration into social, economic and political activities, can be described as social exclusion (Schavel 2012). These groups include for example:

- The long-term unemployed
- Members of ethnic minorities
- People with disabilities
- Persons over-indebted
- Migrants
- Persons with low qualifications
- Persons for whom life "social benefits" is a normal lifestyle
- Persons with different kinds of dependencies
- Children living in vulnerable families, i.e. dysfunctional & poor families
- Persons released from imprisonment
- Mothers on maternity leave
- Mothers with small children
- Seniors

The risk of social exclusion is increasing for individuals which leads to the accumulation of the above disadvantages, e.g. individual long-term unemployed; low-skilled; living in less favored areas; with subsequent financial problems of debt accelerate its excretion from the common life of society making a return back difficult.³

The Older Population

In today’s complicated world in which the adult population is difficult to understand, the most surprising appears to be the older generation of Senior Citizens - the elderly. In fact, with Democracy and the new sense of freedom, life under the pressure of the consumer society brings with it an urgent crisis in personal life when just for this age group - as a result of a reduction in the ability to handle its own power - their living situation is difficult.

Inappropriate Financial Expenses

Financial expenditures and the consequences for them to the people of the older age category are exposed. Retirees are the easiest target for non-banking companies who take advantage of their ignorance and inexperience with loans. Subsequently, thanks to complex contracts, amounts for the keeping of accounts, the early repayment of loans and many other fees (irregular systems interest and contractual penalties), to the imposition of a property default are posted.⁴

³) http://www.koncimsdluhy.cz/oddluzeni-senioru
In 2012, Executors in the Czech Republic had a unique study on the number of Seniors in default. The analysis showed that 45,241 old-age pensioners faced default. It was about 2% of the total number of Seniors facing old-age paid a pension. So, Seniors were only 7.5% of the total number of all persons against which the courts ordered the default. Although the number of retirees in default in the last three years had a better average than the neighboring Czech Republic Slovakia, which in 2012, with five and a half million inhabitants had about 36,000 retirees in default. However, the Czech Social Security Administration said that in the year (to 1.10.2013), the situation had changed dramatically in the Czech Republic when the number of pensioners and people receiving sickness benefits, who were in default had increased, and the State had to control 67,614 benefit’s pensioners (11% in 2011) and 3,700 (23%) patients.

Most Seniors of a productive age who had problems with debt face default. Default is most common in 76% of cases concerning new pensioners, i.e. people aged 60 to 63 years (no distrainable amount of money from 1.1.2013 is according to the relevant legislation 6,064.66 Czech Crowns; plus 1,516.16 Czech Crowns for each dependant in family).

Causes of defaults conducted against older people are different. These people become victims of the fairs (for example showroom sales), long-distance trips, advertisements - teleshopping, not serious street dealers, etc. They often also include subsidizing their children or grandchildren. Executors from the Czech Republic are now focusing on prevention to help this age group. Homes for the elderly offer practical training in counseling free of charge giving priority to clients older than 60 years.

Loans and purchases from above mentioned deals offer serious problems for the elderly (Pavelková 2012). Therefore, Consumer Organizations constantly warn Seniors not to purchase expensive goods or casually disregard unwanted loans and over-debt. Dealers psychologically pressure and manipulate potential buyers through developed tricks; create confusion; serve them alcohol; offer an option to sign an agreement which is, in fact, a purchase with a high price; and it's all professionally and quickly done. They also often offer a straight loan but at a high interest. Even the media started to be more interested in this problem. In 2013 an investigative documentary film made by Silvia Dymákovou, entitled "Suckers" on unfair practices at demonstrations). This documentary for the general public was broadcast by Public Television.

**Unethical organizers use the following forms of psychological coercion:**

- primarily a method of reciprocity (arouse a feeling of obligation);
- framing method, which induces the impression the general benefit to participants;
- the technique of ligature (as each sharpy understands);
- divide-and-conquer method (buyer versus leech, sugar and honey);
- method of scaring with an incurable disease;
- an option to withdraw from the contract in cases of dissatisfaction which basically is not feasible as, the contract is valid.

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Even an amendment the Consumer Credit Act  in February 2013 under the number 43/2013 Coll., proclaimed in the collection of Laws of the Czech Republic the amendment of Act No. 145/2010 Coll., on consumer credit, protects consumers in the Czech Republic which seeks to punish some dishonest practices on the consumer credit market in the Czech Republic; allows a fine, which may be up to 100 thousand Czech Crowns. Criminals continue undeterred in organization of demonstration actions throughout the country to lure gullible Seniors, under psychological pressure at these sales activities. They are without any ethical principles, standards and approaches of corporate codes of conduct forcing Seniors to buy things they do not need. This is done through offering mediocre quality; of supposedly advantageous tours; handing out envelopes with discount coupons; super pillows; blankets; massage apparatus; utensils; or miraculously curative bio lamps. They use other unfair practices. Seniors then fail to fulfill the obligations incurred and come into complex financial situations. Even more is the dangers to which Seniors are exposed through overpriced phone lines (starting with the numeral 9), which attract the granting of loans or consumer loans. In financial distress (Pavelková 2012, 2013), you may get a Senior gambling that today represents a serious socio-pathological phenomenon. Another different way to problems is the reckless liability through children in a family.

On the other hand, it is necessary to state that despite the warnings, the family members, friends, community, or the media, many senior citizens (and not only the older fellow) repeatedly attend these demonstrations and deepen financial instability.

There are organizations which offer assistance to people in need (for example Člověk v tísni), which have been dealing with difficult life situations that arise as a result of the lack of knowledge of financial products. Its investigation led to the conclusion that a number of companies and individuals, offering supposedly "good" loans, in fact, speculated that their victims would not be able to effectively defend themselves. As a result of its work there is now an "Index of predator lending".

Since July 2006, The Council of Seniors has set up a free legal counseling service in the House of Trade Unions in Prague 3 (Churchill 2 Square). This offers practical Training in Counseling to Homes for the elderly; free orders to clients over 60; centralizing contacts to other Counseling Centers. In addition, it has a lawyer who specializes in Consumer Law.

Law No. 108/2006 Coll., on Social Services in the Czech Republic brought the long awaited activation of these targeted groups. Socially stimulating activities for Elderly Services are regulated in §66 of this Act; Section 31 of the implementing decree to this Act defines socially stimulating activities services such as outpatient, outreach and subsistence, provided to persons of retirement age; to persons with disabilities at risk of social exclusion (the area of taking care of the disabled; socially non-deficit population in the form of social prevention and screening of the aging and old population; socio-therapeutic activities- activities that provision leads to the development or maintenance of personal and social competencies and skills to support social inclusion of individuals suitable for the implementation of financial literacy information and its uses in practical life; assistance in the application of the rights, legitimate interests and in obtaining personal matters → assistance in communication; leading to the application of these rights; assistance in dealing with common issues → may use the

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10) http://www.clovekvtisni.cz/index2.php?id=113&idArt=1633
acquired skills of financial literacy in normal life situations; peacefully implement financial literacy knowledge and skills in basic activities and operations to Social activated services.

**Prevention of Financial Debt - the Acquisition of Competences in Financial Literacy**
Due to the rapid aging of the Czech population in the coming decades, future retirees will not be able to rely on the state security as has been the case till now (Preuss 2012). Other forms of old-age security will play an increasingly bigger role. To ensure that citizens select the suitable pension plan of providing for old age, it is essential to have basic knowledge of financial issues, such as the prevention of collapse into the State Social Network.  

Nearly three-quarters of the Czech population are absolutely firmly convinced that people should care about pensions, rather than each person. The vast majority of people agree with a minor or in the future with more fundamental changes to the current system of pension schemes. The introduction of a completely different system, however, is losing support. There are people who approve the increase in Social Security payments which strengthens solidarity. The reduction of pensions or extension of retirement age are still taboo.

Research carried out by the STEM on a representative population of the Czech Republic over 18 years of age which took place from 31st of October to 7th of November 2011 cited the results. Respondents were chosen by quota sampling. The questions reflect an extensive set of 1,257 respondents. The opinions of our citizens whether it would be financially secure should be by age alone, or in order to take care of people, not at all. Almost three quarters of people would prefer that the State keep age a factor in order for them to ensure of their positions. Many aspects of human life are influenced by the position of people in the social stratification. Conditional socio-economic differences at the level of health and care for them, *inter alia*, created by the group below in the socio-economic hierarchy live in less favorable conditions in terms of access to education, quality of housing, dining, leisure, travel, etc. In recent years, Psychology of Health devotes considerable attention to the relationship between the status of a person in the social hierarchy and their own state of health.

**Education of Seniors in the Area of Socio-economic Competences**

- The purpose of the targeted activities to increase the chances of the older population to obtain and maintain socio-economic competence, therefore, financial literacy and other social skills.
- If a person gets into debt trap, i.e. the situation in which the repayment of one or more loans with the help of a loan further resolves, or imposed on him is default, it becomes more advantageous for him to reduce his legal income, from which the default or credit payment is calculated on the minimum and move its operations into the black economy.
- The concept of socio-economic competence includes financial literacy (i.e. monetary, budgetary and information literacy) and other soft skills (meaning communication and presentation skills that lead to an increase in the application in the labor market).

**Prevention of Financial Debt & Social Exclusion**

- Legal provisions and measures in the framework of the Czech Republic
- Activities of the Czech Trade Inspection
- The acceptance of ethics and morality, legal standards and their interpretations of business entities

13) [http://stem.cz/clanek/2288](http://stem.cz/clanek/2288)
• Cooperation with the media, with all of their options
• The largest role for a well-prepared Social Worker, an expert in the field of Social Work who is knowledgeable in financial literacy
• Social Counseling not only basic but also professional addressing the needs of conflict with society and ethics
• Intervention of lonely living Seniors
• Prevention, searching lonely Seniors
• Spiritual and pastoral activities
• University of the third age

The implementation of financial literacy is important is in the education of Social Workers and the helping professions for the possible education of the target group of older citizens. As noted by J. Pavelková (2011), the intention is an informal approach to implementation of basic competencies on financial over-debt into the awareness of Seniors (the provision of basic information on the nature of the personal and family finance for Seniors with simple methods to create and manage personal and family budgets; with solutions to the most common situations; prevention of insolvency; the methods of their solution to teach them effective and no-risk economic behavior). Prevention also lies in the detailed information about the risk of debt due to the activities of dishonest companies at sales demonstrations.

Conclusion

Only the consistent implementation of ethics and morality, the modified legal standards to the work activities of business entities, can become a real prevention protection of each client. What is fair, ethical and moral in the society depends only on people’s awareness. The overall climate in society, whether the society is at the level of human characteristics and priorities of individuals are the determining criterion.14 Respect for the Principles of Ethical Conduct and good relations; a functioning extended family; effect of mass means of communication; consistently carried out social prevention; editing of existing legislation can help protect consumers from socio-economic descent.

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