ASSOCIATIONS FOR CONSUMER RIGHTS AS MEDIATORS IN RESOLVING CONFLICT COMMUNICATION SITUATIONS BETWEEN WASTE DISPOSAL COMPANIES AND USERS

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Summary

This paper deals with the most common conflict communication situations between waste management companies and the users of their services, while consumer protection associations have a mediating role in the peaceful resolution of the situation. The authors conducted a survey which included waste disposal companies and consumer protection associations. The aim of this paper is to find out if customer satisfaction with waste disposal has an effect on the efficiency of waste disposal. There are numerous conflict situations between companies and users of their services. The prerequisite for successful implementation of future waste management projects are satisfied customers while consumer associations play a significant role in the process. Research shows that waste management companies are aware of the importance of mediating roles which consumer protection associations have in resolving conflicts in terms of restoring consumer satisfaction. However, they still do not realize enough the importance of these associations in building their image as socially responsible companies. Research results show that there is considerable room for increasing mutual partnership between waste management companies and consumer protection associations.

Key words: waste disposal, consumer rights, consumer satisfaction, waste disposal companies, consumer protection associations, social responsibility.

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1. INTRODUCTION

Waste has been considered one of the most crucial ecological issues of the contemporary world while its effective disposal has a significant role. There are numerous factors that influence the quality of waste management (Hornweg and Bhada-Tata, 2012). The inefficient management of waste by individuals, households, consumers and waste management companies can be attributed to inadequate information on waste management benefits, lack of producers’ involvement in waste management, inadequate communication between waste disposal companies and users of their services, as well as poor implementation and interpretation of government policies (Abila and Kantona, 2013). Also, Fisk (2008) states that some of the current problems that should be reconsidered by the companies are the threat to the natural environment and its integrity - consumers demand honesty, morality and respect, as well as ethical behavior and positive business models.

To satisfy various wants, people purchase goods and services by paying the price. But what to do if the goods and services bought are found out to be bad in quality or unreasonably priced or measured less in quantity etc. In such situations consumers, instead of being satisfied, feel cheated by the sellers who have sold those goods and services (Sharma, 2013).

In this paper, special attention has been given to customer satisfaction of public companies dealing with waste disposal.

The aim of this paper is to find out if customer satisfaction with waste disposal has an effect on the efficiency of waste disposal.

Despite a generally high level of consumer protection guaranteed by the EU legislation, the problems encountered by consumers are still too often left unresolved. At the same time, the fact that consumers do complain when they experience problems is an important feedback mechanism for businesses, allowing businesses to improve their performance. Complaints and complaint handling are crucial aspects of good market functioning. If consumers do not complain when they experience a problem, redress is denied to them, and valuable feedback is lost by the business. A quarter of citizens do not complain when they have a problem. Therefore, both the consumers and sellers/providers/manufacturers should be more active in solving the experienced problem. Consumers should complain, but sellers/providers/manufacturers should improve the process of complaint handling (Spakovica et al., 2013).

The purpose of the paper is to point out the importance of consumer protection associations in resolving conflict communication situations between public waste management companies and users of their services.

Satisfied customers spend more money, refer more customers and use the services of businesses longer than dissatisfied customers. This all leads to more revenue for businesses that can keep their customers satisfied. Therefore, companies striving to maximize revenue must seriously consider investing in customer satisfaction (Pokalsky, 2014).
The hypothesis of this paper is: “User satisfaction with the services of waste disposal companies has a significant impact on effective waste disposal which is reflected in respecting their consumer rights and efficient mutual communication”.

On the basis of the report “Consumer Rights in Croatia” (2015), we can conclude that after the Consumer Rights Awareness Campaign which was implemented in 2014, consumers are more informed about their consumer rights and non-governmental organizations for consumer protection should have a greater social role. Moreover, customers still consider non-governmental organizations for consumer protection as the most reliable source of information. In the majority of cases, they turn to them for the help. Also, the vast majority of citizens believe that the Croatian judicial system is not effective in terms of punishing companies that mislead or deceive consumers.

2. SOCIAL ROLE OF CONSUMER PROTECTION ASSOCIATIONS

National Consumer Protection Program for the period from 2013 to 2016 notes that a considerable part of the existing legislation which refers to consumer rights, hasn’t been enforced and that the vast majority of citizens isn’t aware of their consumer rights. Because of this fact, the new National Consumer Protection Program encourages the development and operation of consumer protection associations.

Effective protection of consumer rights is necessary to ensure a well-functioning market economy. Therefore, it is necessary to encourage consumer protection associations in a manner to ensure monitoring and enforcement of the law (Taboroši, 2006).

It has been settled by the law on local and regional self-government that it is within the competence of municipalities and cities to deal with issues of local importance through which they directly satisfy the needs of the citizens. The most important activities include consumer protection issues. Consumer protection associations contribute to the decision making process in connection with the quality and price of the public services provided in the framework of their local activity (Ministry of Economy, 2015).

One feature of consumer protection associations is their mandatory independence, which includes a ban on the acquisition of funds from commercial sources. Their work is very important and includes the provision of opinions and suggestions on laws and by-laws, counseling, information and education of consumers and other activities in promoting consumer rights and their protection. Therefore, consumer protection associations represent the interests of consumers when they have been threatened (Nefat and Pamić, 2008:120).

Consumer protection comprises legal rules for protecting the health, security and economic interests of consumers. The right to consumer protection is important because it protects every individual. The term consumer comprises any person who in its personal, uncommercial purpose acquires goods and services (Zaštita potrošača > Consumer Protection, 2009:5).
If companies want to do business in accordance with the law, they must be familiar with the commitments imposed by consumer protection rules. Consumer protection does not benefit only consumers but also retailers and the community in general. It restores consumer confidence in the market which encourages consumers to be more active in the market, which in turn generally increases the volume of trade. Besides, the golden rule of trading states that a satisfied customer always comes back (Zaštita potrošača > Consumer Protection, 2009:5).

Research that has been conducted by Nefat and Pamić (2008) has pointed out that managers are very aware of the importance of respecting consumers’ rights – they have an impact on company image which ultimately has an impact on higher profitability. In their paper Roy et al. (2014) state that companies which respect consumer rights ultimately deal with satisfied and loyal customers which provides companies with long-term benefits.

Consumer protection associations peacefully mediate between companies and consumers trying to establish their quality relationship and mutual trust if there is a violation of consumer rights. Čizmić (2008) states that trust is an increasingly important factor that influences how consumers evaluate the company and how much they are willing to support their activities.

3. CORPORATE SOCIAL RESPONSIBILITY AND CONSUMER SATISFACTION

„Good news travels fast, bad news travels faster”, says folk wisdom.

The social community seeks greater involvement from companies in issues of general welfare for the society and the environment. The concept of corporate social responsibility meets the requirements of society but also brings many benefits to companies (Glavočević and Peša, 2013:29).

Corporate social responsibility is an obligation of the companies to make decisions or follow guidelines that will contribute to the general welfare for the society (Bowen 1953, as stated in Khan et al. 2012).

Establishing the concept of social responsibility is a complex and time-consuming process that requires a high sense of social responsibility of the whole community. Corporate social responsibility, with appropriate price and quality, is an important element of competitiveness that benefits both companies and customers. For this purpose, the Republic of Croatia and its institutions are obligated to implement specific measures in a manner to educate the population and encourage the development of social consciousness (Raguž and Hazdovac, 2014:46).

Research that has been conducted by Vitezić (2011) shows that companies that are more socially responsible have better financial results, are more effective and have a better reputation. In addition, in their paper Ivić and Grubišić (2013) conclude that interdependence of corporate social responsibility and business performance is tightly related.
Babić (2012) emphasizes how a good relationship between customers and companies builds up a positive social image of companies which is in turn connected with socially responsible business. Thus, companies that want to improve their image and increase competitiveness should implement the model of social responsibility in their daily practice.

There is a strong and direct connection on the Croatian market between the existing image of the company based on integrated and intensive corporate communication activities and its competitiveness (Pirić, 2008).

Customer dissatisfaction affects customers’ behavior and loyalty. Customer complaints must be taken seriously and companies need to solve them as fast as they can. Dissatisfied customers spread their negative experiences to a greater number of people than satisfied ones do. In fact, it is important to emphasize that dissatisfied customers usually do not refer complaints to companies. Due to the fact that new customers are hard to find, maintaining customer satisfaction among existing customers should be the primary task (Karić, 2009).

Customers are the greatest value of each company and their satisfaction is a signpost of a successful business in the future. The objective of measuring customer satisfaction is adapting to changes that occur on the market, but also actively participating in the market (Kos et al., 2011).

4. QUESTIONNAIRE AND RESEARCH SAMPLE

Authors conducted a questionnaire which covered companies engaged in waste disposal and consumer protection associations on the territory of the Republic of Croatia. Questionnaires were sent by e-mail to companies and consumer associations while responses were collected during a one week period (from 2 February 2015 to 9 February 2015). Due to a relatively insignificant number of received questionnaires during that period, authors sent the questionnaires once more – this time, responses were collected during a two week period (from 20 July 2015 to 3 August 2015).

Questionnaire consisted of open and closed type questions.

From the consumer protection associations the authors tried to identify the most frequent consumer problems, and this was the only open type question. Also, for statements: „Consumers whose rights have been violated are losing trust in the company that violates consumer rights, and this impairs its image“, „Consumer protection association corrects market imperfections while directly helping public waste disposal companies in building their image of a socially responsible company that helps consumers in resolving their problems“, and to the question “Are you satisfied with the position and involvement of consumer protection association members in the commissions in charge of resolving customers complaints in the second degree in waste disposal companies?“, consumer associations needed to express their degree of agreement. For each statement, an answer in the form of a Likert scale of 5 degrees was offered. The respondents assessed their level of agreement with the above mentioned
statements, from 1= strongly disagree (or strongly unsatisfied) to 5= strongly agree (or strongly satisfied).

In addition to open type questions and measures of agreement/satisfaction with the provided statement/question, consumer associations also needed to assess the importance of the consumer association role in resolving issues that occur between customers and waste disposal companies, from 1= completely irrelevant to 5= completely important.

In the last question, associations were able to confirm or deny the statement: “Do you think that consumer protection associations restore consumer confidence in a company after the consumer problem was solved through the engagement of the association?”

Waste disposal companies were first asked to express their agreement/disagreement with the following statements: “Building trust between waste disposal companies and users of their services has a significant impact on efficient waste disposal by the service users”, “Users whose rights have been violated lose their confidence in the company, which undermines its image”, “Consumer protection associations correct market imperfections while they directly help public waste disposal companies in building their image of socially responsible companies by helping customers in resolving their problems” and “Communication with users of our services is on a high level”. Responses were offered in the form of Likert scales of 5 degrees, which they used to evaluate their level of agreement with the previously mentioned statements – from 1= strongly disagree to 5= strongly agree.

Afterwards, they had an opportunity to confirm or deny the following statement: “Do you think that consumer protection associations restore consumer confidence in a company after the consumer problem was solved through the engagement of the association?”

Last two questions were open type – companies were asked to define the most common reasons for user complaints and to define the most common problems in communication with the users when they present their complaints.

The population consists of 47 companies3 whose waste disposal services cover the entire territory of the Republic of Croatia and 19 active consumer protection associations4 which operate on the territory of the Republic of Croatia.

Altogether, 33 companies and 15 consumer protection association provided answers to the questionnaire (70% of companies and 79% of consumer protection associations in the population).

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3 The authors found the list of companies and addresses of their e-mails on the website: www.rezije.hr.
4 The list of active consumer protection associations was announced by the Ministry of Economy on its official website. Source: http://potrosac.mingo.hr/hr/potrosac/clanak.php?id=12487
5. RESEARCH RESULTS

In the first question, the authors tried to find out from the consumer protection associations the most common issues in the field of waste disposal.

Consumer protection associations provided detailed answers to this question. The following were stated as the most common consumer problems in this business segment: disproportion of the price and the amount of waste transport, incorrect calculation of costs, fee without service, charging services contrary to the provisions of Article 17 of the Waste Act and of Article 33 of the Act on sustainable waste management, inadequate waste collection process, inappropriate or not agreed dynamic of removal, setting dumps near houses or residential buildings, lack of waste logistics in a number of towns and villages in the Republic of Croatia, year round garbage collection fee (in full amount) for cottages whose owners live in them only one month a year – this applies particularly to coastal areas.

Furthermore, consumer protection associations had to evaluate their level of agreement with the statement that users whose rights are violated are losing their trust in a company that violates consumer rights, which in turn impairs its image. 5% of respondents strongly disagree with this statement, 16% don’t agree, 5% neither agree nor disagree, 53% agree and 21% strongly agree (Graph 1). Hence, the majority of respondents agree with this assertion.

**Graph 1:** Consumer confidence in the company which violates consumer rights

Using a scale from 1 to 5, consumer protection associations evaluated their importance as mediators during the resolution of issues that appeared between waste disposal companies and users of their services (Graph 2).
Graph 2: Evaluating the importance of mediation in resolving consumer problems

One association marked the importance of associations as 1, one association as 2, two associations marked their importance as 3, seven associations as 4 and four of them as 5. We can conclude that consumer protection associations see their role as important in resolving issues which appear between users and waste disposal companies.

To the question “Do you think that consumer protection associations restore consumer confidence in the company after the consumer problem has been solved through the engagement of an association?” thirteen associations answered positively, and two of them negatively (Graph 3).

Graph 3: Restoring consumer confidence after consumer problem has been solved through engagement of association

Source: Authors’ work.
Associations were then asked to evaluate the statement: “Consumer protection associations correct market imperfections while they directly help public waste disposal companies in building their image of socially responsible companies by helping customers in resolving their problems”. Responses to this statement can be seen in Graph 4.

Graph 4: Associations for consumer protection directly help waste disposal companies in building their image

It can be seen from the Graph 4 that 11% of respondents disagree, 21% neither agree nor disagree, 47% agree and 21% strongly agree with the previous statement. Therefore, almost 70% of respondents agree with the statement.

To the question “Are you satisfied with the position and involvement of the members of consumer protection associations in the commissions for resolving customer complaints in the second degree in waste disposal companies?”, 37% of respondents answered that they were dissatisfied, 32% neither satisfied nor dissatisfied, 10% satisfied and 21% strongly satisfied (Graph 5).
Most associations are not satisfied with the status of their members in the commissions for resolving customer complaints in the second degree. Decisions about customer complaints are made in those commissions. The reason for this is primarily the composition of the committee members - company members engaged in waste disposal are always much better represented than the representatives of their customers (members of the consumer protection associations).

The authors found out the following from the companies engaged in waste disposal surveyed:

14% of companies agree while the rest of 86% strongly agree with the statement “Building trust between waste disposal companies and users of their services has a significant impact on efficient waste disposal by the service users. The fact that all companies agree with this statement points to the lack of other possible responses from the Likert scale.
Next, 80% of companies agree while the rest of 20% strongly agree with the statement “Users whose rights have been violated lose confidence in the company which undermines the company’s image”. Other responses to this statement from the Likert scale have been also omitted.

**Graph 7:** Users whose rights have been violated lose their confidence in the company, and this undermines the company’s image

Source: Authors’ work.
Furthermore, 60% of respondents answered positively while the rest of them (40%) responded negatively to the question “Do you think that consumer protection associations restore consumer confidence in the company after the consumer problem is solved through the engagement of the association?” (Graph 8). Waste disposal companies are aware of the important mediating role of consumer rights associations in resolving conflict situations between customers and companies due to restoring consumer confidence in the waste disposal company.

**Graph 8:** Consumer protection associations restore consumer confidence in the company after consumer problem is solved through the engagement of an association

![Graph showing the percentage distribution of respondents' answers.]

Source: Authors’ work.

28% of companies strongly disagree, 43% don’t agree and 29% neither agree nor disagree with the statement “Associations for consumer protection correct market imperfections while they directly help public waste disposal companies in building their image of socially responsible companies by helping customers resolve their problems” (Graph 9).
**Graf 9:** Associations for consumer rights directly help waste disposal companies in building their socially responsible image

Source: Authors’ work.

Responses to this statement in which 70% of waste disposal companies do not think that associations for consumer rights directly help waste disposal companies in building their socially responsible image, is actually a clear signal to consumer rights associations that they should increase educational activities provided both to customers and companies in a manner to create partnerships and stimulate corporate social responsibility.

It’s important to emphasize that the two previous responses from waste disposal companies are contradictory. 60% of companies answered positively to the statement “Do you think that associations for consumer rights restore consumer confidence in the company after consumer problem is solved through the engagement of the association?” while more than 70% of companies don’t agree with the statement “Associations for consumer protection correct market imperfections while they directly help public waste disposal companies in building their image of socially responsible companies by helping customers resolve their problems”. Thus, waste disposal companies are mostly not aware of the socially responsible role of consumer protection associations.

44% agree and 20% do not agree with the statement “Communication with users of our services is on a high level” (Graph 10).
**Graph 10:** Communication of companies with their users

![Communication of companies with their users](image)

Source: Authors’ work.

Therefore, companies are very satisfied with their communication with the users of their services.

Furthermore, companies were asked to identify the most common reasons for user complaints and to define the most common problems in communication with the users when they submit their complaints.

Companies believe that the bulk of consumer complaints usually referred to them are about the ways they collect waste and dispose of it, the invoice amount, invoice calculation and unevenness of monthly invoices throughout the year.

The companies emphasize the following as the most common problems in communicating with the users: explicit requests for debt write off with no concrete arguments because the price of services is too high, selective knowledge of the law about sustainable waste management and stubborn insistence on only parts of the law that the consumer assumes are in his favor, lack of understanding of the specific issue which is the subject of the dispute, vagueness and confusion of consumers about new legislation in the area of waste management and customer protection and the fact that the vast majority of users do not send written complaints.

We can conclude that there exists a significant space for developing better communication between waste disposal companies and users of their services, especially in educating users about basic legal solutions, regulations and decisions that lead to the formation of prices and also concrete ways and dynamics of waste transportation and disposal. On the other hand, consumer protection associations should have a more significant role in educating users about their rights in the field of public services, in order to reduce conflict communication situations due to the lack of knowledge of consumer rights and obligations.
6. DISCUSSION

Based on the most common issues users of waste disposal have, there are obviously numerous irregularities in the process of calculating the prices of waste disposal services, but also insufficiently organized waste disposal in some places. The result of this is reduced customer satisfaction which causes reduced trust and willingness for implementation of future waste disposal projects.

The vast majority of consumer protection associations believe that their role is of great importance in solving the issues which came out between users and waste disposal companies, because they restore consumer confidence in the waste disposal company after their problem is solved by the consumer protection association. Associations directly help waste disposal companies in building their image of socially responsible companies. While mediating between waste disposal companies and users of their services, consumer protection associations become a specific outsourced part of waste disposal companies in resolving user complaints and providing education about the operation of the company. In addition, consumer protection associations are their free external audits.

Waste disposal companies are very aware of the importance of building trust with the users of their services which significantly influences the efficiency of a waste disposal project. This statement is corroborated by the fact that customers whose rights have been violated lose confidence in the company while its image becomes undermined. In addition, they mainly point out that consumer protection associations restore trust of the customers in the waste disposal company after their problem is solved with their help.

However, the fact that the vast majority of companies dispute the work of consumer protection associations in their business field is devastating. They believe that associations for consumer rights do not help waste disposal companies in building their image of socially responsible companies by solving customer issues.

We can guess that the reason for this fact is, as companies stated in their responses, their good communication with users of their services. Companies which do not have good communication with their users put significant emphasis on the importance of consumer protection associations.

7. CONCLUSION

The mediating role of consumer protection associations restores customer confidence in waste disposal companies which finally means greater success in conducting waste disposal projects. In order to achieve greater success in further waste disposal activities, it is necessary to include the wider social community. The key factor in this is users and their perception of the firm as a socially responsible company which respects consumer protection legislation and has an efficient communication with its users.

The consumer protection association’s mediating role is of great importance in resolving conflict communication situations due to the fact that they restore customer confidence in waste disposal firms.
Thus, we can conclude that the conducted research confirms the hypothesis that “Users’ satisfaction with the services of waste disposal companies has a significant impact on effective waste disposal which is reflected in the respect of their consumer rights and efficient mutual communication”.

Research showed that waste disposal companies do not sufficiently realize the importance of consumer protection associations. There are numerous conflict situations between those companies and users of their services. The prerequisite for successful implementation of future waste management projects include satisfied customers of waste management companies while consumer protection associations are very important because of their roles as mediators in conflict situations.

Consumer rights associations can initiate legislative changes which can be of benefit for both sides – customers and companies. This is also one of the social roles of consumer protection associations. The results lead to the conclusion that there is potential for partnerships between waste disposal companies and consumer rights associations.

Waste disposal companies should improve their communication with the users of their services in a way to educate them about basic legal solutions, regulations and decisions which lead to price forming of the services they provide and also concrete ways and dynamics of transport and disposal of waste.

On the other hand, consumer protection associations should step up their educational activities provided to users of waste disposal in order to raise the awareness of their rights in the field of public services. In addition, educational activities provided to waste disposal companies should be enhanced which would lead to partnerships and increase their corporate social responsibility. The result should be a lower number of specific conflict situations in need of mediation.

Therefore, greater cooperation between consumer rights associations and waste disposal companies is required due to economic, social and contemporary environmental issues.

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UDRUGE ZA ZAŠTITU PRAVA POTROŠAČA KAO POSREDNICI U RJEŠAVANJU KONFLICTNIH KOMUNIKACIJSKIH SITUACIJA IZMEĐU PODUZEĆA ZA ZBRINJAVANJE OTPADA I KORISNIKA NJIHOVIH USLUGA

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Sažetak

U radu se utvrđuju i analiziraju najčešće konfliktne komunikacijske situacije između poduzeća koja se bave zbrinjavanjem otpada i korisnika njihovih usluga te posrednička uloga udruga za zaštitu prava potrošača u razrješavanju tih situacija mirnim putem. Autori su proveli anketu, kojom su obuhvaćena poduzeća koja se bave zbrinjavanjem otpada i udruge za zaštitu prava potrošača. Ustvrđeni su najčešći potrošački problemi u području zbrinjavanja otpada. Na temelju stavova i iskustava korisnika usluga, autori zaključuju kako je gradnja pozitivnog imidža kao društveno odgovornih tvrtki, koje među ostalim uvažavaju prava potrošača, ključna za komunikaciju projekata gospodarenja otpadom.

Istrazivanje je pokazalo da su tvrtke koje se bave zbrinjavanjem otpada svjesne značaja posredničke uloge udruga za zaštitu prava potrošača pri rješavanju konfliktnih situacija s korisnicima njihovih usluga te da je rezultat takve situacije uglavnom povoljan i za tvrtku, u smislu vraćanja povjerenja potrošača. Međutim, ipak ne shvaćaju dovoljno važnost tih udruga za izgradnju njihova imidža društveno odgovorne tvrtke te na temelju stavova i iskustava korisnika usluga, autori zaključuju kako je gradnja pozitivnog imidža kao društveno odgovornih tvrtki, koje među ostalim uvažavaju prava potrošača, ključna za komunikaciju projekata gospodarenja otpadom.

Ključne riječi: zbrinjavanje otpada, prava potrošača, zadovoljstvo potrošača, komunalna poduzeća za zbrinjavanje otpada, udruge za zaštitu prava potrošača, društvena odgovornost.

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