Ethics in business assignment

[Art & Culture]

One of the biggest and most harmful effects when bad ethics are conducted by a company is a decrease in their customers' loyalty. It is essential for a business to have a loyal customer base in order to be successful with a high profit margin. A loyal customer base leads to increased profits with lower costs as it is Often cheaper to sell to recurrent customers than it is establish and thus sell to new ones. (SAILOR REFERENCE) Therefore when the discovery' of bad ethical practices by companies is acknowledged by its' loyal customers, companies will immediately start to feel he strain as they lose them.

Companies can lose their loyal customers due to bad ethical practices such as poor customer service. The extent of poor customer service can vary from the treatment of a single customer complaint, to the failure to address multiple complaints. The knock on effect of one instance of poor customer service such as refusing to replace a broken product can therefore have the same result as the refusal to order a total product recall for example. Whilst the bad ethical practice of poor customer service conducted by some companies does not break the law, other bad thick practices such as the production of faulty products in the first place, can.

If it is proven that a company has intentionally produced poor quality or malfunctioning products, lawsuits can be undertaken against companies. These lawsuits usually arise due to companies failing to abide by consumer protection laws. The loyalty that customers once displayed towards an offending company is soon forgotten and thus begins the fall of said company. What may have started out as poor customer service, leads to groups of customers joining together to then sue a company. As soon as assists that are taken out against offending companies are made public knowledge, an even further loss of loyal customers occurs.

Loyal customers can also be lost when companies have to recall products as this highlights the failing in their standards and the bad ethics which caused them to produce faulty items in the first place. Bad ethics can also be conducted by a company internally, in regards to the treatment of their employees. If companies mistreat their employees, for example by refusing to pay for overtime, encouraging poor working conditions or with unfair dismissals, a clash can occur within the company which affects it on a whole.

This can lead to workers going on strikes and companies gaining unwanted negative worldwide attention. This was the case when Nikkei was discovered to be using sweat shops to produce its products which lead to global outcry and millions in expenses as many European workers quit in disgust. (BUSINESS INSIDER) Thus the effect of Nikkei conducting bad ethics led to employees having to be replaced at a major recruitment expense. This was along with fighting the countless lawsuits that were also brought against them, incurring further sots.