

Understanding laws and ethics of selling assignment



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Six months after, it started having problems with not cooling. A complaint was made, and a technician was sent to FIX the problem. Two months later, the same issue arose, and again a technician was sent to solve the problem. Finally it stopped working completely, in March 2013 spoiling its content. The customer service department of the seller was immediately contacted. The customer was told that there was nothing that the company could do to replace the refrigerator because it was now out of warranty. The company was only willing to schedule another service visit, at a cost..

Task 1 In today's modern highly competitive world, where sellers as much as buyers are doing everything they can legally to ensure that they protect themselves from unfair trade practices it is important that both parties are protected by the law. The relationship between seller and buyer becomes legal, when a contract of sale is entered into. This is "when a seller agrees to part with a good or provide a service in exchange for monetary payment" (Cobber & Lancaster; 2012 pg 220) In this particular scenario, the buyer would be most in need of protection, due to the seller's unwillingness to offer compensation.

The laws of the UK which would be applicable to buyer protection, would be (a) Consumer Protection Act (b) Sale of Goods Act (c) Office of Fair Trading (d) Unfair Contract Terms 3 | ISMM Assignment 13201 Understanding Laws and Ethics of Selling - Kim de The Consumer Protection Act evolved from the recognition that sellers may have an unfair advantage over buyers when entering into the contract of a sale, and so it was developed to protect the buyer from fraud and unsafe products.

It is “ an act to make provision with respect to the liability of persons for damage caused by defective products” (Consumer Protection Act 1987; The National Archives, 2002). The law dictates that the duty of an organization involves ensuring that they sell goods reasonably fit for purpose. Consumers are then protected against the loss of being defrauded into purchasing unfit products or services. The Sale of Goods Act of 1979 is also used to protect consumers.

This act stipulates the following conditions: (1) The requirement for the goods to be of satisfactory quality (2) The goods to be fit for purpose (3) Implied Terms such as Title, Description, Quality and Sale by sample must be met. When the consumer bought the refrigerator, he bought it expecting the first two conditions to apply and would expect redress if these conditions were breached. Under the circumstances, this consumer might be able to claim either a repair or a replacement.

Where that is not possible he could then claim either a partial or full refund of the purchase price. (CIMA 2006) Also applicable is the Fair Trading Act 1973, from which evolved the Office of Fair Trading in which a trader may be prohibited from trading if he has been found to be unfair to customers, or is acting in manner that is against the customers interest regarding health, safety and other matters. In this way a customer is protected by the law if it can be proven that the trader was placing the customer at a disadvantage.

In the case where an Unfair Contract Term is to be considered, it is often dependent on where a consumer sale was affected. The case must satisfy the test of reasonableness. The unfair term is any term in the contract which

causes significant imbalance in the parties, to the detriment of the consumer. (CIMA 2006) In light of the breach of contract with a product or service purchased, the actions a consumer may take would depend on the situation.

However the general remedies available for a traders breach of any of the above laws would be; 4 | ISMM Assignment 13201 Understanding Laws and Ethics of Selling - Kim de 1) In the case of a breach of Implied Terms under the Sale of Goods Act, the buyer may be able to succeed in returning the goods and claiming a full refund, provided they have not legally accepted the goods. (2) Consumers may also claim damages for the cost of repairing a faulty product. (3) Where products do not meet satisfactory quality, consumers may claim repair or replacement, or may reject the goods and claim a full refund or damages for the cost of repair.

Buyers can however lose the right to reject goods, if they have accepted them. A buyer who is a consumer has the benefit of the Sales and Supply of Goods to Consumers Regulations 2002 (CIMA 2006) which states that such a buyer may require the seller to repair or replace faulty or otherwise non-conforming (to signed contract) goods or to require the seller to reduce the purchase price or to rescind the contract. However it is the researcher's opinion that the refrigerator purchased by the buyer would not fall in this category as it is expected that a refrigerator would have a useful life of many years.

The buyer could claim compensatory damages to cover the loss of any spoilage which occurred due to the faulty refrigerator, and also a refund/

replacement of the purchase made. It is in the seller's interest not to allow the matter to reach this far as in situations involving customer dissatisfaction with faulty products/service it can result in many negative consequences for the seller (being self) where potential customers may see the organization as unethical and refuse to conduct business with the seller. . 3 From all of the above it is safe to say that the seller may face losing reputation, face fines for damages or even face losing his licence to operate if involved in too many similar incidences. The seller if continued to operate may go into liquidation if sellers cannot be attracted. The customer may also face losing savings invested in the purchase of the refrigerator, if the claim for damages does not go through favourably, and also will have to stand the cost of the spoilage.

Further consequences for the customer would depend largely on their economic status. 5 | ISMM Assignment 13201 Understanding Laws and Ethics of Selling – Kim de casseres P a g e Scenario 2 Due to the applicants experience with their sales course and to earn extra money they have approached a company which sells home-ware products door to door from a mail order catalogue. Task 2 Ethical principles are what determine the society rights and wrongs. Business ethics are the moral principles that guide a firm's behavior.

Cobber & Lancaster 2012, pg 230). Ethics in sales are important as it affects how the sales person is viewed as right or wrong according to the customer's, values, norms, and attitudes. 2. 1 Ethics are defined as the “moral principles and values that govern the actions of an individual or group.

” Cobber & Lancaster 2012, pg 230) Ethical selling mainly takes account of <https://assignbuster.com/understanding-laws-and-ethics-of-selling-assignment/>

the moral aspects of decisions such as honesty, and selling safe products to customers.

Positive ethical qualities in a sales person include: (1) Honesty (2)

Professionalism (3) Truth (4) Respect for the law of the country Negative

ethical qualities in a sales person include: (1) Unprofessionalism (2) Open

discredit for competitors 6 | ISMM Assignment 13201 Understanding Laws

and Ethics of Selling (3) Using Hard Sales techniques A good sales person

would want to adopt good sales ethics to avoid selling issues such as: (1)

Bribery (2) Deception (3) Hard Selling (4) Reciprocation Buying These issues

are all ethical issues, wherein the sales person has to make the decision

often in a situation where it is determined most likely by good conscience vs

the greater good 2. Organizations can often help sales person to maintain

good sales ethics by creating ethical climates in the work place, such as

rejecting " sales presentations that contain deceptive statements and that

perpetuate a climate of deceit" Cobber & Lancaster, 2012; pg 230) The

benefits of ethical sales include: (a) Increase In sales (b) Building of

investment opportunity by attracting investors to society approved ventures

(c) Customer loyalty (d) Motivation of staff & investors (e) Enhancing trust by

staff, customers, investors, and suppliers (f) Boosting revenue (g) Saving

money As can be seen the benefits of selling ethical far outweigh losing that

one sale in which a customer had to be rejected by conveying the truth

about a particular product/service. 7 | ISMM Assignment 13201

Understanding Laws and Ethics of Selling - Kim de 2. 3 Industry codes of

conduct play a major part in the organization.

The organization should identify a code of ethics by which all their staff are employed, to protect themselves and also serve as a barrier of protection toward the public that their sales person and staff would adopt ethical attitudes. The organization has a corporate and social responsibility to enforce the industry codes of conduct on their employees. The society has the right to expect not to be harmed by the product which the organization provides, and the organization has a moral responsibility to assist in the resolving any problem they have caused. An example may be made of the tobacco or alcohol manufacturers, which is why they legally have to state the harm which can be caused by consuming the products.

2. The consequences of not abiding by industry codes of conduct and/or unethical behaviour include:

- (1) Being fined - for breach of a law due to unethical behavior, such as bribery or deception
- (2) Imprisonment
- (3) Loss of Job Organization
- (1) Loss of Investments - when investors lose confidence in the sustainability of the business
- (2) Possible bankruptcy - from having to award damages to various dissatisfied consumers
- (3) Possible fines - awarded to consumers, for breach of industry laws, resulting in loss or sufferance to a member of the public
- (4) Loss of customers
- (5) Possible liquidation - in order to pay off damages awarded to victims

8 | ISMM Assignment 13201 Understanding Laws and Ethics of Selling - Kim de Casseres Page Customer

- (1) Possible Bankruptcy
- (2) Possible illness or unnecessary expense

9 | ISMM Assignment 13201 Understanding Laws and Ethics of Selling GLOSSARY OF TERMS

1 Consumer - person buying for purposes not related to their trade, business or profession (CIMA Fundamental of Ethics, 2006)

10 | ISMM Assignment 13201 Understanding Laws and Ethics of Selling - Kim de Bibliography CIMA. (2006). Fundamental of Ethics. BPP Learning Media, Aldine House, London. <https://assignbuster.com/understanding-laws-and-ethics-of-selling-assignment/>

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