Pertinent Relationship of Unethical Practices of Business on Company's Credibility

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Abstract: *Every businesses main motive is to earning profit, to earn or maximize profit companies are chasing various practices which are significantly influence on company's profit strength. Some companies in the core of earning profit with shorter period forget the ethics of their business and adopt the unethical practices which can maximize their profit but simultaneously harm to the society. The unethical practices adopted by companies pessimistically influence on various fractions of society such as customers, Government, Environment etc. The unethical practices not only negatively influence on society but in forthcoming days it also threatens the growth of the organization and threatens on the credibility of the company. This paper evaluates and examines how the ethical practices moderately and unethical practices unduly influence on Company's Credibility.*
Keywords: *Credibility, Ethical, Marketing, Optimistic, Pessimistic, Relationship, Unethical*

I. Introduction

Business ethics is a form of functional ethics or specialized ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organization. Ethics are about what is right and what is wrong. An ethical decision is one that is both legal and meets the shared ethical standards of the community. The ethics in the organization playing key role in fulfillment of organizational requirements', but the means of fulfilling this requirement consequently influence on the operation of the organization.

II. Review of Literature

Ans Kolka, Rob Van Tulder(2004), states that in all over the world some leading companies responsibility for the fate of the children found working in supplying factories and recognize the broader social and economic context. In such a broad approach to child labor, the code of conduct is part of an ongoing negotiation process, in which the company reckons with the implications of its policy for internal and external stakeholders, including (former) employees, managers and suppliers (at whatever distance in the supply chain), and the effects on other companies in the industry.

Brian Hilton ,Chong Ju Choi, Stephen Chen(2004), states that the problem partly lies in the fashion industry itself by copying of designs is endemic and condoned, which raises several ethical dilemmas in passing judgment on the practice of counterfeiting.

James Kamwachale Khomba, and Frans N. S. Vermaak(2012), explores that moral principles describe the impartial general rules of behaviour that are of great importance to a society, along with the values the society represents. Moral principles are fundamental to ethics. Ethical behaviour would be characterized by unselfish attributes that balance what is good for an organization with what is good for the stakeholders as well. Jernej Belak, Borut Milfelner(2011), states that the number and nature of specific stages in a life cycle differ, it is clear that organizational challenges and managerial approaches vary as the enterprise evolves. These developments would also seem to have ethical implications. He found that certain informal as well as formal measures of business ethics implementation are used to a greater extent to encourage and control ethical behaviour than others, the research has shown that manager role-modeling and reward systems based on ethical standards are to some extent more present in enterprises.

'Iraj Mahdavi(2009) explored that as multinational companies expand globally and enter foreign markets, ethical conduct of the officers and employees assume added importance since the very cultural diversity associated with such expansion may undermine the much shared cultural and ethical values observable in the more homogeneous organizations. Every nation is different and every multinational organization is in one way or another distinct in the way they do business, especially in other countries. In addition to these codes, the moral corporation should address human rights and whistle blowing and the international ethics code under which it operates.

Linda Klebe Trevin~o and Michael E. Brown (2004), states that Ethical Decision-Making is a Complex, Multi-Stage Process. Unethical Behavior in Business is simply the result of "Bad Apples" means bad opportunities and Ethics can be managed through Formal Ethics Codes and Programs, and finally he opined that formal ethics and legal compliance programs can have a positive impact.

Shukurat Moronke Bello(2012), explored that Ethical leaders are perceived as having a broad ethical awareness and concern for all stakeholders which includes employees. Therefore, leaders must create an ethically friendly work environment for all employees, communicate ethical issues, serve as role models and put mechanism in place for the development of responsible employees.

W. Edward Stead, Dan L. Worrell, Jean Garner Stead(1990), states that employees' behaviour to behave ethically or unethically are influenced by a myriad of individual situational factors such as background, personality, decision history, managerial philosophy and reinforcement.

III.   Objectives of the study
a) To study the various unethical practices associated with marketing of goods and services
b) To study the changes in the behaviour of society towards company adopted unethical practices
c) To study the optimistic and pessimistic influence of unethical practices on Company's credibility.
d) To suggest some customs to get run off from awful effects on company's credibility caused by unethical practices

IV.   Design / Methodology of Research
This paper utilizes both secondary data and primary data. The primary data consist of interaction with buyers and prospective buyers of products and services, and also little information from the workers who are working in the surrounding of Shimoga District.

V.   Scope of the Study
The study covers the influence of ethical and unethical practices on company's credibility and behavioural changes in employees, customers, and public at large towards company. And required information is obtained through observation and by arranging interaction with few surrounding customers and employees. The study mainly focuses on influence of ethical and unethical practices on company's reputation.

VI.   Consequence of Ethical and Unethical Practices
Every business has its own ethics which must be followed by every business owner. This will make the business successful and will win the trust of its employees, customers and all the people related to the business. People want to buy the product of the company that follows business ethics. They also recommend this product to many people thus spreading the goodwill of the company. But if the company follows unethical practices in business then it will lose the trust of its customers and its reputation, thus leading to losses in the company and ultimately closure of business.

Pressure can drive people to do things they wouldn't normally do. Pressure to succeed, pressure to get ahead, pressure to meet deadlines and expectations, pressure from co-workers, bosses, customers, or vendors to engage in unethical activities or at least look the other way. Some people make unethical choices because they are not sure about what really is the right thing to do. Often, ethical problems are complicated, and the proper choice may be far from obvious. Of course, some people do not just do something wrong in a weak moment, but they are not sure about what is the right thing to do. Some people know exactly what they are doing and why but self-interest, personal gain, ambition, and downright greed are at the bottom of a lot of unethical activity in business. Some of the unethical practices normally following by some businesses are - Selling at a loss to increase market share and destroy competition in order to subsequently raising prices, Price fixing cartels, Bait and Switch selling, High pressure selling- especially in relation to groups, Counterfeit goods and brand piracy, Copying the style of packaging in an attempt to mislead consumers, Deceptive advertising, Irresponsible issue of credit cards and the irresponsible raising of credit limits, Selling goods in home country which are banned in abroad, Selling hazardous or unsafe products etc. Once if the company followed unethical practices that threaten the company not only in present but also in prospective year, where they withdrawn their all unethical practices. Because once if the company has lost its good reputation in the market means it's not easy to recover the losing image same as before. Here the below figure shows the influence of ethical and unethical practices on reaction of society (customers, government, employees, public etc), sales opportunity, profit opportunity, and ultimately on reputation of the company.
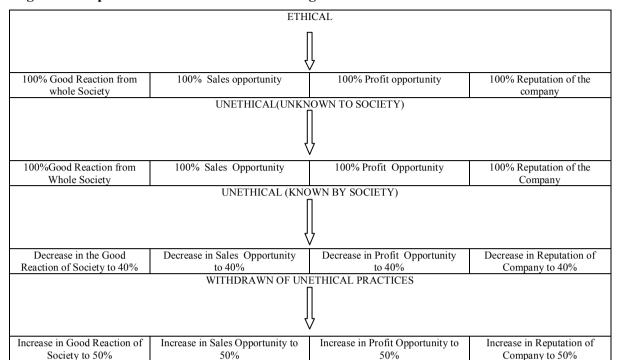
Figure 1: Response of Main mechanisms' of Organization with Ethical and Unethical Practices

ETHICAL			
100% Good Reaction from whole Society	100% Sales opportunity	100% Profit opportunity	100% Reputation of the company
UNETHICAL(UNKNOWN TO SOCIETY)			
100%Good Reaction from Whole Society	100% Sales Opportunity	100% Profit Opportunity	100% Reputation of the Company
UNETHICAL (KNOWN BY SOCIETY)			
Decrease in the Good Reaction of Society to 40%	Decrease in Sales Opportunity to 40%	Decrease in Profit Opportunity to 40%	Decrease in Reputation of Company to 40%
WITHDRAWN OF UNETHICAL PRACTICES			
Increase in Good Reaction of Society to 50%	Increase in Sales Opportunity to 50%	Increase in Profit Opportunity to 50%	Increase in Reputation of Company to 50%

The above table makes clear that if the company adopted unethical practices and its known by society abundantly influence on company's credibility, for instance in the above table 100 percent of customer's good reaction, sales opportunity, profit opportunity, and company's credibility bow to weaken level (for instance 40 percent as indicated in above table), and later if it withdrawn those unethical practices, the company is not capable to reach matching level credibility as same it had (100 percent) before adopting unethical practices, because once if the company followed unethical practices and its known by society it lost its utmost hope in the mind of customers for instance as per in the above table when company withdrawn its unethical practices its spot in the vicinity reaction of society, sales opportunity, profit opportunity, and reputation increase only some extent (from 40 to 50 percent as per above table) but not to great extent (100 percent). The understandable fact is once if the company has lost its credibility by adopting unfair trade practices, it can't recover same it had before adopting unfair trade practices, in the above example when company has adopted unfair trade practices it led to decrease in all variables to 40% (i.e decrease by 60%) and after that even it withdrawn its all unfair trade practices it was reached to 50%, that an increase of credibility merely by 10% but not equivalent to same proportion as proportion of decrease in credibility.

VII. Correlation Between Unethical Practices And Company's Credibility

Business ethics reflects the philosophy of business and the aim is to determine the purpose of the company. For example if the company intends to give maximum returns to its shareholders then the company has to sacrifice its profits. Ethics are based upon the relations of the company with its consumers, employees, vendors, government and other people concerned with the company. Ethics involves fair trade practices in financing and accounting, sales practices, tax payment, internal and external audit and other business practices. Unethical practices includes creative accounting, earnings management, misleading financial analysis, insider trading, securities fraud, bribery, kickbacks and facilitation payment and manipulation of business practices and process. The unethical practices adopted by company influences on various variables of the company, which are eventually damage the reputation of the company.

1. Employees' Pessimistic Response towards Unethical Practices**:** If people are working in a company with bad ethical behaviors, it is difficult for the employees to trust each other, or their supervisors. When people work in an environment where they do not trust anyone, they are not going to do their best work. Unethical behavior can cause employees to lose the faith in the company and become more likely to call in sick more often or not even show up at all, that result in decreasing of company's value in the society.

2. Customers' Pessimistic Response towards Unethical Practices**:** If the existing customers come to know that company has discharging unethical practices, they stop to prefer products or services of that company and shifting to another company's products or services, and prospective customers are neglecting the buying of products and ignoring while making their purchasing decision. Unethical behavior can also result in bad publicity, resulting in a bad name that will always be allied with the company even if they attempt to utilize a more ethical code of conduct, and massively influencing in contradictory stroke on companies name.

3. Government Pessimistic Response towards Unethical Practices**:** When Government comes to know about unethical practices of a company, certainly it takes certain actions against company's unethical practices such as company is charged by the courts, they can wind up by paying fines, court fees and may even receive some jail time, many companies eventually go bankrupt and close their doors due to the high cost of unethical behaviors resulting in deficiently affects on company's reputation.

4. Credit Assisting Institutions' Pessimistic Response towards Unethical Practices**:** If a company has unethical behaviour and it's known by Lending Institutions, they reject the credit proposal of the company, as a result companies capital strength becomes weaken and at end affects on company's market share and its reputation.

5. Public's Pessimistic Response towards Unethical Practices**:** When public come to know about unethical behaviour of company shows opposite reaction towards company by expressing opposite views through strike against company. In due course these attitudes of public damage the company's mirror image.

VIII. Suggestions to Avoid Unethical Practices and It's Consequence On Company's Credibility

1. Company must create fair environment which leads employees to become honest in dealing with colleagues, consumers or vendors.

2. Company must follow honesty when reporting their business earnings, expanses, payment to employees and vendors and with customers while giving information.

3. Deal with a complaint immediately, whenever there is a complaint whether from a vendor or customer attend to it immediately. Do not ignore complaints and grievances of employees, because just running away from this situation will make matters worse and this is not an ethical way of dealing with complaints. Try to take the situation under control by helping the customer and vendor and solving their complaints. Neglecting or ignoring complaints will damage company's reputation in the long run.

4. Company must tackle with the solving problem instead of escaping or avoiding of solvable problem. Whenever there is a problem it needs to be addressed immediately and mistakes must be solved, if required company must apologize to the concerned people. Customers always remember the company that has admitted their mistakes rather than companies that hide their mistakes that are found later.

5. Withdraw the product from the market and make consumers aware of its harmful effects without thinking about the sales of the product. Basically they need to put attention on company's reputation. Because increase in reputation of the company maximizes their profit in prospective period.

6. Whenever any problem arises in a business due to the mistake of its employee then the mistake is of the company and not only of the employee. It is unethical to pass the blame on employee alone; in this case the company must accept the responsibility and fire the concerned employee. The public will blame the company for its mistakes and will not know which employee has committed the mistake.

7. Avoiding unjustifiable publication such as pays the media to advertise the company's false achievements and hide its problems

IX. Conclusion

Ethics is a set of rules, if one rule is neglect means greatly influence on whole group and on society. The icon of corporate mainly depends on its ethical practices, if there are good ethical practices it may earn low profit but maintains its sustainability for long period and if there are any unethical practices are adopted by company to earn profit in short term that negatively influences on the behaviour of customers, employees, government and other institutions result in decrease of sales and profit opportunities and to end with all those things are unconstructively contributing towards company's credibility. But still in modern era maximum companies are following unethical practices even though by knowing its cons and all the companies thinking about earnings profit without any setback, so for this the mode choosing by them is unethical practices. In turn to provides better welfare for the society still country could do with bringing some law which can place cent percent control on unethical practices.

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