

Unethical? Or Just Smart Business?

A cousin of mine worked in an advertising company as a Senior Manager. In this highly competitive industry, the fight for getting clients is intense. To get hold of larger market share, financially stronger companies adopt unethical business practices to attract clients. Such companies would offer services at prices way below the market, sometimes even at a loss. Moreover, they would offer free gifts and voucher coupons and a very liberal mode of paying back. My cousin now faced an ethical dilemma as to whether he should also adopt such policies for the survival or growth of his company.

VI

Dear VI

I'm not so sure that what you have described is unethical. It may be *risky* for the company to provide services at a loss (along with other gifts and inducements and generous pay-back terms) for a while (if these customers don't become longer term, regular fee-paying). But as long as it is not deceptive and as long as it doesn't harm employees or other stakeholders it might just be smart business. Like offering free samples to potential customers. So unless there is something else going on here I think we are ok and we are not really seeing anything *unethical*.

There was a time in the late 19th century when some big oil companies would sell oil in a region at below their cost for a long enough time period to drive smaller, regional competitors out of business and then take over their holdings to create a monopoly excluding all meaningful competition. They could do this because they could add a premium to the cost of oil in (say) Texas to make up for the loss they were taking in (say) Ohio. They could also make massive contributions to the politicians voting on railroad and (late) highway routes so that they would be conveniently placed by their refineries rather than by the little guys many miles away. Power corrupts, whether it is political power, business power, media power, or church power. This of course, is an extreme case and it doesn't sound like your industry is quite in this position.

DWG