ELEMENTS OF UNETHICAL BEHAVIOUR IN THE COMMERCIAL ACTIVITY

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Key words: shelf fee, unethical behavior.

Abstract: The different types of relationships established between the economical agents are based on principles, norms and good manners. Breaking any of these rules, by either one or both sides, leads to a series of ethical controversies which may later develop into conflicts, frustrations, and disappointments. Nowadays there are a lot of examples of unethical behavior. The multitude of these examples made us choose to particularize on just a narrow segment, namely the relationship between the retailer, producers and consumers based on the shelf fee, by starting from a particular example found on the 'Bihor' market.

There is a strong battle to monopolize the highest rate possible for the good called bread, the main aim being the display of the bread in a particular store. Taking advantage of this situation, the retailers considered this an opportunity to increase their profits, and the simplest way to do it was by limiting the access of that particular good on the market, and they did this by collecting a tax. Thus, in exchange for 4000 RON a year, one would obtain the positioning of a particular good in 11 stores, and this offer also included the limitation of the competition at number four. It is a tempting offer as it makes one think directly about the increase in profit.

Some of the questions raised by this situation are:

Is it ethical for merchants to use their position at the extent of charging the producers for the shelf positioning of their goods?

Is this a correct procedure from the competition point of view?

Placing a particular item in a key position, in a store chain, may considerably increase the profit made from the selling of that item. The shelf, which is no longer a simple place of displaying goods, has gradually become a source of strong disputes. A favorable shelf positioning implies a cost for the producer, which is materialized in the so-called *shelf fee*, which the producers have to pay to the different kind of merchants/store owners, so that their products can have a better positioning, namely in the most visible place for the buyers. This fee, which was first used 20 years ago in the western countries, has gradually become a starting point for arguments, once with the increasing power of the retail chains.

Inexistent in Romania 8 years ago, the *shelf fee* has been imported together with the appearance of the big retailers. At the basis of this fee is the increasing number of producers correlated with the decreasing number of merchants/shop owners. The number of the producers increases together with the new products launched on the market. In the meantime, the merchants decrease in number as the big supermarkets gradually take hold of the market. Thus it is normal to have a rise in prices, under a form or another, in the situation of an increasing market demand doubled by a decreasing offer.

'The shelf fee appeared because of the competition between the producers' is an explanation often given by those working in the commercial area. The gradual monopolization of the market by the big supermarkets as well as the orientation of the commercial system towards an increasing number of hypermarkets will drastically increase the controversies raised by the shelf fee. We admit that, at the moment, this fee plays a less significant role in comparison with the role it plays on the European Union market, and this is mainly due to the small number of hypermarkets in our country. But the controversies seem to intensify in time.

• These fees, known and collected under different names and forms, could be classified as follows:

• The listing fee – paid for displaying a product in a store

• The preferential positioning fee – paid for a particular special display on the shelf , considered favorable as compared to other competitors

• The supplementary positioning fee – for a shelf display which is greater than it could be justified by the use/selling of a particular product

• The secondary positioning fee – for displaying a product in another place, even if it is already on the shelf

• The exclusive positioning fee – in case the provider wants to have only his products displayed on the shelf

The greater the promotion of a product, the more and higher the fees. A product that is in the process of promotion, if it is not well positioned, it will never sell. Therefore, the biggest fees are for the places near the cash/pay desks and in the intensely visited areas.

The criteria for establishing the fees depend on every retailer's technique and they are mainly based on:

• The number of listed products
• How well known the brand is
• The size of the company
• The required space on the shelf
• The selling speed of the product
• Secondary positioning required
• Promotion times

The display of their products in the big stores offers the producers a lot of advantages, even if they have to pay extra fees. Some of the advantages are:

• Great sells
• Profit increase
• The products and the brand become more popular after being displayed in big stores
• The best positioning
• Diminishing the costs that would have been paid for the delivery of the products to hundreds of small shops

When on the shelf, the products are arranged in such a way that the merchant obtains maximum profit on the area of display. Most often, the space attributed is directly proportional with the selling rate in that particular store. When it comes to providers, the greatest advantage belongs to the international companies, which can afford to pay different taxes for the best positioning on the shelves.

The disadvantages of these fees are to be felt both by the consumers as well as by the providers:

• The fees are included in the final price of the product
• The fees can represent 5-6% of the total selling, thus raising the final cost

- They reduce the variety of the offer in the stores
- They might eliminate the display on the market of some quality products
- The taxes are sometimes collected with the purpose of financial flows, and they do not support the selling event

The different opinions regarding the fee practice vary from area to area and they might differ even within one area. With regard to the retailers, those who request the fees, there are no clear distinct opinions, one of the reasons being the fact that any argumentation leads to counter reactions. The main explanation/plea is that the shelf fee appeared because of the competition between producers.

We consider the shelf fee, a method which gives born to an unethical behavior, there are at least three fundamental ethical principals that are defied:

- social responsibility
- honest communication and equal treatment
- confidence between the participant to the economical activity

Because in business a serial of usual moral vales (compassion, altruism, kindness, philanthropy) can ruin with all the consequence amoral from a organizational catastrophe, the business philology has to make the connection between the moral and specific finality. Niccolo Machiavelli's syntagm "the end justify the means" is specific to the business activity, in the way in do not overpass the limits establish by the normative model create in the society. In reality, every business is submissive to some rules/ norms which define the "game." The rules of the game are to be respect, when these are rational and stimulating they define the resonsability in business ethics.

The organizations have also responsibility to the society and this has to be over the one which is based on maximum profit. They have to be guide in the benefit of all the one which has interest in that company (the stakeholders). Managing the firm mean responsibility based on trust. On a microeconomic side, ethical behavior is associated with trust. Ethics is necessary but not sufficient to gain contactor's trust, the economical literature emphases the importance oh the trust in the business relationships. Trust means less risk, faith based upon the experience of the good relation with other persons, firms and organizations, it will provide the protection of the rights and interests, in conclusion it will decrease the risk. Trust and good relationships of the firm make reference to provider and to the client. In relation with the provider the trust can be infringement by the high shelf fee. In relation with the clients this trust can be gain with an honest behavior based on the real consumers' needs. The consumers want to obtain products to the promised quality and also real information. As long the listing fee hides a component paid by the consumer, but cashed supplementary by the seller, this trust in already defied.

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