

Relationship between Consumerism and Business Ethics in India

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Abstract

Consumerism is a societal force to make business more truthful and accountable towards consumers. It makes the consumers aware of their rights and also pressurizes the government to adopt the necessary measures to protect consumer interests. Thus, Consumerism may be defined as a social movement of consumers seeking redress, restitution and remedy for dissatisfaction that they have accumulated in the purchase of products/service and their performance. Ethics is a division of Philosophy that deals with ethical principles. Business ethics refers to the moral principles which are considered right by the society, and so, should govern and guide the activities of a business. But in reality they are the moral principles and rules of conduct which should guide the activities of a business. Business Ethics is the claim of what is good and right to that collection of institutions, technologies, transactions, actions, and pursuits that is called as business. Business ethics is defined as the application of ethical principles and methods of analysis to business. Business ethics is the functional ethics discipline that addresses the moral description of business-related activity. This paper focuses generally on Consumerism and Business Ethics in India, more particularly on their relationship and legislations for consumer protection in India. The concluding observation is that there is a strong relationship between Consumerism and Business Ethics in India, and the success of every business depends on the value addition of ethics in business.

Keywords: Business Ethics, Consumerism, Decisions, Legislations, Relationship

Introduction

The term ethics is extracted from the Greek word ‘ethos’, which means character. Ethics is a division of social sciences, which deals with concepts such as right and wrong, good and bad, fair and unfair, just and unjust, legal and illegal, moral and immoral, proper and improper in respect of human actions. “Business Ethics is mainly deals with the bond of business goals and techniques to precise human wants”. The term ‘Business Ethics’ refers to the organization of ethical values and policy of the conduct functional to business. Business being a societal organ shall not be conducted in a way harmful to the wellbeing of the society and the business segment itself. Each vocation or cluster frames definite do’s and do not’s for its members. The members are given a framework in which they are believed to function. These standards are influenced by the prevailing economic and social situations. The codes of behavior are occasionally reviewed to go well with the varying situation. Business ethics are gaining value because of the development of the end user movement. Consumerism is the hypothesis that states a country that consumes goods and services in huge quantities will be better off cost-

effectively. Sometimes, consumerism is referred to as a policy that promotes greed since it often promotes buying the latest and newest products. Consumerism is a societal and cost-effective order that encourages the attainment of goods and services in escalating amounts. Consumerism is also attributed with an association towards consumer protection that promotes development in security standards and truthful packaging and advertisement. Consumerism also seeks to enforce laws against unfair trade practices and truthful product guarantees. Today, the consumers are aware of their rights. At the moment they are more organised and hence cannot be embittered without difficulty. They take measures against those businessmen who pander to in bad business practices. They stay away from deprived worth, damaging, expensive and fake (duplicate) merchandise. Consequently, the only way to continue to exist in business is to be truthful and just. This paper examines both conceptual and empirical works with an objective of encouraging researchers to pursue research in the consumerism and business ethics area. On the way to the concluding part, the paper also suggests guidelines for future research.

Review of Literature

Rakesh and Anli Suresh (2018) in their study on “Ethical Issues on the Role of Fund Managers and Investors' Behavior in Investment Decisions” discovered that while a variety of the observations that direct the individual investors act in a self-harming way and how the ethical issues on the role of fund managers helps them take such decisions and it is not likely that ethical criteria of fund managers will not always show the way to outperformance, nor will it always show the way to under performance. **Tim Hunt (2018)** in “Why shop ethically?” suggests that issues about ethical utilization can be many-sided but a few examples where shopping ethically can make a real distinction are *Good for the environment* - the business society faced with numerous environmental issues, from global warming to pesticide pollution, that can in component be addressed by shopping further ethically; *Good for society (both local and global)* – one can help construct the kind of society one desire through buying from companies that take their commitments to the communities critically; *Good for animal welfare*- consuming ethically can assist development conditions for animals in a numeral of ways and *Good for body and soul*- Buying ethically can be excellent for one’s health and sound being. **Khan, Z. Reza., Rodrigues, G. & Balasubramanian, S. (2017)** in their study on ‘Ethical Consumerism and Apparel Industry - Towards a New Factor Model', reveals that developing an understanding of patrons as pressure groups, and projected a factor model that may influence consumers’ readiness to shell out for ethical clothing. **Rakesh, Anusha & Anli Suresh (2016)** in their study on “A Study on the Impact of Ethics in Indian Business Scenario” found that it is only because of relevance of ethics in

business and the rising call for of answerability of the businessmen to the society, that businesses are able to work in improved environment. **Sophie Offord (2013)** in “Ethics is in the eye of the spender” reveals that ‘Ethical consumerism’ is about building of consumer choices for ecological or societal reasons. It is one of those phrases that have now entered into contemporary phraseology.

Statement of the Problem

The paper suggests that in broad-spectrum there has been a stress upon the seller's perception (i.e. business ethics), and that the buyer's perception (i.e. consumer ethics) has just been taken up as a division of this perception. At the same time as this has helped hypothetical development, it is argued that consumer ethics require be understood further on its own requisites and in exacting lacks a holistic representation of ethical decision-making in utilization. Despite the fact that numerous studies were conducted on consumerism and business ethics, there is barely any insight on their relationship. This study throws radiance on their relationship prevailing in the Indian concept. By and large, in providing an general idea of the current developments in this vicinity of research, it is hoped that the paper will help researchers expand an thoughtful of current hypothetical insights and present a productive impression for those wishing to improved describe and process practical approaches to individual research questions towards consumerism and business ethics.

Research Questions

The study is based on the hypothesis that “*there is a strong relationship between Consumerism and Business Ethics*”. To test the hypothesis theoretically the following research questions were framed:

- (i) What is the need for and Importance of Business Ethics in India?
- (ii) What are the Influencing factors and Sources of Business Ethics?
- (iii) Is there any relationship between Consumerism and Business Ethics?
- (iv) What are the causes for the evolution of Consumerism in India?
- (v) What are the Legislations for consumer protection in India?

Objectives

1. To study the Need for and Importance of Business Ethics in India.
2. To study the Influencing factors and Sources of Business Ethics.
3. To study the relationship between Consumerism and Business Ethics.
4. To study the causes for the evolution of Consumerism in India.
5. To elaborate on the Legislations for consumer protection in India.

Research Methodology and Plan of the Paper

The methodology adopted is exploratory and descriptive based on the figures from the secondary data of the various Financial Reports and Speeches of Financial Advisors and Primary

data from Researcher's and various Financial Expert's ideas and opinions and the observations presented are in the descriptive form. In order to achieve the above objectives, the present paper organized into six sections. Section-I elaborates the Need for and Importance of Business Ethics in India. Section II focuses on Influencing factors and Sources of Business Ethics. Section-III deliberates the relationship between Consumerism and Business Ethics. Section-IV discusses the causes for the evolution of Consumerism in India. Section- V elaborates on the Legislations for consumer protection in India. The conclusion and suggestions incorporated in Section-VI.

I. Need for and importance of Business Ethics:

| Table 1 Definitions and Concepts of Ethics in Business | |
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| Author | Definition |
| Lewis (1985) | <i>Business ethics</i> : “rules, standards, codes, or principles which provide guidelines for morally right behavior and truthfulness in specific situations”. |
| De George (1994) | <i>International Business Ethics</i> : “the evaluation of business practices and their ethical evaluations in diverse countries”. |
| Brenner and Molander (1977) | <i>Marketing ethics</i> : “not only the ethical principles and duties of the vocation itself, but also the accessible worth and prospect of the better society”. |
| Vitell (1986-doctoral dissertation); Yoo & Donthu (2002) | <i>Marketing ethics</i> : “an investigation into the environment and basis of ethical judgments, principles, and policy of behavior connecting to selling decisions and selling situations”. |
| Ferrell and Ferrell, (2005) | <i>Marketing ethics</i> : “The Marketing ethics should be measured from an individual and organizational outlook. From the individual outlook individual principles and ethical philosophies are the solution to ethical decisions in marketing. Sincerity, justice, accountability, and nationality are implicit to be ethics that can direct multifaceted marketing decisions in the framework of a society. From an organizational outlook, organizational worth, codes, and education is essential to make available reliable and communal approaches to building ethical decisions. |
| Murphy et al. (2005) | <i>Marketing ethics</i> : “the methodical learning of how ethical principles are functional to marketing decisions, behaviors and institutions”. |
| Murphy (1999) | <i>Virtue ethics</i> : “A moral philosophy that focuses on the ethical quality of an individual”. |
| A M A (2012) | “Marketing is the movement, bunch of institutions, and processes for creating, communicating, delivering, and exchanging contributions that have significance for patrons, clients, associates, and society at large”. |
| Source: Compiled from various sources by the authors | |

Business Ethics is the function of what is good quality and true to that variety of institutions, technologies, dealings, actions, and pursuits that one calls business. Business ethics is defined as

the appliance of moral philosophy and methods of investigation to business. The ethical feature of business in deal, trade and commerce has been specified due significance since the focal point of the last century. A conversation of business ethics must be by providing the essential structure of fundamental values for consideration what is meant by the term superior and precise; only then one can carry on to talk about the implications of these in the business world. There is no agreement of view as to what constitutes business ethics. There are no separate ethics of business but each entity and organ in society should put up with by definite ethical guidelines.

1. **Safeguarding of Consumer Rights:** - Consumer is the hub of all the business actions. In fact, business is fundamentally intended for contentment of consumer requirements. Regrettably, consumers are the mainly uncared for and subjugated group. The appliance of business ethics will lend a hand to bestow and put into practice consumer rights.
2. **Societal Accountability:** - Business Ethics is a way of building business socially accountable for its deeds. Exploitation of clients, workers, differentiate make use of of natural possessions, etc., is fairly widespread in all kind of business. Conformity to ethical principles will make sure (a) guard of consumer rights (b) civic accountability (c) guard of worker's interests, and (d) appropriate consumption of natural possessions.
3. **Perception of Socialism:** -The perception of Socialism in business states that gains of a business are obliged to be shared by all and not just by the proprietor of business. Profit is a symbol of business ability and flair. Profit is also a consequence of group efforts. Workforce, shareholders, clients, suppliers, and others add to the triumph of the business. Consequently, triumph should be shared by all concerned.
4. **Attention of business:** - **Business Ethics** are essential to protect the welfare of the small scale business firms. The propensity of big business firms is always to control the marketplace and drive away the undersized industries out of the market. Small scale units can set up their position and battle for their right if the industry follows a policy of ethics.
5. **End user movement:** -The growth in end user movement is also another significant feature that has necessitated the call for business ethics. The increase of edification and consciousness in the midst of consumers about their human rights has made the business community to carry out business on ethical values.
6. **Healthier associations with the Society:** -Business Ethics is essential to build up good relations among business and society. The association of business with society has a variety of dimensions such as its dealings with shareholders, workforce, consumers, distributors, competitors and administration.
7. **Buyer's marketplace:** - There has been a structural alteration in the notion of business. The concept of proceeds has been slowly but surely taken over by consumer contentment. The large scales manufacture and greater than before competitions in the market altered the business panorama from a seller's market to a buyer's market.
8. **Favourable to Business and Society:** - Ethics suggests what is superior or inferior, correct or incorrect, moral or immoral to businessman. It also brings an element of truthfulness, authenticity, justice, and human stroke to business actions.

9. **Corresponds to fundamental individual wants:** -The fundamental want of every human being is that they would like to be a component of the organization which they can value and be proud of, because they recognize it to be ethical. Everybody likes to be connected with an organization which the society compliments as a truthful and in a social context responsible organization. The human resources managers have to accomplish this fundamental want of the human resources as well as their personal fundamental want that they desire to express an ethical organization. The fundamental wants of the human resources as well as the managers force the organizations to be ethically leaning.
10. **Trustworthiness in the community:** - Ethical values of an organization create trustworthiness in the civic eye. People will like to pay money for the manufactured goods of a company if they consider that the company is truthful and is offering worth for money. The communal issues of such companies are bound to be an achievement. Because of this reason only the cola companies are spending enormous sums of money on the advertisements now-a-days to induce the community that their products are safe and sound and free from pesticides of any kind.
11. **Reliability with the workforce:** - When workers are persuaded of the ethical values of the organization they are working for, they grasp the organization in elevated regard. It creates widespread goals, morals and verbal communication. The Human Resource (HR) manager will have reliability with the workers just because the organization has creditability in the eyes of the community. Apparent communal respectability and moral values can triumph the workforce more than any other motivation tactics.
12. **Superior Decision Making:** - Admiration for ethics will strengthen a management to take a variety of cost-effective, communal and ethical aspects into deliberation while taking the decisions. Decision making will be improved if the decisions are in the attention of the community, workforce and company's own long term good.
13. **Productivity:** - Being ethical does not mean not making any proceeds. Every organization has a liability towards itself also i.e., to earn income. Ethical companies are bound to be triumphant and more money-making in the long run though in the short run they can be unable to find money.
14. **Defense of Society:** - Ethics can defend the society in an enhanced way than even the lawful structure of the country. Where law fails, ethics always is successful. The government cannot control all the actions that are detrimental to the society. A HR manager, who is ethically resonance, can get to out to restless workforce, more efficiently than the law enforcement.

II. Factors and Sources of Business Ethics

'Ethics' creates different sense to diverse populace. It is intangible and does not have worldwide principles or reception, due to the fact that ethics depend on morals and morals on value system of populace. Value system, depends on genetics and surroundings, i.e., the background and knowledge. Ethical practices are at variance in different organization. Experiences in turn change ethical practices. There is no agreement of view as to what constitutes business ethics. There are no separate ethics of business but every human being and organ in

society should put up with by certain moral guidelines. If a business has to be successful it should take into consideration the following factors:

- (i) A business should aspire to have fair dealing with everybody dealing with it.
- (ii) Ethics should be set for everybody functioning in the organization at any level and their execution should be connected with reward- punishment scheme.
- (iii) Any infringement of ethics should be detected at the most primitive stage and corrective measures taken without delay.
- (iv) Business ethics should be based on broad guiding principle of what should be completed and what should be avoided.
- (v) The ethics should be based on the insight of what is correct.

The human resource manager in each organization, thus, has to be well versed with the only one of its kind system of values urbanized by these three sources.

1. Religious conviction: Religious conviction is the oldest source of ethical motivation. There is more than 1, 00,000 ethical inspirations which exist across the whole world, but all of them are in conformity on the basic principles. Every religious conviction gives an appearance of what is incorrect and correct in business and other walks of existence. The code of reciprocity towards one's fellow beings is found in all the religions. Great religions advocate the need for a methodical social system and give emphasis to upon social accountability with an aim to contribute to the common wellbeing. With these basics, every religious conviction creates its own system of behavior.

2. Ethnicity: Ethnicity is the set of significant understandings that members of a society share in universal. It consists of a fundamental set of principles, thoughts, perceptions, preferences, concept of ethics, code of conduct etc. which creates uniqueness in the midst of human groups. When one talk about ethnicity one typically pass on to the prototype of growth reflected in a society's prototype of information, philosophy, ethics, laws, social norms and day to day rituals. Depending upon the prototype and stage of growth, ethnicity differs from society to society. Furthermore ethnicity is passed from generation to generation. Ethnicity facilitates the generation of obligation to a little larger than one's individual self interest. Ethnicity encourages the members of the society to give main concern to managerial goals over and above their individual interests. Ethnicity also serves as an intelligence making and organize device that guides and shapes the attitudes and performance of populace. Managers have to run an industrialized enterprise on the cutting rim of educational know-how. The pressure that their events generate makes the business ethically further multifaceted.

3. Regulation: The lawful structure of any country, direct the human behavior in the society. Whatever may be the lawful system, ethics and the regulation has an obligation on the society. The

society expects the business to abide by the regulation. Even though it is predictable that every business should be regulation enduring, hardly ever do the businesses stick to the system and regulations. Law flouting in business is frequent like Tax avoidance, hoarding, ruining and poor quality and far above the ground priced goods and environment contamination.

On the other hand, the following characteristics make a business decision ethical: It should be *fair* and *precise*. The former connotes just and equal; while the latter denotes what is ethically right. Secondly, it should be *right*. This means that it should be suitable to the situation and satisfactory in general by all populace. Thirdly, it should be *good quality*. The term ‘good’ is very indefinable. What is good quality for some may not be good quality for others. In such a state of affairs, good connotes uppermost high-quality for the largest number of populace concerned. Fourthly, it should be *fair* i.e., truthful and owing. Finally, it should be *fair*. Fairness should be done to all and it should come into view that fairness is given to populace who be worthy of.

III. Relationship between Consumerism and Business Ethics

| Table 2 Definitions and Concepts of Consumerism | |
|---|--|
| Dauvergne 2008; Princen et al. 2002; Stearns 2006 | The extreme over-consumption of end user goods with no regard to the unenthusiastic impacts to populace and the earth. |
| Conca 2001 | An ever more all-encompassing societal paradigm and a major principle of the worldwide financial system. |
| Dauvergne and Lister 2013 | Nations vie for affluence on the postulation that frequently increasing material purchase and buildup will create health and happiness. States and the Private sectors endorse consumerism through policies aimed at raising the proceeds of goods. These include intended merchandise obsolescence, fast food and fashion, and multimillion- dollar publicity campaigns to generate consumer requirements. |
| De Graaf et al. 2001 | As a cultural occurrence, consumerism underlies a mounting consumer society where human values are commoditized, and persons engage as financial actors in the marketplace more than as populace in the political dominion. Commentators associate it to a lethal bug: ‘a sore, infectious, communally transmitted state of excess, money owing, nervousness and waste resultant from the determined chase of more’. |
| Pretty 2013 | A produce of Western free enterprise and conventionally linked with wealthy lifestyles in the ‘North,’ consumerism is scattering and increasing approximately in the sphere. |
| Source: Compiled from various sources by the authors | |

As a result, Consumerism may be defined as a societal association of consumers looking for restores, recompense and therapy for discontent that they have accumulated in the purchase of products/service and their performance. Consumerism is a societal power to make business more truthful and accountable towards consumers. It makes the consumers conscious of their human rights and also pressurizes the government to take on the essential measures to guard consumer wellbeing. Consumerism is also accredited with a society towards consumer defense that promotes

development in security principles and truthful wrapping and advertisement. Consumerism also seeks to put into effect laws against unjust trade practices and honest product guarantees. Consumerism is an enlightening replica that promotes the gaining of goods, and particularly the procurement of merchandise, as a medium for individual contentment and cost-effective inspiration. At the outset, one should appreciate that in the realistic business world; the majority of the ethical questions can be approximately alienated into two categories, viz., (a) Overt Ethical Issues; and (b) Covert Ethical Issues. Overt ethical issues are open, which could be seen in the everyday business. Covert ethical issues are those which cannot be seen, or known outside, or to put it in business terms 'Hidden' or 'undisclosed'. The examples of overt ethical issues are: corruption, robbery, damage and conspiracy. These can be openly seen in our everyday existence in business. Further Covert ethical issues are: promotion policies, business gaining, resources investments, staffing policies, business spying and pricing policies. In general, overt ones are deplored as unethical in business; and as such these are attempted to be minimized by means of careful business administration. The majority of the actions will be covert in nature. Despite the fact that these activities are not acknowledged to the community or the patrons, they are considered awful and also unethical. The dissimilarity between what is ethical and what is not ethical in business at times, may turn out to be too thin and narrow to go by in exact judgment. This may depend upon the nature and entity of the business unit.

The Relationship between Consumerism and Business Ethics are summarized below:

- 1. Discontinue business malpractices:** Some dishonest businessmen do business malpractices by indulging in unjust trade practices like black-marketing, false far above the ground pricing, ruining, dishonest in weights and measures, selling of replica and injurious products, hoarding, etc. These business malpractices are damaging to the consumers. Business ethics assist to discontinue these business malpractices.
- 2. Develop customers' confidence:** Business ethics are wanted to develop the customers' self-confidence about the excellence, amount, cost, etc. of the goods. The customers have additional faith and self-confidence in the businessmen who pursue ethical system. They sense that such businessmen will not deceive them.
- 3. Continued existence of business:** Business ethics are obligatory for the continued existence of business. The businessmen who do not go after it will have temporary achievement, but they will be unsuccessful in the long run. This is for the reason that they can deceive a consumer only on one occasion. After that, the consumer will not purchase merchandise from that businessman. He will also inform others not to purchase from that businessman. So this will defame his image and incite an unenthusiastic advertising. This will effect in breakdown of the business. Consequently, if the businessmen do not go after ethical policy, he will be unsuccessful in the marketplace. So, it is forever better to follow suitable code of conduct to stay alive in the marketplace.
- 4. Conservation of consumers' rights:** The consumer has numerous rights such as right to fitness and security, right to be knowledgeable, right to decide, right to be heard, right to restore, etc. But many businessmen do not admire and defend these rights. Business ethics are being obliged to defend these rights of the consumers.

5. **Shielding employees and shareholders:** Business ethics are necessary to shield the interest of workforce, shareholders, competitors, dealers, suppliers, etc. It shields them from utilization through unjust trade practices.
6. **Develops excellent relations:** Business ethics are so imperative these days to build up superior relations between business and society. This will effect in a regular supply of good quality goods and services at near to the ground prices to the society. It will also effect in proceeds for the businesses thus ensuing in development of economy.
7. **Creates superior image:** Business ethics generate a superior image for the business and businessmen. If the businessmen go after all ethical system, then they will be completely acknowledged and not criticized by the society. The society will always hold up those businessmen who go after this essential code of conduct.
8. **Even performance:** If the business follows all the business ethics, then the workforce, shareholders, patrons, dealers and suppliers will all be content. So they will offer complete support to the business. This will effect in even performance of the business. So, the business will develop, get bigger and expand with no trouble and rapidly. It will have additional sales and additional proceeds.
9. **End user movement:** Business ethics are gaining importance because of the development of the end user movement. Nowadays, the consumers are conscious of their rights. Now they are further organised and for this reason cannot be resentful with no trouble. They take measures next to those businessmen who indulge in awful business practices. They stay away from deprived worth, damaging, expensive and fake (duplicate) goods. Consequently, the only way to stay alive in business is to be truthful and fair.
10. **End user satisfaction:** Today, the end user is the ruler of the market. Any business just cannot stay alive without the patrons. Therefore, the major aim or purpose of business is consumer contentment. If the consumer is not content, then there will be no sales and thus no proceeds too. Consumer will be content only if the business follows all the business ethics, and hence are extremely wanted.
11. **Significance of labour:** Labour, i.e. employees or workers take part in a very vital role in the accomplishment of a business. Therefore, business must make use of business ethics while dealing with the workforce. The business must give them appropriate pay and salaries and give them with improved working environment. There must be high-quality relations among owner and workforce. The workforce must also be given good welfare amenities.
12. **Hale and hearty competition:** The business must make use of business ethics while dealing with the competitors. They must have hale and hearty competition with the competitors. They must not do competitive competition. Correspondingly, they must provide equivalent opportunities to small-scale business. They must keep away from monopoly. This is because a monopoly is damaging to the patrons.

IV. Causes for the Evolution of Consumerism

1. **Increasing prices:** The worth of a rupee was a rupee in 1949 matching its full face worth. But at the present it is worth less than 10 paisa. The pricing hypothesis holds that price is directly connected to quality and quantity. But, prices of mass consumer merchandise such as soaps, tooth paste etc., are 10% - 20% higher than the actual prices. So, over and over again dealers make a good edge of proceeds and generate an artificial demand for them.
2. **Defilement:** Dishonest traders indulge in defilement. They create unlawful and abnormal profit through contaminated goods. Defilement involves contemptible ingredients mixed with the item for consumption proposed for trade. Such contaminated item for consumption is harmful to healthiness. A review says about 25% - 35% of the food one consume these days is contaminated. Presence of gravel

in grains, cheaper fats in ghee, addition of coconut oil with palmoleins etc., is frequent in defilement. They all leave at the back damaging effects on patrons.

3. **Replication:** Replicates are prepared for all types of goods like automobile works, medicines, blades, pens, watches, clothing and even currency notes. Consumers are not able to distinguish the original products from replicates. Replica products are obtainable all the way through extensive marketing set of connections undertaken by deceitful traders. Some home made goods are embossed “Made in India, “Made in USA” etc., just to entice the patrons.
4. **Fake demand:** When the price of merchandise is progressively rising, some traders purchase in mass and hoard them. They place up a sign “No stock” in frontage of their shops, though stocks are in large quantity with them. As a consequence, consumers shell out higher prices because of the fake shortage formed. In certain cinema houses, selling tickets in *black* is rather common. Although seats may be available, these theatres will be claiming “full house”. But the sale in ‘black’ will be very fast outside the theatre.
5. **Inferior products:** Inferior products are prepared using inferior raw materials or by cutting short the necessary manufacture processes. After a product is well acknowledged in the market, some manufactures intentionally down grade the excellence of the product without plummeting the price. Customers cannot examine the goods as they are packed and sealed. Only after the make use of the goods purchased, they will be in a distress.
6. **Merchandise risks:** Some goods are suitable or effective only for a particular time. Example: medicines, drugs, fruits, etc. On the expiration of a particular period, use of such items proves to be harmful to wellbeing.
7. **Deceptive Advertisements:** Distortion of particulars, fake claims, deceitful does occur in advertising. An advertiser may make a high claim about the value of his produce, just to entice the customers to purchase them, whereas the product may not be as of use. So, consumers should be sheltered against misleading advertisements.
8. **Guarantee and service:** At the point of sale, sellers guarantee a high-quality performance of the product they sell. If a product becomes defective after being sold, buyers are not given any remedy for the defect noticed in the goods. In such cases, remedy is available through consumer redressal forums.
9. **Robustness of products:** Salesmen are supposed to help out the buyers in making shrewd assortment of merchandise. The products that buyers pay money for must ensemble their wants. Product robustness refers to product excellence, toughness and appropriateness in relation to the purchase aim of the consumers. But the majority of the goods are sold by pressurizing the buyers.
10. **End user mistreatment:** Consumers are subjugated in the following ways:
 - (i) deliver of inferior resources
 - (ii) merchandise that fall short of the real weight claimed
 - (iii) far above the ground prices charged for merchandise and services
 - (iv) False advertisements
 - (v) simulated shortage to make abnormal proceeds
 - (vi) Hoarding and black marketing of merchandise
 - (vii) Unethical through contests, puzzles, etc.
 - (viii) Illegitimate mail order sale
 - (ix) Depriving free repair or substitution throughout guarantee period
 - (x) Defilement of merchandise.
11. **Harms of assembling goods:** Goods of the contemporary days are a mixture of many goods assembled to carry out a particular purpose. For example: television, clocks, Computers and domestic appliances.

Several such mechanisms are not noticeable to the eye and consequently cannot be inspected by the patrons. Yet if they can be inspected, patrons may be deficient in the technical information to review them.

12. Augmenting privileges and powers of buyers: In a liberated self-governing civilization, sellers have definite civil liberties subject to the state that the buyers are provided with secure and hale and hearty goods. In the similar way the buyers have convinced privileges. They have the right to look forward to the merchandise to be out of harm's way and worth the price they shell out. Nevertheless these customary privileges of the buyers are not adequate to uphold authority equilibrium between the consumer and vendor, where the consumers could not get absolute and authentic information about the goods they purchase. The origin of the end user movement lies in escalating end user privileges.

V. Legislations for consumer protection in India

End user is a person who buys merchandise for a consideration. The idiom 'Consumer' does not comprise a person who obtains merchandise for resale or for any profitable reason. In India, there is a numeral of enactments to defend the attention of the consumer. Some significant legislation enacted to defend the consumer's attention is given below:

1. **Drugs and Cosmetics Act 1940:** Often drugs of sub-standard quality are manufactured and marketed. Some manufacturers of drugs exploit consumers by charging high prices. There is also the problem of spurious drugs manufactured by unscrupulous manufacturers. These drugs are detrimental to health. Such offences committed are covered under this Act.
2. **Packaged Commodities Order, 1975:** Packaged Commodities Order, 1975 is an important enactment of consumer protection. Under this act, the producers of packaged commodities should print on the package the content, weight, price, month of manufacture, the date of expiry of products, the name of the manufacturer, maximum retail price (MRP) of the product, etc. The purpose is to enable the consumers to be aware of what exactly they buy.
3. **Essential Commodities Act, 1955:** Essential Commodities Act, 1955 controls the production, supply and distribution of certain commodities. The Act has been amended in 1981. The Act empowers the government to control the prices of essential commodities. The Act is generally administered through district authorities of respective state governments.
4. **Sale of Goods Act 1930:** The Sale of Goods Act came into force in 1930, repealing Chapter vii of the Indian Contract Act, 1872. This Act mainly regulates the sale of goods by protecting the interests of both sellers and buyers. Sections 14-17 of the Act deal with the conditions as to title or ownership, sale by description, conditions to quality of fitness, conditions as to merchantability and provisions regarding warranties.
5. **The Prevention of Food Adulteration Act, 1954:** The Prevention of Food Adulteration Act, 1954 is designed to protect the health of the public by prohibiting adulteration of food. A contaminated foodstuff is one which is harmful to public physical condition. It is considered harmful if
 - (i) The product quality is not as claimed
 - (ii) It contains an injurious substance
 - (iii) It has been prepared under insanitary conditions
 - (iv) It is not fit for consumption
 - (v) It is obtained from deceased animals
 - (vi) It is poisonous
 - (vii) It contains prohibited preservatives
 - (viii) The quality is below the prescribed standards.
6. **The standards of weights and Measures Act, 1958:** Based on this Act, the metric system of weights and measures were introduced throughout the country. According to this Act, the metric system of

weights and measures were introduced throughout the country replacing the old Acts in which multiple standards of weights and measures were used. Further, the Act provides for using and dealings only in standard weights and measurements.

7. **Trade Marks Act, 1999:** In addition to the Trade and Merchandise Marks Act, the Trade marks Act, 1999 has been passed for the following purposes:
 - (i) To consolidate law on trademarks registration; and
 - (ii) To protect the manufacturers from fraudulent use of their trademarks.
8. **Indian Standard Institution Certification Act, 1952:** ISI certificate is a guarantee to the quality of the products. Originally, this Scheme was started on a voluntary basis in 1946. Later in 1952, it was brought under Indian Standard Institution Certification Act. It is stated that more than 11,000 organizations in India had adopted the ISI standards. Defaulters after obtaining ISI certificate will have to face heavy penalty. This Act has been renamed as Bureau of Indian Standards now (BIS).
9. **Consumer Protection Act, 1986:** The consumer Protection Act was passed in 1986. The objectives of the Act are:
 - (i) To provide better protection to consumers
 - (ii) To establish suitable machinery, especially consumer councils to settle disputes. This Act was thoroughly revised in 1993 and (a) the Act applies both to goods and services (b) the provisions of the act are applicable even when part payment has been made and rest is promised to be paid later (c) the act protects not only the buyer but the user too in the case of goods and any beneficiary in case of services.

Redressal of Consumer disputes (Protection of consumer through national/state councils and district forums). The Consumer Protection Act, 1986 provides for a three-tier redressal forum for consumers. The councils established for this purpose are as under:

(a) The central Consumer Protection Council

The Central Consumer Protection council has been constituted with the following composition.

- (i) Chairman who is the Minister of Consumer Affairs in the Central government.
- (ii) Official and non-official members, the number of which has not been prescribed in the Act.

Objects of the central council: Central Council promotes and protects the rights of consumers such as-

- (iii) The right to be protected against the marketing of goods and services which are hazardous to life or property.
- (iv) The right to be informed about the quality, quantity, potency, purity, standard and price of goods and services.
- (v) The right to be assured access to a variety of goods and services at competitive prices
- (vi) The right to be heard and to be assured that consumer's interest will receive due consideration at appropriate forums.
- (vii) The right to seek redressal against unfair trade practices
- (viii) The right to consumer education.

(b) The State Consumer Protection Council: Both, goods and services are included in the purview of the council. A consumer has to be protected against defects, deficiencies and unfair and restrictive trade practices. In every state, consumer protection council has been recognized by announcement of the central government. It has the similar function at state level. The minister-in-charge of consumer Affairs in the Government shall be the chairman. Other members may be decided from time to time by the State Government.

(c) **Role and Powers of District forums:** The jurisdiction of the district forum lies within the local limits of the district. Complaints can be filed with the forum by a consumer. Complaints can also be filed by the Central or State Government or by a group of consumers. Thus, it is not necessary that complaint should be filed only by the affected person. Others can also take up the matter with the district forum.

Powers of District Forums

- 1) To remove from the goods the defects pointed out by the appropriate laboratory.
- 2) To replace the goods with new goods of similar description this shall be free from any defect.
- 3) To return the complainant any the price or the charges paid by him.
- 4) To disburse such sum as may be awarded by it as recompense to the consumer.
- 5) To remove the defects or deficiencies in the services.
- 6) To discontinue the unfair trade practices.
- 7) To curb the sale of hazardous goods.

10. Trade and Merchandise Marks Act 1958: The Trade and Merchandise Marks Act protect the interest of producers to safeguard them against fraudulent use of their trade mark by another producer. This Act provides for the registration of trademarks. It gives the registered proprietor of the trademark the exclusive right to use it.

11. Monopolistic Restrictive Trade Practices Act (MRTP Act, 1984): MRTP Act prohibits restrictive trade practices pursued by dominant undertakings.

What are unfair practices?

Section 36A of MRTP Act, 1984 defines unjust practices to mean any trade practice which, for the purpose of promoting the sale, use of supply of goods or for the stipulation of some services, adopts one or additional of the practices thus causing loss or damage to the consumer of such merchandise or services. The following will comprise unjust trade practices:

(i) Advertisements are said to be misleading in the following circumstances:

- 1) Falsely representing the goods of a particular quality or nature when they are actually not so;
- 2) Falsely representing the services of a particular type.
- 3) Falsely representing that the rebuild, second hand, renovated, reconditioned or old goods as new goods.
- 4) Falsely representing that goods and services have sponsorship which they do not have.
- 5) Making false representation for giving warranty or guarantee for the performance without adequate test.
- 6) Making a false promise to repair an article sold and also to repeat the services until it had achieved the specific result.
- 7) Making false representation to the public about the price of the product etc.

(ii) Bargain sale, bait and switch selling include advertisements to supply commodities at a bargain price. Although the purpose is not to present sufficiently sensible quantities to provide the market, a good deal price is hypothetical to be less than the ordinary price. But when the commercial misleads buyers to believe that they can obtain the commodity at fewer prices, it will be then regarded as an unjust practice.

(iii) Gifts or price offer is creating an impression that it is being given free of charge. But the cost of the gift is covered by the price paid by the consumers.

(iv) Sub-standard products mean those commodities which do not conform to the standard prescribed by competent authority. Usually, standards are set in relation to presentation, work of art, contents, production etc. Safety sub-standard goods may damage the individual using it.

(v) Unfair trade practices include hoarding or destruction of goods or refusal to sell the goods to raise the price of those related goods.

The MRTP Act has been repealed now and is replaced by Indian Competition Act.

Competition Law: Recommendations of Raghavan Committee: An expert Committee appointed to implement the proposed Indian Competition Law, while repealing the MRTP Act has recommended the following: The expert Committee was headed by S.V.S. Raghavan, former Commerce Secretary. This panel submitted its report to the Prime Minister of India on May 22, 2000. The salient features of the recommendations are:

1. A new authority called Competition Commission of India should be established.
2. The MRTP Act should be replaced with a new Indian Competition Act.
3. All unfair trade practices cases should be transferred to Consumer Courts.
4. There should be pre-notification in the case of mergers with assets over Rs.500 crores for merged entity.
5. Pre-notification is required for the business group of entity with assets over Rs.2, 000 crores.
6. There should be a separate merger commission.

Competition Commission of India (CCI): The committee has recommended creation of a Competition Commission of India to implement the proposed Indian Competition Act while repealing the Monopolies and Restrictive Trade Practices Act (MRTP).

Transfer of cases to Consumer Courts: In the main recommendations, the committee has suggested that all cases of unfair trade practices before the MRTP Commission be transferred to the Consumer courts concerned under the Consumer Protection Act. The other pending cases before the Commission could be taken up for adjudication by the CCI.

12. Agricultural products Grading and Marketing Act 1937: Under this Act, a *Directorate of Marketing and Inspection* has been established, under which grading facilities are available in the case of ghee, vegetable oils, butter, eggs, wheat flour, rice, cotton, potatoes, gur, maize, honey, etc. Laboratories have been established at various places in the country which facilitate fixation of standards and grades. The graded merchandise is embossed with the seal of the Agricultural Marketing Department-**AGMARK**.

VI Concluding Observations and Suggestions

This study has highlighted significant relationship between consumerism and business ethics. This article contributes to an understanding of this 'Consumerism and business ethics relationship' through a review of existing literature, and the inductive analysis of focus group discussions. It is suggested that consumerism plays a vital role in business ethics and success of every business is clearly depends upon the prominent inclusive factor of ethics in all business activities. As consumers spend, businesses benefit from increased sales, revenue, and profit.

Companies, in turn, also spend money on manufacturing, computers, trucks, and hiring workers to satisfy the consumer demand for their products. The ancillary industries that supply businesses and consumers also do well. For example, if car sales are increasing, auto manufacturers will see a boost in profits. However, the companies that make the steel, tires, and upholstery for cars also see increased sales. In other words, consumerism can lead to benefits for the consumer but also the economy as a whole. Over-consumption and excess are also attributed to consumerism. For example, some people might argue that the Christmas holiday is a time of heightened consumerism, due to the large amounts of goods that are purchased during this time. At its core, consumerism postulates that the more materials acquired the better.

The growth of consumerism has led to many organizations improving their service to the customer by practicing ethics in business. A simple example may be quoted here to reveal this. Suppose a retail shop-keeper in locality increases the prices of provisions, due to inadequate supplies, on account of truck strike in the region, the consumers will accuse the shop-keeper's increase in price, as unethical and brand him as black-marketer. This is not uncommon in daily life, when prices soar up due to several causes. On the other hand, if a corporate organization, or an Multinational Company (MNC) creates artificial scarcity by withdrawing supplies for some time, making the market dry, and then resumes supplies with increased prices, the consumers take it easy, and such an activity has been given a dignified term in business as 'Market Strategy'. In the former case, the consumers consider that as unethical, while in the latter, the consumers attach some dignity and do not find fault with the corporate organization or the MNC. The only difference between the two cases is that in the case of shop-keeper, the scarcity conditions have been contrived to his advantage, while in the case of latter, the scarcity conditions are created. If the consumers consider the first one as unethical and immoral, the so called 'market strategies' are also immoral in certain cases; though it may not be the same in all cases.

A business unit exists only for catering the needs of the consumers, and hence ethical problems connected with consumers should be given greater importance in decision-making. We know that 'marketing' is the link for a corporate unit with the outside world. The whole business activity of any company dealing with the traders, distributors, or individuals surrounds the marketing side of the business. Hence legal, moral and ethical responsibilities of businesses depend upon the marketing department, as far as outside stakeholders are concerned. They are the consumers. The products are produced for the consumers. The entire marketing is related with the

interaction of the business unit with the consumers. Hence, ethical values related to retail marketing activities are very important. Of the several aspects of the marketing side of the business, quality of the product, proper quantities and fair prices form the vital issues, about which the business should take special interest, in order to uphold the name and fame of the business units with their brand popularities. Through this study the hypothesis there is a strong relationship between Consumerism and Business Ethics is proved and paved the way for further research in this arena.

Scope for Future Research

These findings enhance the understanding of consumerism and business ethics and provide a platform for future research in this area. However, consumers are increasingly occupied with ethical factors when forming opinions about goods and building purchase decisions. Further study can be attempted on how consumerism and business ethics impacts the buying decisions and economic development of a country as a whole.

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CORE THEME : CONSUMERISM & BUSINESS ETHICS

**TITLE OF THE PAPER: RELATIONSHIP BETWEEN CONSUMERISM AND BUSINESS
ETHICS IN INDIA**

WE declare that the submitted paper is original research work, which is not been published or submitted for publication elsewhere.