

Competition Amongst Service Providers

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Case: An individual had a knack for electrical work and decided to parlay that into a career. He took the necessary courses, became a licensed, certified electrician, and is ready to launch his own business. He lives in a small town that already has one frum electrician.

Question: Which jobs are permitted and which are forbidden for him to accept?

Answer: The halachos of competition for service providers are basically the same as the halachos for stores. If someone lives locally, he is allowed to compete with an existing service provider as long as he will not be putting him out of business. If someone does not live in town, he is not allowed to adversely impact the livelihood of a local resident. Thus, it would be perfectly fine for a new electrician who lives locally to take any jobs that come his way, as long as he isn't putting the other electrician out of business; however, it would be forbidden for him to take jobs in other towns if that would negatively affect local electricians.

When speaking about service providers we do have to add a few provisions. We have said previously that it is permitted for a non-local to sell a product if it is a different product than what is locally available. Regarding service providers, it is common for each provider to offer a different level of service – for example, one offers better customer service, one works faster, one does a better-quality job etc. This would lead us to conclude that if an electrician who does not live locally provides a different type of service in any way, he would be permitted to take jobs even in a city where he does not live.

It is also important to note that service providers differ from stores in the sense that stores are situated in one place and are dependent on nearby residents to shop by them, as opposed to service providers who are not tied to any specific location. Therefore, if someone else opens a physical store located very close to his competitor, it is very possible that the new store will take away all the business and ruin it completely, which would be forbidden. Service providers, however, are not limited to one narrow location because they can travel to homes that are further out. Because of this, it is very difficult to say that a new provider of the same service is putting an existing provider out of business, as he can always look a little further afield for more customers.

In any case, the Shulchan Aruch Harav states that one should always try to be careful not to negatively impact his friend's business, even in a permitted way, and the Maharsha says that one who is stringent and makes sure never to harm anyone else's business will merit special Heavenly assistance.