



ETHICS IN MARKETING

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ABSTRACT

“Man ought to regard himself, not as something separated and detached, but as a citizen of the world, a member of the vast commonwealth of nature and to the great interest of this great community, he ought to at all time to be willing that his own little interest should be sacrificed”. These lines by Adam Smith stressed that self interest alone should not be guiding force that rules business. Due to growing strength of consumer movements and rising levels of awareness among stakeholders, Indian marketers and MNCs in India started realizing the importance of Corporate Social Responsibility (CSR) and ethics in marketing and their role in conducting the business which takes care of the society's interest at the same time optimizing the profit of their organizations. They believe that the goodwill resulting from adopting and successfully implementing a code of business ethics will, in the long run, translate into economic gains. Corporate Responsibility and ethics are blended together and applied in various disciplines such as human resource management, finance accounting, production, technology etc. Marketing ethics is a sub set of business ethics. Marketing ethics is the area of applied ethics which deals with the moral principles behind the operation and regulation of marketing. Written codes and ethical programs do not ensure ethical behaviour. This paper explains the concept of ethics in marketing and identifies to what extent the academicians in the B- Schools are imparting to their budding marketing managers, the importance of ethics in their marketing subject or a separate course and how far practicing marketing managers in India giving importance to ethical aspects.

Key Words: Ethics, Marketing, Green Marketing, Environment, Consumer.

INTRODUCTION

The growing strength of consumer movements and rising levels of awareness among stakeholders, corporations have now started realizing the importance of corporate social responsibility (CSR) and ethics in marketing and their role in conducting the business which takes care of the society's interest and at the same time optimizing the profit of their organizations. They believe that the goodwill resulting from adopting and successfully implementing a code of business ethics will, in the long run, translate into economic gains. Now most of the organizations realized that the only way for a corporate to exist and capitalism to survive is to be a part of the whole society. Because business can be regarded as an activity carried by the people (entrepreneurs and managers), through the people (employees), and for the people (consumers and the community). Though profit motive constitutes the primary motive for business activities, and it should not lead us to conclude that profit is the sole objective of business. The objectives of a business are to be laid down keeping in view the prevailing environment so that the business enterprise is able to survive and grow. Business enterprise of today has exerted deep impact on society both economic and social. (Phillip Kotler, Marketing Management, 11th edition, p.700). As a socio-economic institution a market oriented unit, it is to deliver the expected standard of living. Not only that, it is to improve it, refine it to guarantee quality of life and life-styles. Each and every organization is brought into existence to deliver or achieve certain fundamental and collateral objectives. Therefore the moment a business unit fails to line up to the expectations of the society, it has no right of continuity. Like any responsible citizen each organization has a code of conduct. Mr. Bertrand Russel very aptly said that without civic morality the communities perish, without personal morality their survival has no value. In the initial days, one was surprised as to whether ethics has any place in business and business decisions.

However, now there is no scope for such a surprise as one knows the ethical and social issues have their own place. Ethics is a science of morality that deals with not only "good" or "bad" but "right" or "wrong" in every walk of life. As a part of society, business is responsible to act credibly and behave ethically. It is believed that the best way of promoting high standards of business practice is through self regulation.

OBJECTIVES OF THE PAPER

The objective of this paper is to discuss the ethical issues in marketing. It also aims to discuss the various steps taken by companies to fulfill their responsibility towards the society and what they do for following ethics in marketing.

METHODOLOGY

The required material is collected from various books, reports of the companies and web sites.

ETHICS IN MARKETING

Marketing ethics is the area of applied ethics which deals with the moral principles behind the operation and regulation of marketing. Writing Codes and ethical programmes do not guarantee themselves the ethical behaviour. Ethical and social responsibility warrants a total corporate commitment and they are the components of the overall corporate culture. Conscientious marketers face many moral dilemmas. The best thing to do is often unclear. The major issue before the business community is how best one can enforce such much desired ethical responsibility? There can be two possible philosophies that guide their actions. One philosophy strongly advocates that these moral issues be decided by market forces and the legal framework provided by the government of the nation. But if managers are to go by this philosophy, they are not responsible for making moral judgments. The decisions are to be based on what the accepted system allows.

Another philosophy is that instead of making it a system let it be free in the hands of managers and individual companies. This philosophy is more refined and enlightened suggesting that a company is to have a “social conscience” i.e. the marketers is to go beyond “What the system allows” to serve the society in terms of high standards of moral values. History provides an endless list of examples of company actions that were legal and allowed but were highly irresponsible. For example: Prior to Pure Food and Drug Act, the advertisement for a diet pill promised that a person taking this pill could eat virtually anything at any time and still lose weight. Too good to be true? Actually the claim was quite true but it seems that the primary active ingredient in this diet supplement was tapeworm larvae. These larvae would develop in the intestinal tract and, of course, be well fed, the pill taker would in time, quite literally, starve to death. Each company and marketing manager must work out a philosophy of socially responsible and ethical behaviour.

ETHICAL CONFLICTS FACED BY THE MARKETERS

Marketers must be aware of ethical standards and acceptable behaviour. This awareness means that marketers must recognize the viewpoints of three key players: the company, the industry and society. These groups almost always have different needs and wants, ethical conflicts are likely to arise. Ethical Conflicts arises firstly when there is a difference between the needs of these three groups i.e. the company, the industry and society. Secondly, ethical conflict may arise when one's personal values conflict with the organizations. The best suitable example for the first type of conflict is the tobacco industry. Cigarettes have for many decades been a lucrative business. Therefore marketing of these have been good for companies and tobacco industries. Thousands of people have been employed in the tobacco industry around the world. So, the world economy has been somewhat dependent on cigarettes and tobacco. These are harmful to society and this is written on these products that smoking is harmful to health. This is the ethical conflict for cigarette marketers. The second type of ethical conflict i.e. one's personal values conflict with the organizations occurs when a leader in the company seeks personal gain from false advertising. For example, 'Cures' for fatal diseases are one type of product that falls into this category of ethical conflict. In the greed to make profit, a marketer convinces those who may be dying from an incurable disease to buy a product that may not be a cure, but which a desperately ill person or his family member may choose to purchase in a effort save the dying family member. Promoting and marketing such products violates rules of marketing ethics. In case we follow the second philosophy, certain guidelines can be given to uphold the ethical responsibility of business community towards society. These are:

- Let corporate ethical stance be reflected in job description.
- Let moral concern is an integral part of an organizational goal.
- Let there be codes of ethical behaviour.
- Let there be a carefully designed code of conduct and its enforcement.

Ethical dilemmas facing marketing professionals today fall into: tobacco and alcohol promoting, consumer privacy and green marketing. Standards for ethical marketing guides business houses to do the right things.

ETHICAL NORMS AND VALUES FOR MARKETERS

Many industrial and professional associations have suggested codes of ethics. Many companies have developed innovative ways to educate employees about ethics. They hold ethics workshops and seminars and set up ethics committees. The American Marketing Association commits itself to following rules guide marketing behaviour.

- Responsibility of the marketer. Marketers must accept responsibility for the consequences of their activities and make every effort to ensure that their decisions and actions function to identify and satisfy all relevant publics i.e. customers, organizations and society.
- Marketers must not knowingly to do harm. It means adhering to all applicable laws and regulations.
- Marketers shall uphold and advance the integrity, honour and dignity of the marketing profession.
- The services and products provided are safe and fit for intended uses and communication about offered products and services are not deceptive.
- Marketers should be aware of how their behaviour influences the behaviour of others in organizational relationships.
- Marketers must embrace, communicate and practice the fundamental values that will improve consumer confidence in the integrity of the marketing exchange system.

Some people view business as the cause of many economic and social ills, grass roots movements have arisen from time to time to keep business in line. The two major movements have been consumerism and environmentalism

CONSUMERISM

It is an organized movement of citizens and government agencies to improve the rights and power of buyers in relation to sellers. The seller's rights include:

- To introduce any product in any size and style, provided it is not hazardous to the personal health or safety or if it is hazardous, then to introduce it with proper warnings and control.
- To exist among similar kind of buyers.
- To spend any amount to promote the product, provided it is not defined as unfair competition.

- To use any product message and any buying incentive schemes, provided they are not misleading or unfair.

As against these rights of sellers, the buyers do have certain rights to counter act and balance between the two parties for mutual benefits. These consumer rights are:

- To refuse to buy a product that is offered for sale.
- To expect the safe products.
- To be well informed about the important aspects of the product.
- To expect the product to perform as claimed.
- To be protected against questionable products and marketing practices.

It is in the best interest of the marketers to understand the level of consumer standard and produce quality products and if they know something about the product that endangers the consumer, be forthright and let the public know.

MARKETING AND ENVIRONMENTALISM

Another significant area of social concern is the environment. Marketing is ultimately dependent on the use of scarce resources without harming these resources for the fulfillment of human needs. Environmentalism is an organized movement of concerned citizens, business, and government agencies to protect and improve people's living standard. Environmentalists are more worried about the damage caused to the eco-system through strip mining, forest depletion, acid rain, loss of atmospheres, ozone layer, toxic wastes, energy crisis and water crisis etc.

Marketing managers should help to determine which products are produced, and which products are indirectly affecting the environment. The aggressive environmentalist's movement has already compelled the manufactures of various products to invest millions of rupees in air and water pollution control equipment. Environmental ethics aims at to provide ethical guidelines governing humanity's relationship with nature.

GREEN MARKETING AND ETHICAL ISSUES

The important area of the marketer needs to know about what is the relevance of social marketing in order to protect the environment and to improve the quality of life. Committed green companies pursue not only environmental cleanup but also pollution prevention. True green work requires companies to practice the three R's of waste management i.e. reducing,

reusing, and recycling waste. Today society is not hesitate to pay more price for such environmental costs because it is for the future generation to be safe and sound or else pay for these costs along with accrued interest. Toyota has become quite successful with their hybrid cars.

McDonald's provides a good example of green marketing. It used to purchase coca-cola syrup in plastic bags encased in cardboard, but now the syrup is delivered as gasoline is, pumped directly from tank trucks into storage vats at restaurants. The change saved 68 million pounds of packaging a year. All napkins, bags and tray liners in McDonald's restaurants are made from recycled paper, as are its carryout drink trays and even the stationery used at headquarters.

Recently Airtel India and few others have adopted a policy not to send paper bills to their customers. Those having e-mail accounts their monthly bills will be E-mailed to them. This movement is to save paper and trees and environment. Today any marketing executive who does not put a 'green' filter on their strategies is looking at losing market share. The whole idea of disposal is going to become unacceptable.

RELATIONSHIP MARKETING AND ETHICS

Nowadays, most ethicists believe that relationship marketing is a reasonable practice leading to positive relationships between buyers and sellers. Relationship marketing allows buyers and sellers to work together. The disadvantage to this approach is that this requires time to develop a list of expected conduct or rules of behaviors. A shift in marketing ethics towards buyer's interests and away from seller's interest characterizes the new country. If this is the case, new challenges are presented for marketing ethics and professionals in the field of marketing who want to conduct business in ethical way.

EDUCATION AND ETHICS

Ethics and value become an important concern in US in 80's. In US there are about 500 courses offered in the field of ethics by various universities. Harvard Business School earmarked USD 30 million in 1987 to focus on teaching business ethics to MBA's. All India council of technical education in 1995 recommended the inclusion of business ethics as a course in MBA curriculum. In Delhi University courses business ethics paper has been taught at graduation and post graduation level. (As per February 2007, Economic Times) IIM Lucknow has also introduced a course to provide understanding of changing relationship between business and environmental

management to their students. IIM-C is already having a management centre for human values and they are publishing a journal on human values also. The main aim of teaching these courses is to provide the budding marketing managers knowledge of ethics. The purpose behind this is also to build skills and develop minds of the young entrepreneurial managers of tomorrow. The main aim of these is to educate the budding managers regarding concept of business to avoid business misconducts and run their business successfully when they start their own business.

CONCLUSION

Finally we can say that good marketing is ethical marketing. To satisfy customer and developing long term relationship with them automatically increase the profits of the organization. According to David R. Whitman, Chairman of the Whirlpool Corporation, Ethical behaviour must be an integral part of the organization, a way of life that is deeply ingrained in the collective corporate body..... In any business ethical behaviour must be a tradition, a way of conducting one's affairs that is passed from generation to generation of employees at all levels of the organization. It is the responsibility of the management, starting at the very top, to both set the example by personal conduct and create an environment that not only encourages and rewards ethical behaviour, but which also makes anything less acceptable.

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