Ethical marketing decisions: Review, contribution and impact on recent research

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Abstract

The main objective is to review one of the classical books "Ethical marketing decisions" (Murphy, P. A. & Laczniak, G. R., 1993. Ethical marketing decisions. 1st Edition. New York: The Higher Road). Using content analysis method, the review summarizes that how Murphy and Laczniak develop a framework of ethics that can be applied in almost all important fields of marketing like marketing research, product management, retailing, distribution, pricing, advertising, personal selling, international marketing, social, professional and political marketing and implementing and auditing ethics in marketing. Review also highlights the main contribution of this book and impact on recent research. This review is particularly useful for the marketing students who want to enhance their knowledge in marketing ethics but do not have availability of the book or time to read the entire book. On the other hand, it can also help busy marketing professionals to see ethical issues revolving around different disciplines of marketing.

Keywords: marketing ethics; CSR; ethical decision; marketing education; ethical decision making

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1. Introduction

During late 80s and early 90s, media and public pressure groups criticized many multinational companies and publicized their corporate scandals. Business and marketing researchers changed their focus towards ethical and corporate social responsibility (CSR) related issues. (Wagner, et al., 2009) Business schools revised their programs and courses to include ethics in their syllabus. Within that scenario, Murphy & Laczniak wrote a book when it was really needed (Murphy, P. A. & Laczniak, G. R., 1993. Ethical marketing decisions. 1st Edition. New York: The Higher Road.). This book is mainly designed for marketing, business students and future marketing managers to see ethical perspectives in marketing. It may also helpful for companies to implement ethical education or code of conduct for their employees. This book is popular among most of the business institutions all across the world. The main objective of this paper is to review this classic book and to see the impact and contribution of this book in the recent scenario.

2. Methodology

The content analysis method of the qualitative research is used to review this book. Firstly, the chapter wise content of the whole book is reviewed and presented. Secondly, the existing literature is being used to analyze the contribution and impact of this book on the recent research.

2.1 About the author

Patrick E. Murphy is a renowned researcher and Professor of Marketing in the University of Notre Dame. He is also Co-Director of Institute of Ethical Business Worldwide. His areas of expertise are ethical marketing and public policies issues in marketing. During his 35 years academic career, he has written more than 100 articles, several books and case studies. Recently, American marketing association (AMA) has acknowledged his outstanding achievements and he has received the "Life time achievement award". (University of Notre Dame, 2010) Professor Gene R. Laczniak is chairperson at department of Marketing in Marquette University, USA. His research areas are Ethical Business and Marketing, CSR, and societal marketing. (Marquette University, 2012) Both of these researchers are known as the early researchers in the field of marketing ethics and have several joint publications in this field.

2.2 Main contents of the book

Part	Main Theme	Chapter	Chapter name
1	Theoretical framework	1	Analyzing marketing ethics
		2	Ethical reasoning and marketing decision
2	Ethics Application in different marketing fields	3	Ethics in marketing research
		4	Product management ethics
		5	Ethical issues in distribution, retailing & pricing
		6	Ethical concerns in advertising
		7	Personal selling ethics
		8	International marketing ethics
		9	Ethics of social, professional & political marketing
3	Implementation of ethics in marketing	10	Implementing and auditing marketing ethics

3. Chapter wise review of the book

3.1 Chapter one: Analyzing marketing ethics

In the first chapter authors explain that how moral standards are applied in marketing decisions. During 1980s there was an important debate between marketing researchers. Should organizations concentrate upon ethics education and training in business? Most of the researchers from even the well reputed Harvard business school were of the opinion that moral development starts at a very early stage of life. Hence ethics training at later stages of life cannot be proved fruitful. However, this was proved wrong in the current scenario. Research shows that manager's ethical decision making also depends upon organizational actions and economic pressures i.e. company's pressure to keep cost down, expand sales or short term profitability etc. Therefore ethical training in marketing is necessary. Authors explain that why marketers should be ethical. If they are not ethical, three types of cost will be paid by different stakeholders. First, personal cost (i.e. termination, bad reputation of manager in industry etc.); second, organizational cost (i.e. Nestlé's infant milk and boycott in different countries or BP's gulf of Mexico oil spill etc.); and lastly, societal cost (i.e. tricks to buy more, artificially increasing demand while not needed or some companies pollute environment and society pay economic or ecological cost etc.)

Murphy and Laczniak also explain different types of managers and their ethical approaches given in the table below:

Manager Type	Main characteristics	Existence
Crook	Realizes negative ethical consequences but make unethical actions for own personal benefits or company's short term benefits.	Few
Legalist	See it in legal context but not in moral context. Consider beliefs as opinion only.	Majority
Moralist	Looks at decision with potential ethical consequences. Use some method of moral reasoning and personal principles. Don't take organizational pressure in their decision.	Rare, senior or top management
Seeker	Genuinely wants to do right thing but seek more information.	Young or less experienced.
Rationalizer	Difficult situation. Recognize ethical impacts of decision. Need moral justification for decision.	Senior managers

Authors are of the view that managers are not only responsible to their organizations but also to other stakeholders. Therefore first, managers should identify the stakeholders. Secondly, managers should categorize primary and secondary stakeholders and their interests/stakes in the organization. Thirdly, managers should establish economic, ethical and legal responsibilities against each stakeholder's group. Finally, managers should know that how they can best respond with opportunities and threats in conflicting stakeholder claims.

At the end of the chapter, authors also explain different frameworks for ethical decision making:

Utilitarian method: (Cost/benefit analysis)

Other (Maxims)

➢ The Golden Rule: Act in a way that you would hope others towards you.

➢ Professional Ethic: Take actions which are viewed as proper by your professional colleagues.

➢ TV test: if you can explain it to public on TV.

➢ When in doubt, don't do: In doubt don't do and get guidance from senior.

Authors conclude that ethics can be improved in an organization if following measures can be taken:

- ➢ Stakeholder identification and evaluation

- ➢ Top management leadership role and seriousness

- ➢ Code of ethics (proper not just for PR activities).

- ➢ Ethics seminars/ programs in organization

- ➢ Regular ethical audits.

3.2 Chapter 2: Ethical reasoning and marketing decisions

Ethical reasoning is a process of systematically analyzing an ethical issue and applying some ethical standards to it. Authors identify three main steps of ethical reasoning; First, define ethical problem. Second, select ethical standard and third, apply ethical standard. Authors identify different ethical theories and their main characteristics given in the table below:

Theory Name	Egoism/ managerial egoism	Utilitarianism	Duty-based (Deontological)	Virtue ethics
Focus of moral decisions	Morality of self-worship	The morality of consequences	morality of duty	Morality of aspiration
Operational criteria of theory	Personal or organizational gain	Cost and benefits approach	Absolute standards of conduct tempered with penalties	Vitalize classic ideals

After identifying different general ethical theories, authors introduce different models of marketing ethics:

Moral development model: Over the time individuals develop moral systems that are increasingly complex. It has three different stages:

- ➢ Pre conventional stage (own interest and consequences in mind. Give more value to external rewards and punishments)

- ➢ Conventional stage (manager's decision making take into account the expectations of reference groups and most of the society. However, mainly at the disposal of organizational rules.

- ➢ Principled stage (Highest level of moral development. Beyond the law and norms. Seems to follow the universal ethical standards.)

Organizational moral development model: Moral development applies to both individual and organizations. Below is the model. Original model is in the shape of pyramid where stage 5 is at the top and exceptional.

Stage	Name	description
1	Amoral	Maximum profitability at all cost. Owners and managers are key stakeholders
2	Legalistic	Follows the rules of law only. What is legal is also ethical.
3	Responsive	Seek ways to help local community. Recognize that socially responsible behavior is in the best economic interest of the firm.
4	Emerging ethical	Balance between ethics and profit. Firm has ethical codes, principles, committees.
5	Developed ethical	Driven by carefully thought out principles.

Source: Murphy & laczniak 1993, p. 45 Modified by author

The Contingency model: In this model, two major issues determine that if manager is acting ethically or not.

➢ The opportunity to engage in potentially unethical actions

➢ Relative influence of reference groups (i.e. peer groups, seniors, top management etc.).

This relative influence could be positive or negative. This model also proves that sole individual values are not the only one responsible for unethical behavior.

Reasoned action model or rational person approach: In this model, manager perceives that a situation has ethical dimensions and he tries to determine the perceived consequences of acting ethically or unethically. Manager systematically weighs the possible options and outcomes in the light of individual value system. Major problem with this approach is that it never tells whether this is the standpoint of self-interested individual or manager as a representative of shareholders, or manager as a representative of all important stakeholders.

Finally, authors suggest that managers should develop a list of ethical reasoning questions reflecting various ethical theories. Furthermore, they should also link stakeholder concept in marketing ethics (Murphy & Laczniak, 1993, p. 49).

3.3 Chapter 3: Ethics in marketing research

The part two of the book consists of seven chapters explaining ethics application in different fields of marketing. Chapter 3 is about ethics in marketing research. Here authors explain that marketing researchers get more training in statistics and methodology fields. Besides this, marketing researchers should be also careful to see ethical aspects of research. Marketing research normally involves contact with general public and other stakeholders hence sensitive in nature. Also it is conducted for commercial (profit) purposes and the emphasis on profit might lead the managers or clients to compromise on objectivity or precession of the research. Here authors explain different duties & obligations of researchers, clients, competitors and respondents.

Researchers' responsibility towards respondents (page 57)

➢ Deceptive practices (i.e. Unrealistic promise, false sponsor identification, selling under research, misrepresenting research procedures etc.)

➢ Privacy (i.e. observation without consent, controversial qualitative research, merge data from several sources, asking personal/ sensitive questions etc.)

➢ Lack of concerns for subjects or respondent (i.e. contact at in inconvenient time, incomplete information, insensitive interviews, depressing effect on respondent, non-disclosure like length, follow-up or purpose of survey etc.)

Researchers and Clients responsibility towards each other (Page 63)

➢ Abuse on research design, methodology or results

➢ Researcher abuse towards client (i.e. overbilling, confidential information, failure to avoid conflicts of interests.

➢ Client abuse towards research firm (i.e. inappropriate use of research proposal, refusal to pay, ignoring dangerous/damaging findings etc.)

Another area of marketing research which needs ethical attention is corporate intelligence gathering. Some companies try to gather information about the competitors' activities in a very unethical way. This can be discouraged by introducing corporate training programs to give information to the employees. Also companies should introduce proper code of conduct which clearly tells employees what to share and what is confidential.

3.4 Chapter 4: Product management ethics

In product management ethics, authors explain that product should be safe enough and never knowingly harm. The warranty given on product particularly implied warranty must maintain minimum standards of expectations. Another ethical problem in product management is product counterfeiting. The unauthorized copy of other's patents, inventions, trademarks or violations of registered copy rights are the common examples. Many areas of product management can be treated as controversial areas:

➢ *Socially controversial products:* i.e. cigarettes, alcohol, firearms etc.

➢ *Environmentally incompatible products:* sprays harmful for ozone or packaging i.e. plastic bags, chemicals and detergents, use and dispose of medical wastes etc. Main issue here is that companies which produce them are not responsible for their effects on societies and externalities are paid by other stakeholders

➢ *Planned obsolescence:* Manufacturer willingly gives a limited life to a product or tries to increase artificial demand. The typical examples are fashion and life style products. These products are replaced every year with a new brand commonly known as social/fashion product obsolescence. Also used in B2B markets where products components have limited life and needed to be purchased again.

➢ *Product in bad taste:* i.e. violent toys, pornographic materials, adult ads etc. Here the difficult question is that who will determine that what should be included or excluded in the bad taste. If it depends upon the audience's response then students/ youngsters generally accept everything. Old people or religious people have more conservative opinion or feelings towards them.

➢ *Over compromise or misleading products:* i.e. sun apple brand having no apple ingredients, weight loss products, slack packaging of cereals. Important question here is that when product crosses the ethical line? Answer is when it is deceptive to the majority of the audience or users.

At the end authors suggest that marketing managers should include the formal ethical analysis in all the stages of product development process. The main questions which should be answered can be defined as follow:

• Is the product safe?

• Is the product also safe when misused?

• Is there any violation of competitor's copy rights or patents?

• Is the product compatible with physical environment when used?

• Is it also compatible with environment when disposed of?

• Are there any stakeholders' objections/ concerns about the product?

In case of any problem with the product, managers must act promptly and should pay compensation if required or recall product without any delay. Like ethical policies and standards for product development and introduction, firms should also make ethical policies for the elimination of products.

3.5 Chapter 5: Ethical issues in distribution, retailing and pricing

In this chapter, authors discuss the ethical issues in the relationships of all the chain players from supplier to the end user. Authors have not ignored the supplier or the procurement role. In the pricing section of the chapter, authors discuss the ethical issues in price setting, non-price increases and price advertising. One of the most important aspects is the ethical duty of the most powerful member in the chain when dealing with the other weak members in the chain. In distribution, power is shifted from the manufacturers to large retailers. If retailer is

more power full, it can force other channel members like manufacturer, whole seller etc.

Authors conclude that besides the ethical guidelines for the wholesalers and retailers, companies should also have guidelines to cover purchasing functions which is normally ignored and most of the companies do not have guidelines for purchasing functions. Moreover, there should be a proper mechanism of all stakeholders in the chain for dis-cussing ethical issues with each other.

3.6 Chapter 6: Ethical concerns in advertising

Advertising is the important institution of our life and it provides all the required the knowledge about the product and services. However the ethical standards in advertising can be further enhanced. Many relevant stakeholders raise ethical issues in advertising. Thomas proposed *"The advertising Ethics Checklist"* (p. 172) can be a very good guideline for advertising professionals. This check list questions can be used for debate and resolve issues in any specific advertising campaign.

Authors propose ideas for ethical action in advertising. Firstly, all advertising and public relation companies should develop common ethical principles of operation. All relevant stakeholders like advertisers, advertising companies, PR companies, general public and media should be involved in this process. Furthermore, agencies should be willing to walk away from the clients which are causing the ethical problems. Secondly, advertising companies should pressurize for new revised codes of conduct in their business. Thirdly, the ethical ombudsman for advertising should be considered. This individual should closely monitor the advertising and represent the community in all advertising boards and authorities. Finally, ethical questions should be frequently asked and encouraged at every stage of advertising. For this purpose, exhibit 6-13 on page 172 can be used as a guideline.

3.7 Chapter 7: Personal selling ethics

In personal selling, sales force behavior is more questionable due to tough or unrealistic sales targets, commission based nature of job, interaction with customers, competitors, low interaction with bosses, field work, and less experienced entry level position for youngsters. Authors identify main "gray areas of personal selling" which might be questionable. These gray areas can be categorized as follow:

➢ Sales force using firm's assets

➢ sales force dealing with customers

➢ Sales force dealing with competitors

➢ Sales force conflict of interest in the sales process

Besides these gray areas, incentives like gifts and entertainment can also cause questionable behavior if used in an inappropriate way. Authors have given ideas for ethical action. First, companies should develop a formal "sales ethics policy statement". Second, sales targets should always be realistic. Third, managers should encourage sales force about ethical issues and appropriate two way feedbacks on ethical issues. Forth, sales force performance should always be based upon multiple factors rather than only sales figure or targets. Finally, management should introduce proactive measures to overcome and discourage unethical behavior.

3.8 Chapter 8: International marketing ethics

There are several reasons for companies to expand through global marketing. These include economies of scale, access to low labor or material cost, benefits from national investment incentives and access to important strategic markets. These all areas have ethical implications. Authors identify main causes of ethical problems in international marketing. According to them, the main cause is "cultural relativism" which simply means "when in Rome, do as the romans do" (p. 211). There are only a few global ethical standards which are same in all

countries. The most questionable area in this field is perhaps the payment of bribery as a sales tool or the "grease payment" to get any benefit or advantage. Another important area is the sale of unsafe products in other countries where law is not strict. The typical examples include sale of cigarettes or pharmaceutical products in developing countries. Also companies have ethical and social responsibilities towards the economic development of the particular country where they are operating. However, it is a common practice that companies do not reinvest in the same country where they earn profits. Due to mass criticism from different stakeholder groups, some multinational corporations have introduced common ethical codes and values which are same in all countries. Authors are of the view companies should incorporate the concept of stakeholder in international marketing. International marketers should consider themselves as an agent to change economic and social development of the host country. Firms' influences on culture, institutions, religions, and way of life must be carefully assessed. This is only possible when companies will adopt ethical consideration in strategic planning.

3.9 Chapter 9: The ethics of social, professional and political marketing

Some professions and fields are more ethically sensitive. The social marketing field, professional marketing like doctor, dentist and lawyer and political marketing are among them. These areas are directly related to the society hence need more ethical sensitivity.

The social marketer should give top priority to the ethical issues while developing their marketing or advertising campaign. They should have clear guidelines about their product and its promotion. Rather than using opportunistic schemes to raise profit, they should see their strategic objectives. Moreover, social organizations and NGOs should clearly delineate their advertising posture and trade organizations should closely monitor each member company's performance and its compliance with ethical codes.

In ethically sensitive professional's marketing, all important stakeholders like professional bodies, practitioners and advertising agencies should sit and work together to ensure that advertising is covering all important ethical aspects. The professional bodies should ensure updated codes and guidelines and ensure their enforcement. The advertising agencies should be sensitive enough to fulfill the unique requirements of these types of professions.

In political marketing, advertising agencies association should have separate guide-lines for political campaign. Politicians should voluntarily allow neutral judges to review their advertising material and promotional campaign material. Media should play active role in pointing out unethical political campaigns.

3.10 Chapter 10: Implementing and auditing marketing ethics

The final chapter explains that how companies can implement ethics in all fields of marketing discussed in the previous chapters. This chapter also explains how ethical performance of the company can be evaluated. Appendix 10B on pages 303-309 highlights ethical audit questions for marketing. This valuable tool consists of four different types of audits-formal corporate policies, informal corporate policies, implementation responsibilities and implementation tasks. This can help marketing managers to see the ethical and moral standards of their staff and company. It may also help to review the code of conduct and necessary training requirements in the respective companies.

The authors conclude that there should be a formal structure in place for the promotion of ethics in every organization. In ethical audit, companies should develop and discuss ethical questions and then to find appropriate answers in different situations. Moreover, top management should conduct ethical audit on regular basis. Based upon the regular ethical audit, management should review current ethical policies and corporate culture.

4. Conclusions

4.1 Some criticism and development of the book

Ethics changes from time to time so this book might be considered as outdated. Few years ago, many things were ethical which are not ethical in today's scenario hence this area requires regular updating (Donoho & Heinze, 2011). The book also has repeated ideas i.e. code of conducts, guidelines, bribery etc. This book also might be too brief in discussion of certain topics. However, Murphy and Laczniak realize these minor problems and the revised edition with the name "Ethical Marketing" is much better in orientation and it is tackling all the problems of previous versions in a meaningful way. The new book is shorter with seven chapters so no more repeated ideas. Authors have merged first two chapters in chapter one. Also chapters of "International marketing ethics" and "Ethics of social, professional & political marketing" have been excluded. The issues discussed in these two chapters have been integrated into other chapters. Moreover, recent online marketing and advertising trends have been included in the chapter of "Ethical concerns in advertising". New version also has updated examples and scenarios. (Murphy et al., 2005)

4.2 Key contribution of the book

Keeping in view the unethical marketing practices scandals of small companies to large multinational corporations in even today's scenario, one can easily realize the importance of ethics education in marketing field. Murphy and Laczniak are considered among early researchers of marketing ethics who started thinking ethically in early 1980s. The book was mainly aimed towards marketing students and it is widely accepted among universities in all over the world. Hence it is a successful effort from the authors to create potential marketing managers of the future. It is the book which can be used to enhance ethical reasoning and decision making.

Most of the books examples are proved true in 21st century. The complete bans on tobacco advertising and clear policies about bribery by most of the MNEs in local and foreign markets are good positive examples. From 1993 when this book was first published to the beginning of the new century, ethics have been changed a lot and today all stakeholders have more knowledge about the ethical concerns. We are more ethically sensitive than 20 years ago. Trend has now changed and today companies use ethical cause marketing in their marketing and advertising campaigns. Advertising Standards Authority (ASA), U.K received 25,214 complaints about the controversial ads in 2010. 96% complaints were from the different groups of public and only 4% complaints were from the industry. This shows that general public has more awareness and sensitivity about ethical concerns in today's environment (BBC, 2011; Smith & Quelch, 1993).

4.3 Impact on recent research

From 1990 to 2000, only four books appeared in the field of marketing ethics which are (Murphy & Laczniak, 1993), (Smith & Quelch, 1993), (Chonko, 1995) and (Schlegelmilch, 1998). Due to the efforts of these early researchers, Ethical marketing is considered important research area now days. First article in marketing ethics was published in 1960s. (Albrecht et al., 2010) However, scholarly attention by marketing journals to ethics was started during 1990s. During this time reputed marketing journals like Journal of marketing, Journal of Public Policy & Marketing, JPP&M, and European Journal of Marketing started publishing articles related to ethics or devoted some issues to ethics. This field is moved from oxymoron stage to the academic legitimacy and today we have many reputed ethics journals which publish marketing ethics research (Murphy, 2002).

Ethical marketing has many positive developments in recent years and normative, descriptive and analytical research work has been distinguished and recognized. On the other hand, marketing ethics research also has some problematic trends like student samples, scenario based way of data collection, difficulties in cross cultural research and narrow approach of theory testing (Brenkert, 1999).

Murphy (2002) explains that ethics and social responsibility are closely related to each other. Ethics is more associated with the company and its relevant stakeholders hence it is more internal which deals at the individual level. On the other hand social responsibility is related to the company's posture towards society and more external in orientation which deals at the corporate level. This is the reason that some researchers view and define marketing ethics and CSR synonymous to each other. Due to the efforts of these early researchers like Murphy and laczniak, CSR has also emerged as another important area of research in 21st century. Moreover, Drumwright and Murphy (2001) have introduced a new research area called "corporate societal marketing" where they describe different activities which not only have economic and non-economic objectives but also promote societal benefits.

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