Is There More to Ethical Marketing
than Marketing Ethics?

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Recent events in New Zealand have focussed public attention on business ethics, and led to calls for stricter controls over business practices. This paper outlines a variety of ways in which people deal with ethical issues, and suggests that most simply add to the problem. It is suggested that the objectives of business and even the language of business also put business people 'at risk' of unethical conduct, and that the commonly cited moral imperatives and 'rules of thumb' do not adequately equip people to deal with the types of moral dilemmas commonly encountered. Instead, it is suggested that, if we want people in business to be ethical rather the merely appear ethical, a completely different paradigm and method of enquiry may be required.

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Introduction

While it may have been acceptable in the past for businesses to pursue profits single-mindedly with little or no consideration for the wider social and environmental impact of their activities, this is not the case today. The consumer movement and the environmental lobby are now firmly established as vigilant and powerful watchdogs, and have successfully brought about changes in business practice and in the laws which govern how businesses must operate.

This is not to say that businesses have not responded to the criticisms levelled against them. Many have voluntarily changed their ways of operating to take these wider concerns into account. For example, in marketing, the 'marketing concept' has become synonymous with having a consumer orientation (Houston 1986), and the more recent 'societal marketing concept' extols the need for marketers to consider the wants and long-run needs of both society and consumers (Kotler 1986). At first glance it would appear that marketers at least are facing up to their responsibilities to the world at large.

Unfortunately, as recent events in New Zealand have demonstrated, the problem of unethical conduct is ever present; it is usually just not so visible. The sharemarket crash in particular exposed numerous examples, including blatant fraud, and not only within the business sector. Government departments, and members of the legal, accounting and medical professions, and even the police, have been found guilty of unethical conduct in recent times.

This state of affairs has, understandably, prompted commentators, practitioners and the public at large to demand an end to this type of conduct. The purpose of this paper is to consider what can and should be done about ethics in business, using marketing as the focus for the discussion. The paper will begin by examining the ways in which people deal with ethical issues, then examine aspects of business practice that may affect the way in which people deal with, or fail to deal with, moral and ethical issues in business. Possible courses of action will be considered, along with their limitations. The paper will conclude by suggesting a radical approach to the problem.

Methods of Dealing with Ethical Issues

Denial of Responsibility

One option for people faced with a moral dilemma is to deny responsibility, and one way of doing this is to claim 'moral sanctuary' (Konrad 1982; Burt 1986; Roberts 1986). That is, the person essentially argues that the normal rules and constraints of ethics and morality do not apply in that situation. Adopting this approach, some have argued that there is no such thing as business ethics (Beversluis 1987).

Supporters of this argument either claim that business is like a game, and therefore the normal rules of society do not apply, or that "one cannot survive in business if one is too ethical". Neither of these arguments is convincing. In response to the first, it can be pointed out that, since games are governed by rules that specify not only how, but where and under what conditions a game is played, even games require ethical conduct. Furthermore, unlike games, where players can choose to participate and therefore voluntarily 'suspend' normal ethical considerations, no-one has this option in business. Insofar as a person must make a living or purchase goods, he or she is of necessity a participant in the game.

The second argument also falls down, on two counts. First, by claiming a right to survive, claimants are in fact accepting that there is such a thing as business ethics. Second, the assertion is simply not true; it is possible to be ethical and survive in business.

Neutralisation

A second option available to people faced with a moral dilemma is to transgress, then justify the transgression. Vitell and Grove (1987) refer this process as 'neutralisation', and write:
"Those who employ techniques of neutralisation do not feel that the norms they may be violating should be replaced, only that they do not or should not apply in these particular instances... <These techniques of neutralisation> ...are essentially a learned vocabulary of motives for misconduct used to protect one from self-blame. By employing verbal symbols and rationalisations shared by society at large, the techniques allow one to make use of widely pursued and accepted, but publicly un-verbalised values, such as revenge, as a means of diminishing one's culpability for a socially disapproved act ..." (p. 434).

Examples of neutralisation techniques, identified over thirty years ago (Sykes & Matza 1957), include:

i.   Denial of responsibility

        Individuals argue that they are not personally accountable for their actions because factors beyond their control are operating, e.g., "I couldn't help myself, I was desperate."

ii.   Denial of injury

        Individuals contend that their norm violating behaviour is not really serious, since no party directly suffers because of it, e.g., "What's the big deal? No one was hurt."

iii.   Denial of victim

Individuals counter any blame for their actions by arguing that the violated party deserved whatever happened, e.g., "If they're foolish enough to believe that, it's their own fault they were taken advantage of."

iv.   Condemning the condemners

Individuals deflect moral condemnation to those ridiculing them by pointing out that they engage in similar disapproved behaviour, e.g., "I was only doing what others do all the time."

v.   Appeal to higher loyalties

Individuals argue that their norm violating behaviour is the by-product of their attempt to actualize a higher order ideal or value e.g. "I did it because it was better for all concerned."

Hosmer (1987) suggests that if people within an organisation use these techniques, the unethical behaviour may have become institutionalised. In such cases, changes to the current strategic planning systems, or the CEO, may be required.

Good business is good ethics

A third approach, adopted by some people, accepts a need for ethical conduct, but never actually considers the question of ethics because proponents believe they behave ethically; that "good business is good ethics".

The rationale for this approach is that the very requirements of profitable business constitute a morality, and leave managers with little choice but to "do good and avoid evil" (Newton 1986).

Various groups have promoted this approach in New Zealand. However, organisations who adopt this philosophy put themselves seriously 'at risk' of unethical conduct, simply because they do not acknowledge the ethical consequences of their actions.

Good ethics is Good business

The view that "good business is good ethics" should not be confused with an alternative view that "good ethics is good business", expressed in books such as In Search of Excellence (Peters & Waterman 1982). Proponents of this argument suggest a corporation must have integrity in order to achieve long term profitability, therefore good ethics is good business.
While this appears an admirable sentiment which would ensure ethical conduct, some writers take a far more cynical view, and argue that some corporations may be more concerned with public relations than action; "they want to **appear** good, not **be** good" (Newton 1986, p250). On the other hand, this option does seem the most likely to lead to ethical behaviour, even if the hypothesised links between profitability and ethical behaviour are suspect.

Factors contributing to unethical behaviour in business

Business objectives

Clearly, a variety of views about the role of ethics in business exist, and it would seem that most of these views actually put business people 'at risk' of unethical conduct. However, the problem extends even further than the arguments used to justify particular business and practices. To use marketing as an example, the objectives of marketing, the marketing concept, and even the language of marketing may also contribute to the problem.

Houston (1986) points out that the ultimate goal in a commercial venture is some sort of profit achievement. As a consequence, the needs and wants of consumers and the wider concerns for the impact on society are only of concern to the marketer to the extent that they affect the objectives (e.g. profitability) of the operation (see also, Cressey & Moore 1983). He argues that:

> *"Few if any ... organisations come into being through altruism; that is, organisations do not come into being to achieve the goals of a nonmember constituency. Instead, it is the set of objectives defined by the membership that guide the organisation.... The initiators of a commercial venture do so to satisfy their own needs" (Houston, 1986, p.82).*

Put another way, the question these organisations ask is:

> *"How might these factors affect what I am doing (i.e. profitability)?"*

> **not**

> *"What effect might what I am doing have on others?"*

Marketers adopting this orientation may well remain oblivious to the likely consequences of their actions, unless there is a perceived threat to their operation. Furthermore, even if aware of possible consequences, business people faced with a moral dilemma will be predisposed to act in a way that has the least detrimental impact on profitability, even if this means adopting an unethical course of action.

The language of business

The language of business also presents problems. Two pervasive metaphors in marketing are those of 'war' and 'competition' ('strategy', 'tactics', 'competitors', 'heroes', 'targets'). This language emphasises the notions of power, control and dominance - the antithesis of concern, caring and cooperation, and scarcely consistent with the notion of moral or ethical behaviour. Paradoxically, even the 'marketing concept' and particularly the 'societal marketing concept' may add to the risk of unethical behaviour. Because these concepts appear to put the needs of consumers and society first, they may lead the public to believe marketers are behaving in an ethical manner, regardless of whether they are. Since the concepts embrace an ethical dimension, they may also lead marketers to believe their actions are ethical by definition. This may result in a situation where ethics are given little thought.

This is not to suggest business and marketing practice is totally unethical. The point being made is that the language of business, the objectives of business, and the ways in which business people perceive their roles, put them 'at risk' of unethical conduct. The onus is therefore on business people to ensure that they are not unwittingly contributing to the problem.

Possible Courses of Action

A number of different approaches to the problem of unethical conduct have been suggested:

Examination of values

Business people could, and arguably should, examine their own attitudes, values, and behaviour. A recurrent theme in the recent literature is the importance of an organisation's value system to the conduct of its members, and the importance of the CEO in establishing this system (Chonko & Hunt 1985). For example, William Wiess, CEO of Ameritech, claims that a corporation can, and must, create a moral environment in which there is a distinct set of values and standards to which it holds people accountable. He further argues that it is a key responsibility of corporate leadership to set the pattern and tone of this 'corporate conscience' (Weiss 1986). A method designed for developing or reformulating a corporate culture is presented by Robin and Reidenbach (1987).

Apply normative principles

Business people could be introduced to different systems of ethical analysis. Hosmer (1988), for example, refers to four normative first principles that he believes should be taught:

i.   The Utilitarian Principle:
        Act in a way that results in the greatest good for the greatest number.

ii.   Kant's Categorical Imperative:
        Act in such a way that the action taken under the circumstances could be a universal law or rule of behaviour.

iii.   Personal Justice:
        Act so the least advantaged members of society will be benefited to some extent.

iv.   Personal Liberty:
        Act so the ability of other members of society to lead lives of self-fulfilment and self-development will be maximised.

Apply 'rules-of-thumb'

There are also less formal 'rules of thumb' that can help one get in touch with one's own feelings and conscience about the decisions that have been made. Peter and Olson (1987) provide the following summary:
i.   The Golden Rule:
        Act in the way that you would expect others to act toward you.

ii.   The Professional Ethic:

Take actions that would be viewed as proper by a disinterested panel of professional colleagues.

iii. The TV Test:
      A manager should always ask: "Would I feel comfortable explaining to a national TV audience why I took this action?"

Employ a checklist

A number of people advocate the use of a checklist. For example, Nash (1981) suggests that the following 12 questions should be used for examining the ethics of a business decisions:

1.   Have you defined the problem accurately?
2.   How would you define the problem if you stood on the other side of the fence?
3.   How did this situation occur in the first place?
4.   To whom and to what do you give your loyalty as a person and as a member of the corporation?
5.   What is your intention in making this decision?
6.   How does this intention compare with the probable results?
7.   Whom could your decision or action injure?
8.   Can you discuss the problem with the injured parties before you make your decision?
9.   Are you confident that your position will be as valid over a long period of time as it seems now?
10. Could you disclose without qualm your decision or action to your boss, your CEO, the board of directors, your family, society as a whole?
11. What is the symbolic potential of your action if understood? If misunderstood?
12. Under what conditions would you allow exceptions to your stand?" (p.81)

Limitations

While these methods of analysis may offer some assistance, they are of only limited help to people faced with a moral dilemma. A common difficulty with a moral dilemma is that of identifying clearly what the issues are. It is relatively easy to identify violations of widely held norms or moral principles, thus the responsibilities of managers in such situations are well defined. Sometimes, however, the norms or moral principles themselves substantially conflict, and it is not clear which option should be chosen. King (1986) observes that western moral philosophy offers no guidelines for dealing with what he calls "moral dilemmas of the second kind". His suggestion is that we must therefore begin to examine the types of social relationship that must exist for there to be agreement on what is right, good and just.

Re-examine the moral paradigm

King argues that mainstream philosophy accepts the ideal of the theorist as a detached observer, and operates according to what he calls the "ethics of justice", which emphasises objectivity and detachment. He suggests that this moral paradigm is also prevalent in business. The consequences of managers remaining detached, however, are that they can avoid accepting responsibility for the effects of their actions. A 'detached' manager is therefore at risk of acting in an unethical manner. A similar point has been made by other

authors, particularly with regard to accounting (e.g. Tinker Merino & Neimark, 1982; Tinker 1985).

The problem, according to King, is that mainstream philosophy, and business, ignores what he calls the "ethics of caring", with its connotations of compassion, empathy and relatedness. Drawing on the work of MacIntyre (1981), King suggests that the ethics of caring is a necessary condition for any ethics of justice - that the ethics of caring is the moral paradigm and that the ethics of justice is subsumed under it.

King suggests that human endeavour consists of empirical, interpretive and evaluative dimensions, but that while we have well developed empirical methodologies, we do not understand the methodologies of interpretation and evaluation. He argues that everything we know is necessarily interpretive in nature - that we do and must construct our social realities. Since narrow interpretation leads to limited or stupid behaviour, it is possible to construct realities in which evaluation becomes unintelligible. He concludes that caring is an essential part of the methodology of evaluation, and that this is the key to understanding the nature of "ethical encounters of the second kind".

The implications of what King is saying suggest radical changes to the way managers are educated. If we want managers to behave in an ethical manner, we must take into account the interpretive and evaluative, as well as the empirical dimensions of human endeavour. Since people construct their social reality and this affects evaluation, they must have a 'broad based' or 'general' education so they do not end up with a narrow interpretation of the world and construct a constricted or blinkered social reality. Furthermore, since caring is an important component of evaluation, education must encourage **involvement in** rather than **detachment from** issues and problems, and managers must be trained to understand others' point of view, to see the world through other people's eyes.

Adopt alternative methods of enquiry

The ideas presented so far suggest a different approach to ethics is required in marketing and in the training of marketing and business graduates. One possibility is presented by Hirschman (1986), who argues that since marketing is a socially constructed enterprise, it requires different methods of enquiry developed specifically to address socially constructed phenomena. In particular, she suggests that marketers should embrace humanistic methods of enquiry.

In essence, the humanistic method:

1.   requires participation on the part of the researcher <manager>, and
2.   results in an interpretation of the phenomenon about which one is enquiring.

Hirschman argues that interpretation requires both intuition and empathy. Empathy is required because the investigator must be able to learn the other's reality, to understand how they think, feel, and believe. The comprehension attained through investigator empathy must then be combined with personal intuition to arrive at an interpretation. The key to developing these skills is practice.

Conclusion

Most examples of unethical conduct that make the headlines probably are those where the perpetrator knowingly and intentionally transgressed, and such behaviour will always be a possibility in business as in other spheres. The concern of this paper was not with this group of people, but with those who seek ethical solutions to complex moral dilemmas, and those who are oblivious to the ethical implications of their actions.

This paper has argued that conventional wisdom is of limited use for resolving complex moral dilemmas, and that there exist many situations that put business people 'at risk' of unethical behaviour. It is further suggested that many people are ill-equipped to deal with moral and ethical issues, because of a way of thinking that contributes to blinkered vision and a narrow concept of reality.

The suggested solution is to expose people to alternative ways of looking at the world, and to encourage them to become **involved with** rather than **detached from** everyday problems. To put this into practice in business, perhaps business students should take courses in languages or anthropology, or other papers in the humanities or social sciences, in addition to their business courses.

Quite clearly, the suggested adoption of a humanistic method of enquiry would be a radical departure from conventional approaches to ethical problems. However, such a paradigm shift may be a necessary prerequisite for the development of an "ethics of caring" that is perhaps necessary to resolve ethical dilemmas "of the second kind".

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