

# ETHICS AND ITS ROLE IN MARKETING DECISIONS

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## **Abstract:**

*In this paper we refer to a issues raised by the question: What kind of marketing should companies practice, in terms of ethics? Ethics in marketing aims to apply the moral principles to optics and marketing practice. Thus, any marketing operator should be responsible for the consequences of all of his activities and ensure that all actions, decisions and recommendations are directed to serve the target audience: consumers, organizations and society in general. The way of materialize the rules of ethics is represented by the codes and general rules of conduct developed by different professional organizations or consumers associations.*

**Key words:** *marketing, ethics, responsibility, society, communication*

**JEL classification:** *M31, M39*

## **Introduction**

Marketing can be define as „an organizational function and a number of processes for creating, communication and value delivery to the clients and the relationship with them in advantage of the organization and its shareholders”. From this definition apparent role in society of those involved in marketing activities is: to be responsible for carrying out actions to persuade consumers in diferent markets segments, that, for a price, to benefenit from products and services that meet their needs and fulfill their expectations and desires.

Considering that the marketing aims to determine and influence the purchasing behavior and that competition in modern economy is more intense and unscrupulous, an important issue that arises is if workers in marketing, as well as professional category may be tempted to behave unethical to achieve their objectives.

Marketers today face big challenges as they try to make their marketing messages heard. Practitioner estimates suggest that consumers are exposed daily to thousands of marketing communications. This proliferation of marketing communications not only has created unprecedented levels of perceived disorder, it also has led to heightened contempt for corporations by many consumers who actively seek to avoid marketing communications from any source.

## **Ethical problems raised in modern marketing**

Not a few times, marketers are accused of launching and promoting on the market low quality products to compete in certain segments of the market price. Also the complaints relate to a significant increase in the price(to preserve brand image, or to save profits encumbered by high costs of advertising campaigns)., thus depriving clients with smaller financial possibilities of access to some products and services.

Also, marketing responsibility for handling consumer raises an important ethical problem, namely, if marketing and those working in the field can create needs and cause consumers to buy things that really do not want.

Another responsibility of marketing in direction of ethics is influencing the value system and the promotion of non-values. Products advertised are not always perfect, and the ads are not always made of highest quality.

Last but not least should be remembered marketing responsibility for the environmental effects. Huge quantities of waste from packaging contribute to environmental pollution, and that the practice of green marketing is an increasingly urgent matter. In other terms, pollution is not only material: if what they see or hear in advertisements injure consumers aesthetic values, advertising can be considered a pollution factor.

The moral question of what is right or appropriate poses many dilemmas for marketers. Even within a country, ethical standards are frequently not defined or always clear. The problem of business ethics is infinitely more complex in international marketplace, because value judgments differ widely among culturally diverse groups. That which is commonly accepted as right on one country may be completely unacceptable in another. Giving business gifts of high value, for example, is generally condemned in the United States, but in many countries of the world gifts are not only accepted but also expected.

Thus, the objectives of marketing must be addressed and, above all, connected to the requirements arising from the great problems of mankind, of our days. In such a context, marketing must take greater social responsibility, theory and practice following the decision to clarify the major problems, like: cost of pollution, the society constraints, economic and social effects of long-term marketing actions.

In such a context, in marketing theory is emerging a new discussion regarding marketing ethics problems.

Aware of their actions, marketing operators face many moral issues. Most times they can not clearly tell which is the best course of action. Thus appear a series of questions such as: How should act a marketing operator in delicate cases of moral and social problems? It's good for him to accept or to avoid actions as reprehensible from the social point of view, but effective in the economic report?

### **Ways of dealing ethical issues in marketing**

It is assumed that the ethical decision-making process is affected by a variety of individual, situational, and contextual factors such as personal experiences, opportunity, the organizational environment and the cultural environment.

In these conditions companies must adopt ethical marketing policy organization-wide, policies that include principles which serve to guide each employee of the company in his activity. Such principles should cover the sphere of relations with distributors, customer service, advertising standards, pricing, general ethical standards. It should be noted, however, that even the best principles can not answer and especially can not solve all the ethical issues involved which marketing operator is facing.

Yet, every business relies on marketing to attract customers and to sell products or services. The problem is that marketing can sometimes promote products or services in unethical ways. What can businesses do to follow ethical standards in their marketing strategies?

A modern business needs to keep abreast of ethical issues in marketing, such as:

#### **- Compliance and corporate responsibility**

Compliance to legislation and statutory requirements is very important, if not the most important. All directors have a responsibility to ensure that the company operates within the law. This includes providing financial statements that are timely, true and fair, implementing appropriate health and safety legislation, complying with employment legislation and complying with consumer legislation. The company must also comply with legislation and code of conduct that is specific to its line of business. Data protection and money laundering rules must be followed.

- Fairness

Interactions with a customer, or client must be guided by a principle of fairness. The marketing literature should be honest and not misleading. Products should be sold that are suitable for the stated purpose.

Fairness is particularly important in an industry such as financial services or insurance that sells an intangible product. The company must avoid allegations of mis-selling at all cost. To avoid allegations of unfair behaviour, there should be a clear and fair mechanism for dealing with complaints.

- Pro-active response to ethical concerns

Ethical issues in marketing, and in society as a whole have increased in recent years. This reflects the increasing wealth and education of society. In future, goods and services will be sold less on a needs basis and more as part of a value judgment. A company that responds to ethical concerns is likely to enjoy a stronger reputation, greater market share and add more value to its products than a less ethically aware rival.

Companies that committed to the organic food movement successfully developed their businesses on the basis of ethical concerns. Companies that intend to develop their business based on alternative energy or low carbon emission solutions illustrate the potential of ethical issues for future business development.

A pro-active response to ethical concerns need not involve very high profile projects such as concern for global warming. Good employment practice and exemplary corporate governance can be used to demonstrate a strong ethical commitment.

- Reactive response to ethical concerns

Ethical issues in marketing also require a response to changes in public opinion and a response to situations where the company is placed on the ethical wrong foot. Progress in science and public opinion mean that a well intentioned company can end up producing a product that is no longer fashionable. In our fast changing world, companies must monitor developing public opinion and ethical concerns to avoid ending up with a commitment to an ethically out of date product (the product that in the actual research is shown as unhealthy).

Companies also need to have a pre-prepared public relations strategy that can come into play should the company inadvertently engage in unethical conduct. Difficult situations could arise if a salesman, or other employee does not follow company policy. In these cases the company should comply with investigations and explain that the situation was born through the behaviour of an employee. Trading partners can inadvertently expose a company to unethical situations. In finance for example, care is needed to identify the source of client funds, otherwise the company could be inadvertently handling money derived from unethical or criminal activities. In manufacturing care is needed to ensure that sub-contractors are responsible employers, otherwise the company could encounter ethical pressure groups that disapprove of conditions and the use of child labour.

- Community involvement

In future society will become increasingly aware of ethical issues. Marketing professionals will also take an increasing interest in long term relationships with customers, clients and stakeholders. A prudent company has to position to maximise this interest. An active interest in the local community, promotion of local charities and a responsible attitude to employers can be used to demonstrate that the company "cares" and has an ethical attitude.

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