

## Business and Marketing Ethics

Steven R. Van Hook, PhD

### *Foundations of Business and Marketing Ethics*

As the business marketplace globalizes, it is essential for marketers to develop a code of business ethics that reaches across national boundaries as well. Every country and every culture has its own ethical foundations, beliefs, lifestyles, and choices. No one rule applies to every country.

As far as situational ethics go, some would say that each of us generally knows what is right and what is wrong. Others, such as international actor Ben Kingsley, have said “The hard part is knowing what’s right ... once you know that, doing it is easy. You have no other choice.”

There are a number of philosophical guidelines to choose from when charting questions of ethic and morality in marketing. Author Mark Twain, in a cynical assessment of marketing’s promotional powers, wrote “Advertising is the rattling of a stick in a swill bucket.” Pope John Paul II spoke specifically about marketing in 1991 when he observed that marketers “speak of it as part of their task to ‘create’ needs for products and services – that is to cause people to feel and act upon cravings for items and services they do not need. ... This is a serious abuse, an affront to the human dignity and the common good when it occurs in affluent societies. But the abuse is still more grave when consumerist attitudes and values are transmitted by communications media and advertising to developing countries, where they exacerbate socio-economic problems and harm the poor.”

For other guidelines on conducting ethical marketing, we can turn to the musings of Jeremy Bentham, who advocated individual and economic freedom; Immanuel Kant, who argued that experience must be processed by reason; John Rawls, who proposed social justice is determined in fair agreement by everyone as equals; or Niccolò Machiavelli, who suggested that bad things can be justified by good ends. Ethical theories may range from Utilitarianism, which calls for the “greatest good for the greatest number,” to Deontology, which says we should do “what is right, though the world should perish.”

Towards a more practical end, international business behaviors are frequently governed by governmental and industry regulations requiring that marketers:

- be legal, decent, honest, and truthful;
- show responsibility to the customers and society; and
- follow business principles of *fair competition*.

There are several areas that marketing regulations are especially sensitive to:

- comparative advertising (comparing one product to another),
- marketing targeted at children, and
- promotion of alcohol and tobacco products.

For example, prior to 1996, Belgium Germany, Italy, and Luxemburg prohibited comparative marketing (e.g., Coca Cola is better than Pepsi). However, in 1996, the European Commission allowed comparative marketing and advertising throughout the E.U. under certain conditions:

1. it is not misleading;
2. it does not create confusion in the market between competitors; and
3. it does not discredit or denigrate competitors.

Many countries, including the United States, place limits on if or when tobacco and alcohol products may be advertised, while also imposing regulations governing marketing campaigns targeting children.

### *Codes of Ethics Governing Businesses and Marketers*

The Illinois Institute of Technology's [Center for the Study of Ethics in the Professions](#) provides a large database of codes of ethics and other related resources for a large number of professional fields. Among some of the codes most relevant to business and marketing professionals are:

1. [American Marketing Association](#)

#### Ethical Norms and Values for Marketers:

- Do no harm.
- Foster trust in the marketing system.
- Embrace ethical values.
- Strive to be truthful at all times.
- Offer products of value that do as claimed.
- Stand behind products that fail to deliver as claimed.
- Honor commitments and promises.
- Strive to serve the needs of customers.
- Avoid using coercion with all stakeholders.
- Consider environmental stewardship in decision-making.
- Value individual differences and avoid stereotyping customers in a negative way.
- Listen to needs of customers and make reasonable efforts to improve their satisfaction.
- Give back to the community through volunteerism and charitable donations.

## 2. [Better Business Bureau](#)

### Business Code of Ethics:

- Equality: recognize individual rights and display a fair sense of justice.
- Truth: strive to be open about all aspects of all offered products and services.
- Honesty: uphold the principle of fair play and be vigilant against deceptiveness.
- Integrity: serve customers with honesty, and avoid preying on human ignorance or gullibility.
- Cooperativeness: support a healthy marketplace through cooperation with customers, other businesses, and every person who benefits from an ethical, free-market system.
- Self-Regulation: honor all commitments, and seek to resolve any disputes in a fair and expeditious manner.

### *Business Ethics and Trust*

A primary aim of ethical business behavior is to engender public trust—both of the business environment on the whole, as well as individual companies operating within the marketplace. Some research has shown businesses can do a better job of this. For example, a Golin/Harris survey found that trust in American companies is dropping. By a margin of seven to one, survey respondents said we have a crisis of confidence and trust in the way business is done in the United States. Among the industries scoring the lowest returns in public trust:

- Oil & Gas
- Insurance
- Advertising/Marketing
- Media Companies
- Public Relations

Only ten business/industries in the survey were ranked as positive or neutral public regard. Among those were:

- Grocery Stores/Supermarkets
- Major Retail Chains
- Drug Stores
- Computer Hardware/Software
- Health and Beauty

The survey also asked Americans “What are the most critical actions that companies you don't trust should do to earn your trust?” The recommendations Americans list to win trust for business include:

- Open and honest business practices

- Clear, effective, and straightforward communications
- Visibly demonstrate concern and consideration for employees
- Provide outstanding products and services regardless of price
- Do a better job understanding and addressing needs
- Demonstrate industry leadership
- Make the CEO a spokesperson beyond reproach
- Be involved with the community

It is interesting to note that these objectives boosting public trust are often achieved through marketing, advertising and PR—the very industries not held in very high regard according to the survey results.

*Summary:*

- Ethical touchstones that marketers may consider include philosophies of Bentham, Kant, Rawls, and Machiavelli.
- Ethical theories may range from Utilitarianism to Deontology.
- Fundamental rules of marketing worldwide may include be legal, decent, honest and truthful; show responsibility to customers and society; and compete fairly.
- International marketers should be especially sensitive to comparative advertising, marketing targeted at children, and promotion of alcohol and tobacco products.
- Useful professional codes of ethics for marketers include those by the American Marketing Association and the Better Business Bureau.
- Surveys have shown among the practices that most generate trust from consumers through honest business practices, clear communications, addressing consumer needs, and involvement in the community.