Business and Marketing Ethics and Deontology: Ethical Dilemmas and Moral Strategic Decisions

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Abstract

Ethics is the branch of study that deals with what is good of action for humans. Ethics is a requirement for human life. Business Ethics and CSR refer to an individual's moral judgments about right and wrong. Decisions taken in an organization can be taken by individuals or groups (corporations), but everyone has to be influenced by culture. The decision to behave ethically is a moral. Everyone must decide how to act. Ethical decision-making can helpfully be thought of as a matter of marketing tactic/strategy. Marketing Ethics is an area of applied ethics which deals with the moral principles behind the operation and regulation of marketing. Marketing Ethics refer to making marketing decisions that are morally/ethically right. Marketing Ethics is strategic consideration in organizational decisions.

Keywords: Corporate social responsibility(CSR) • Business ethics • Management morality • Business ethics • Marketing tactic/strategy

Introductory remarks: Corporate Social Responsibility and Marketing

*A business is a productive organization - an organization whose purpose is to create goods and services for sale, usually at a profit. Business is also an activity. One entity (e.g., a person, an organization) "does business" with another when it exchanges a good or service for valuable consideration. Business ethics can thus be understood as the study of the ethical dimensions of productive organizations and commercial activities. This includes ethical analyses of the production, distribution, marketing, sale, and consumption of goods and services" (Stanford Encyclopedia, 2016; [1]) Marketing ethics is an area of applied ethics [2-4] which deals with the moral principles behind the operation and regulation of marketing [5]. Some areas of marketing ethics (for example ethics of advertising and promotion) overlap with media ethics [6]. Mobile Marketing Ethics is a set of rules or obligations following the area of applied ethics which deals with the moral principles behind the operation and regulation of marketing activities in specific context of m-commerce (Mobile marketing, as a branch of m-commerce [7], refers to any marketing activities conducted via mobile technologies. Usually m-commerce is regarded as a subset of e-commerce [8]. That is true, but due to the characteristics of mobile technologies, mobile marketing is different from other e-commerce activities. The first difference is caused by mobile technologies' ability to reach people anywhere and anytime; therefore mobile marketing can take the advantage of contextual information. [9] defined context as "any information that characterizes a situation related to the interaction between users, applications, and the surrounding environment." Time, location, and network conditions are three of the key elements of context. The second difference is caused by the characteristics of mobile devices. Mobile devices have limited display abilities [10]. The screens are usually small, and some of the devices cannot display color pictures or animations. On the other hand, mobile devices various kinds of screen shapes, sizes, and resolutions. Thus, delivering appropriate content to specific devices is very important. Mobile devices also have limited input abilities, and this makes it difficult for customers to respond [10]. Basic principles and values that govern the business practices of those engaged in promoting products or services to consumers [11]. Sound marketing ethics are typically those that result in or at least do not negatively impact consumer satisfaction with the goods and services being promoted or with the company producing them [12-14]. Marketing ethics are the moral principles and values that need to be followed [15-17] during any kind of marketing communication [17,3,4]. They are the general set of guidelines which can help companies to decide [18-21], on their new marketing strategies [22]. But then it depends on one's own judgement of "right" and "wrong". Any unethical behaviour is not necessarily illegal [23]. If an entity is making any kind of claims about their products [24], and are unable to live up to those claims, it may be called as an unethical behaviour [25]. Marketing ethics basically promotes fairness and honesty [26] in all their advertisements [2]. Any kind of false claims to the consumers, invading consumer's Privacy, stereotyping and targeting the vulnerable audience [like children [27] and elderly] are considered to be unethical behaviour by the companies. Even trying to harm the competitor's image is considered immoral. Ethics are still subjective and should be openly discussed by the companies while making [28] any marketing decisions [29-31]. Companies following the marketing ethics [32] are able to gain the trust of the consumers [33] and create a positive image for themselves. The root of the term "ethical marketing", naturally, is ethics [2]. The word itself comes from the Greek word "ethos" (adjective: ethicos), which means "habit" or "custom" [34].

Corporate Social Responsibility and Management/Marketing

Corporate social responsibility has been a topic of academic study for several decades [103-104,35-37,105]. It's usually study is combined with the related area of managerial/ marketing ethics [38-39]. One of an organization's primary goals is its obligation to operate in a socially responsible manner [35,40-41]. Therefore, the recognition that the vast power of the modern corporation [42-43] carry with it an equally large responsibility [44,45] to use that power responsibly is an important message for managers (French,1995). Numerous studies have tried to arrive at consensus definition of social responsibility [48] but have failed to do so [47]. Although
it is difficult to present a precise definition of social responsibility [11], much of the research attempts to identify various kinds of socially responsive activities [48], present the list of these activities to the business manager [49], and then measure and tabulate the relative frequency of response to which the activities are practiced by those agencies or people being questioned [50,11]. Moreover, the concept of social responsibility is a continually evolving concept and means different things to different people [51]. Social responsibility refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society [52]. The fundamental idea of corporate social responsibility is that business corporations have an obligation to work for social betterment [53-54]. Morality must be introduced as a factor that is external from both the profit motive and the law [55]. This is the approach taken by most philosophers who write on business ethics, and is expressed most clearly in the following from a well known business ethics essay [56]: Proper ethical behavior exists on a plane above the law. The law merely specifies the lowest common denominator of acceptable behavior [57]. The contemporary view is that business, as important and influential members of society, are responsible to help maintain and improve the society's overall welfare [58]. A classic definition of corporate responsibility has introduced the following 5 propositions [55,59]:

Proposition 1: Social responsibility arises from social power.

Proposition 2: Business shall operate as a two-way open system with open receipt of inputs from society and open disclosure of its operation to the public.

Proposition 3: Both the social costs and the social benefits of an activity, product, or service shall be thoroughly calculated and considered in order to decide whether or not to proceed with it.

Proposition 4: Social costs related to each activity, product, or service shall be passed on to the consumer.

Proposition 5: Business institutions, as citizens, have the responsibility to become involved in certain social problems that are outside of their normal areas of operation.

Many managers counter that the most socially responsible action a company can engage in is to maximize its profits [60] “The Social Responsibility of Business Is to Increase Its Profits” (The New York Times Magazine, September 13, 1970) is one of the most assigned, and most debated, papers in social issues pedagogy. This view is founded on four related ideas [61]:

• Profit maximizing is the only legitimate purpose of business.
• Social responsibility subverts the market system.
• The roles of government and business will be confused.
• The pursuit of social programs as well as economic goals could make corporations too powerful.

Managers today feel that a once clear separation between public and private sectors has broken down [62-63]. In order to respond effectively and efficiently to the major social issues and demands of the day, corporate social policy must be integrated into corporate strategy [36], at the same time many of these stakeholders feel that much of the business community has not and is not adequately dealing with many of these social problems of concern [11]. In earlier times managers had only to concern themselves with the economic results of their decisions [64]. Today it is generally accepted that business firms have social responsibilities [65]. Social responsibility is complex because must be made in a wide variety of areas [66]. Corporate social responsibility can be defined as the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time [67,88,11]. The concept of corporate social responsibility means that organizations have moral, ethical, and philanthropic responsibilities [41] in addition to their responsibilities to earn a fair return for investors and comply with the law [68]. A traditional view of the corporation suggests that its primary, if not sole, responsibility is to its owners, or stockholders [70]. However, CSR requires organizations to adopt a broader view of its responsibilities that includes not only stockholders, but many other constituencies as well, including employees, suppliers, customers, the local community (local self-government), state government, environmental groups, and other special interest groups [71]. Collectively, the various groups affected by the actions of an organization are called “stakeholders” [11] Corporate social responsibility is related to, but not identical with, business ethics [12]. Business ethics can be understood as the study of the ethical/moral dimension of productive organizations’ commercial activities, that includes ethical analyses of the production, distribution, marketing [72], sale, and consumption of goods and services [73, 10].

The economic responsibilities refer to society’s expectation that organizations will produce goods and services that are needed and desired by customers and sell those goods and services at a reasonable price [70]. Organizations are expected to be efficient, profitable, and to keep shareholder interests in mind [74]. The legal responsibilities relate to the expectation that organizations will comply with the laws set down by society to govern competition in the marketplace [51]. Organizations have thousands of legal responsibilities governed almost every aspect of their operations, including consumer and product laws, environmental laws, and employment laws [75]. The ethical responsibilities concern societal expectations that go beyond the law, such as the expectation that organizations will conduct their affairs in a fair and just way [57]. This means that organizations are expected to do more than just comply with the law, but also make proactive efforts to anticipate and meet the norms of society even if those norms are not formally enacted in law ([73], Velentzas / Broni, 2012). Finally, the discretionary responsibilities of corporations refer to society’s expectation that organizations be good citizens [41]. This may involve such things as philanthropic support of programs benefiting a community or the nation [50,66]. It may also involve devoting employee expertise and time to worthy causes [76]. Corporate policy should state clearly [77]. Illegal actions in any form will not be condoned or tolerated by the company [78]. Much of the battle that goes between government, business, and society is a result of the conflict between their different views on economic and social responsibility goals [79]. Today, business cannot operate without contact and interaction with the government and its myriad of rules and regulations (Price, 2006). The managers of the corporation who must take responsibility to fulfill their duties to their stockholders and to the public [80-81] at large by extending themselves further by making more personal contact among employees, business management, the academic community, and political groups [82]. This in turn will permit corporate leaders to become influential in political affairs to an extent never before realized [83,85,78].

The most convenient way to explore this approach is to consider the supra-legal moral principles that philosophers commonly offer [11].

Five fairly broad moral principles suggested by philosophers are as follows [84]:

Harm principle: businesses should avoid causing unwarranted harm.

Fairness principle: business should be fair in all of their practices.

Human rights principle: businesses should respect human rights.

Autonomy principle: businesses should not infringe on the rationally reflective choices of people.

Veracity principle: businesses should not be deceptive in their practices.

The attraction of these principles is that they appeal to universal moral notions that no one would reasonably reject. But, the problem with these principles is that they are too general [84].

The above principles are abstract in nature. That is, they broadly mandate against harm, and broadly endorse autonomy. Because they are abstract, they are difficult to apply to concrete situations, and frequently non-give clear guidance in complex situations [84]. An alternative approach is to forget the abstract, and focus instead on concrete situations that affect the
particular interests of consumers, workers, stockholders, or the community. The recent stakeholder approach to business ethics attempts to do this systematically [73,57].

It may be expressed in the following [11]:

**Stakeholder principle**: businesses should consider all stakeholders’ interests that are affected by a business practice [85].

A stakeholder is any party affected by a business practice, including employees, suppliers, customers, creditors, competitors, governments, and communities [86]. Accordingly, the stakeholder approach to business ethics emphasizes that we should map out of the various parties affected by a business practice [87]. But this approach is limited since proponents of this view give us no clear formula for how to prioritize the various interests once we map them out [88]. All stakeholders’ interests must be treated equally -from the largest stockholder down to the garbage man who empties the factory dumpster. Probably no defenders of the stakeholder approach would advocate treating all interests equally [89]. Alternatively, should the stockholders’ interests have special priority? If we take this route, then the stakeholder principle [90] is merely a revision of the profit principle [67]. Another way of looking at concrete moral / ethical obligations in business is to list them issue by issue [91,92]. This is the strategy [37] behind corporate codes of ethics that address specific topics such as confidentiality of corporate information, conflicts of interest, bribes, and political contributions [93]. Although corporate codes of ethics are often viewed cynically as attempts to foster good public relations or to reduce legal liability, a corporate code of ethics is a reasonable model for understanding how we should articulate moral principles and introduce them into business practice [94]. The practical advantage [95,96] of this approach is that it directly stipulates the morality of certain action types, without becoming ensnared in the problem of deriving particular actions from more abstract principles, such as the harm principle [73]. But, the limitation of the corporate code model is that the principles offered will appear to be merely rules of prudence or good manners [97] unless we can establish their distinctly moral character [98-99]. And this requires relying on more general principles of ethic described above, which, we’ve seen, comes with its own set of problems.

**Ethical Principles for Business**

**The six pillars of character**

People with integrity value other principles, including honesty, respect, personal responsibility, compassion, and dependability. These qualities are integrated into the Six Pillars of Character (Josephson Institute). The six Pillars of Character are the core ethical values of character counts, i.e. the core ethical values that transcend cultural, religious and socioeconomic differences.

The pillars are:

- **Trustworthiness**
- **Respect**
- **Responsibility**
- **Fairness**
- **Caring**
- **Citizenship**

Each Pillar is consistently identified with a color: Trustworthiness - Blue, Respect - Gold / Yellow, Responsibility - Green, Fairness - Orange, Caring - Red, Citizenship - Purple.

**Trustworthiness**: Think "true blue"

- Be honest
- Don’t deceive, cheat or steal

**Respect**: Treat others with respect; follow the Golden Rule

- Be tolerant and accepting of differences
- Use good manners, not bad language
- Be considerate of the feelings of others
- Don’t threaten, hit or hurt anyone
- Deal peacefully with anger, insults, and disagreements

**Responsibility**: Do what you are supposed to do

- Plan ahead
- Be diligent
- Persevere
- Do your best
- Use self-control
- Be self-disciplined
- Think before you act
- Be accountable for your words, actions and attitudes
- Set a good example for others

**Fairness**: Play by the rules

- Take turns and share
- Be open-minded; listen to others
- Don’t take advantage of others
- Don’t blame others carelessly
- Treat all people fairly

**Caring**: Be kind

- Be compassionate and show you care
- Express gratitude
- Forgive others
- Help people in need
- Be charitable and altruistic

**Citizenship**: Do your share to make your community better

- Cooperate
- Get involved in community affairs
- Stay informed; vote
- Be a good neighbor
- Obey laws and rules
- Respect authority
- Protect the environment
- Volunteer

In addition to the Six Pillars of Character, the science (Josephson Institute) offers twelve Ethical Principles for Business Executives:
The twelve ethical principles for business executives

Ethical values, translated into active language establishing standards or rules describing the kind of behavior an ethical person should and should not engage in, are ethical principles [101].

The following list of principles (Josephson Institute) incorporate the characteristics and values that most people associate with ethical behavior [102].

**Honesty:** Ethical executives are honest and truthful in all their dealings and they do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions, or any other means.

**Integrity:** Ethical executives demonstrate personal integrity and the courage of their convictions by doing what they think is right even when there is great pressure to do otherwise; they are principled, honorable and upright; they will fight for their beliefs. They will not sacrifice principle for expediency, be hypocritical, or unscrupulous.

**Promise-keeping & trustworthiness:** Ethical executives are worthy of trust. They are candid and forthcoming in supplying relevant information and correcting misapprehensions of fact, and they make every reasonable effort to fulfill the letter and spirit of their promises and commitments. They do not interpret agreements in an unreasonably technical or legalistic manner in order to rationalize non-compliance or create justifications for escaping their commitments.

**Loyalty:** Ethical executives are worthy of trust, demonstrate fidelity and loyalty to persons and institutions by friendship in adversity, support and devotion to duty; they do not use or disclose information learned in confidence for personal advantage. They safeguard the ability to make independent professional judgments by scrupulously avoiding undue influences and conflicts of interest. They are loyal to their companies and colleagues and if they decide to accept other employment, they provide reasonable notice, respect the proprietary information of their former employer, and refuse to engage in any activities that take undue advantage of their previous positions.

**Fairness:** Ethical executives and fair and just in all dealings; they do not exercise power arbitrarily, and do not use overreaching nor indecent means to gain or maintain any advantage nor take undue advantage of another's mistakes or difficulties. Fair persons manifest a commitment to justice, the equal treatment of individuals, tolerance for and acceptance of diversity, the least harm and the greatest positive good.

**Concern for others:** Ethical executives are caring, compassionate, benevolent and kind; they like the Golden Rule, help those in need, and seek to accomplish their business objectives in a manner that causes the least harm and the greatest positive good.

**Respect for others:** Ethical executives demonstrate respect for the human dignity, autonomy, privacy, rights, and interests of all those who have a stake in their decisions; they are courteous and treat all people with equal respect and dignity regardless of sex, race or national origin.

**Law abiding:** Ethical executives abide by laws, rules and regulations relating to their business activities.

**Commitment to excellence:** Ethical executives pursue excellence in performing their duties, are well informed and prepared, and constantly endeavor to increase their proficiency in all areas of responsibility.

**Leadership:** Ethical executives are conscious of the responsibilities and opportunities of their position of leadership and seek to be positive ethical role models by their own conduct and by helping to create an environment in which principled reasoning and ethical decision making are highly prized.

**Reputation and morale**

Ethical executives seek to protect and build the company's good reputation and the morale of its employees by engaging in no conduct that might undermine respect and by taking whatever actions are necessary to correct or prevent inappropriate conduct of others.

**Accountability:** Ethical executives acknowledge and accept personal accountability for the ethical quality of their decisions and omissions to themselves, their colleagues, their companies, and their communities.

**Conclusion**

Corporate social responsibility is essentially a concept in which companies voluntarily decide to contribute to a “better society” and a “cleaner environment”. The socially responsible person not only fully fulfills his legal obligations, but also exceeds the limits of law enforcement by investing more in human resources and the environment. Corporate social responsibility as a process through which companies manage their relationships with a wide range of important stakeholders, which can substantially affect their license and its importance to business, becomes clear. That is why it is proposed to treat it as an “investment” and not as a cost, like “quality management”.

Ethics in business and marketing shows the frightening dynamics, positive or negative, and the diversity of the social environment in which we live. Moral education is not the miraculous elixir of virtue. But its lack would be a missed opportunity to develop the capacity for judgment with the rationale of promoting moral analysis in our new unknown world. We are facing a new categorical command, according to Kant: The better we want to live, the more responsibility develops; the more uncertainty spreads, the more responsibility increases; the more the "risk society" and its labyrinthine morphology expand, the more the dogmatic logic of prosperity through profit maximization will mutate into a logic of weighting. The work in the moral field does not end with the revelation of only the moral truth, even with its passage to the moral consciousness. The work in the ethical field in business and marketing does not end with the revelation of only the moral truth, even with its passage to the moral consciousness.

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