



MARKETING ETHICS AND SOCIAL RESPONSIBILITY

N. Marinova*

Department of Economics and Business Administration, New Bulgarian University, Sofia, Bulgaria

ABSTRACT

To understand the importance of ethics in marketing decision making, it is necessary to examine factors that influence ethical decision. These are: personal moral philosophy, organizational relationships and opportunities. They are intertwined in determining ethical decisions in marketing.

Key words: Marketing, Ethic, Ethical, Moral philosophy

Marketing ethics is one of the most important marketing solutions, but also one of the most misunderstood and controversial concepts in marketing. There is no universal approach to marketing ethics yet. However, marketing ethics is important to promote marketing solutions that are both acceptable to the company and beneficial to society.

Ethics refers to moral judgment for decisions and actions as right or wrong based on accepted principles of behavior. Thus, in marketing ethics present moral principles that define right and wrong behavior in marketing. Most major ethical issues are formalized by laws and regulations according to the standards of society. But marketing ethics exceeds legal issues, which is why ethical marketing solutions encourages mutual understanding between society and businesses.

Ethics is individual behavior and may differ between people. Marketers, although in some cases act in their own interest, must comply with the standards of accepted conduct to guide all marketing decisions. They should be in accordance with moral principles based on

ideals such as honesty, fairness and trust.

Consumers usually take unethical marketing activities such as false advertising, intentional sale of harmful products, etc. as unacceptable and often refuse to enter into business relationships with people who have such behavior. Therefore marketing decisions should be evaluated by the position of ethics. Everyone, however, has different ideas about what is ethical and what is unethical depending on personal ideas and life experience.

Many ethical decisions in marketing are made by groups rather than individuals. These decisions are based on business goals rather than personal goals. Making ethical decisions in marketing includes answering questions such as:

What is deceptive advertising?

What is bribery in private sale?

What is a false statement about a product?

These and other ethical issues for some people seem clear and easy to solve, but in reality years of experience are needed to deal with them. For example, whether the proposal from a seller to a buyer to take them to a restaurant can be accepted as a bribe or as a good communicative practice to improve sales.

Regardless of how a person or company considered the admissibility of an action if the society believes that it is unacceptable or

*Correspondence to: *Nadya Marinova, Department of Economics and Business Administration, New Bulgarian University, Sofia, Bulgaria, E-mail: nmarinova@nbu.bg, telephone number: 0897909707*

unethical, then this view directly affects the company's ability to achieve its objectives.

To understand the importance of ethics in marketing decision making is necessary to examine the factors influencing ethical decision making. These are: *personal moral philosophy, organizational relationships and opportunities*. They are intertwined in determining ethical decisions in marketing.

Moral philosophy includes principles or rules that individuals use to determine their mode of behavior. These are leadership positions to resolve conflicts and provide mutual benefits for all members of society. People learn these principles and rules through contacts with family members, social groups, religion and education. Any moral philosophy has its own concept of equity and ethics and rules of conduct. Two distinct moral philosophies deserve attention - *utilitarianism and ethical formalism*.

Utilitarian moral philosophies are aimed at maximizing the greatest good for the greatest number of people. Utilitarians judge an action based on the consequences for all the people affected by this action. In a situation with ethical component utilitarians compare all options and choose the one that promises the best results. According to them, unethical would be any action leading to personal gain at the expense of society as a whole.

Ethical formalism is associated with development of special rules of behavior that focus on the intentions associated with a particular behavior and the rights of the individual. When it is determined whether a behavior is assessed as a general rule, not interested in the alternative. Behavior is assessed on the basis of whether the violation of the rights of the individual and the universal rules. The golden rule of ethical formalism is: "Do to others as you would have them do to you". In marketing ethical formalism is consistent with the idea of consumer choice. For example, consumers have a right to know about possible defects in a product.

Studies show that though moral philosophies and values enter in the decisions of the business, they are not its central component that determines decisions, actions and policies of a

company. This shows why individuals change their moral philosophy between home and work and why personal values are only one part of the overall value system of the company.

Ethical behavior should be a function of two dimensions of the central structure of the company: *first*, values and traditions of the company (corporate culture) and *secondly*, personal moral philosophies of the members of the company. Employees perceive some measure of moral responsibility and agree to obey the rules of the company and standard operating procedures. So when a marketer decides to behave unethically or even illegally, it may be due to pressure from competitors or the benefits provided by the company.

People learn personal moral philosophies and therefore ethical behavior not only from society as a whole but also from members of their social groups and their environment in the company. Relationships with employees, colleagues or superiors create ethical problems such as maintaining confidentiality in personal relationships; meet the obligations, responsibilities and mutual agreements and avoid undue pressure which can make others not behave ethically. Employees may not engage in activities that they believe that create ethical problems. For example, the seller may be forced to lie to customers on the phone. Also, an employee who sees another employee to lie to a customer must decide whether to report the case. Marketing managers should carefully balance their obligations to owners or shareholders who have hired them to achieve company goals as well as employees who are turning to them to be guided. Moreover, managers have to comply also with the desire of society and ethical evaluation. Attainment of ethical balance between these areas is a difficult task.

Most experts stress that the general manager in charge of marketing, defines the ethical tone of the entire marketing organization. Lower-level managers are guided by senior management, but they also impose some of their personal values of the company. This interaction between corporate culture and executive management helps to identify the ethical values of the company. Employees, in turn, is a conflict between what is expected of them as employees and managers, and what they expect of

themselves based on their personal ethical standards.

The possibilities are other pressure that can determine whether a person will behave ethically. The opportunity is favorable set of conditions that put barriers or provide rewards. Awards may be internal I external. Internal rewards are feelings of goodness and value that one feels after a noble action. Extrinsic rewards are what people expect to receive from others in terms of the values generated and provided on a reciprocal basis. They often receive from superiors in the form of praise, promotions or salary increases.

Experience shows that if a marketer uses the possibility of unethical behavior and is rewarded but not punished he can repeat such action again when the opportunity arises. Therefore, the bigger rewards and the smaller penalties for unethical behavior, the greater likelihood to practice such behavior.

Developing a sense of ethics is important for understanding the marketing ethics. When a business makes consumers feel deceived or manipulated ethical issues arise regardless of the legality of this activity. Ethical problems arise from conflict of marketing experience to achieve the company's goals and wishes for a safe and reliable products.

Regardless of the causes of ethical problems once they are identified, marketers and companies have to decide how to deal with them.

Ethical issues associated with the products arise when marketers cannot put risks in the use of the product or cannot provide information about its function, value and use. With increasing competition and shrinking profits often increases the pressure to return the product components with poor quality to reduce costs. Ethical problem arises when marketers fail to inform customers about changes in the quality of the product, which is a form of improbity about the nature of the product.

Communication process provides a variety of situations that may pose ethical problems. For example, false or misleading advertising, false and manipulative sales promotion and more.

Ads can range from exaggerated claims and hidden facts to a lie. Exaggerations cannot be proven. For example, a commercial advertisement claims that a detergent is better than any other on the market. This often cannot be confirmed by users or experts. Hidden facts are material facts that are deliberately omitted. But when users understand that promotional messages are not true, they feel cheated and refuse to buy the product again or to alert the appropriate regulatory authorities.

Another form of advertising deception are ambiguous statements. For example, the word "help" is often used in advertising slogans - "helps to improve", "helps you feel better," etc. Some marketers consider such messages as acceptable, others do not accept them because they are redundant and create an ethical problem.

In the process of selling ethical issues also arise. For example, a seller may be forced to tell the truth to the client for defects in the goods, risking to lose the customer or in any way mislead the customer to sell his goods. But the second case often has the effect of "snowball". Once the seller has lied to a customer, it becomes increasingly difficult to tell the truth. If the customer becomes aware of the fraud, the seller loses not only his confidence but also the confidence of his friends and colleagues.

Ethical problems in the distribution are related to the links between producers and intermediaries when payments are late, when manipulating the product available for exerting pressure on intermediaries, when illegally made copies are disseminated, etc.

Familiarizing marketers with ethical issues and potential areas of conflict makes it possible to eliminate the emerging ethical issues in daily marketing activity. Ethical values should be built into the organizational culture and the company's marketing strategy. Because it is difficult for employees to determine which behavior is right and which is wrong in a company, the company must establish uniform rules and standards which describe what is expected in the behavior of each employee. Practically the concepts of ethics and social responsibility are often used equivalently although each of them has a specific meaning .

Social responsibility in marketing refers to the obligations of the organization to maximize its positive impact and minimize its negative impact on society. Because if ethics refers to moral values that guide the process of decision making of individuals, the social responsibility concerns the impact of the decisions of the organization, as a whole, on society.

To keep socially responsible behavior in the objectives of the company you need to monitor changes and trends in the values of society. For example, several decades ago cigarette manufacturers freely advertised their use. Years later it was proved that cigarette smoking is associated with the disease of cancer and other medical problems, the attitude of society towards smoking changed and marketers are facing new social responsibilities - smoking bans appeared and were provided specific places for smoking.

Since society consists of different groups, it is very difficult or even impossible to determine, in

some cases, what does society as a whole. For example, marketers trying to satisfy the desires of one group can not satisfy the desires of another group. In the debates for and against smoking marketers have to maneuver between the desires of smokers and nonsmokers in determining places where smoking is banned.

Although social responsibility can seem like an abstract ideal, managers make daily decisions corresponding social responsibility. These decisions relate primarily to the rights of consumers who increasingly link to the adoption of certain laws.

REFERENCES

1. Toll D.S., Kohl L.R. Marketing Management. New York, 1990
2. Krasteva N. "Marketing", 2008
3. Alvin J. Silk "What Is Marketing", Ciela 2008
4. Krasteva N. , Petrova I. "Strategic Marketing – Marketing Strategies", Avangard Prima, 2007