Marketing Ethics and Social Responsibility

Social Criticisms of Marketing

- Marketing's impact on individual consumers has been criticized in terms of:
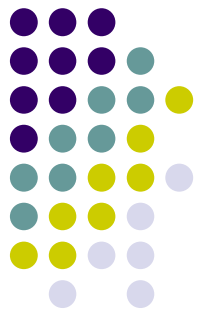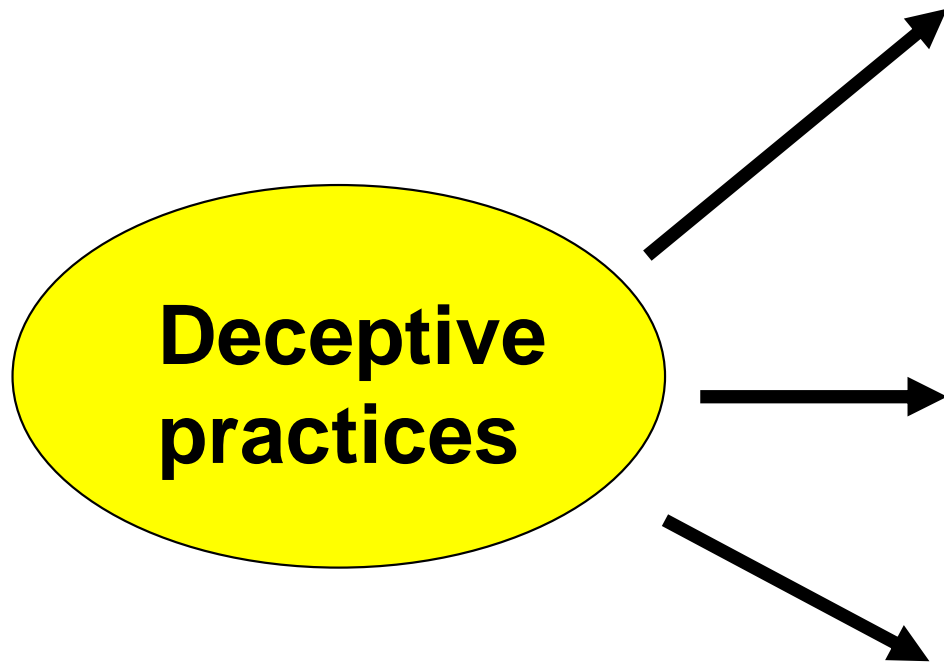
High prices

Deceptive practices

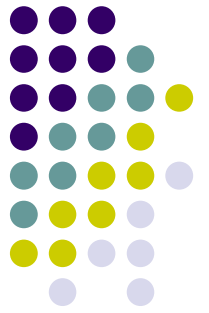**High-pressure selling**

Planned obsolescence

Harmful, or unsafe products

Social Criticisms of Marketing

Deceptive practices

- **Deceptive Pricing:** Falsely advertising "factory" or "wholesale" prices or large reductions from phony high retail list prices.

- **Deceptive Promotion:** Overstating a product's features or performance, running rigged contests.

- **Deceptive Packaging**: Exaggerating package contents through subtle design, using misleading labeling, etc.
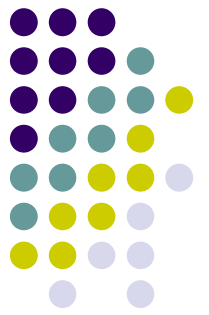
Social Criticisms of Marketing
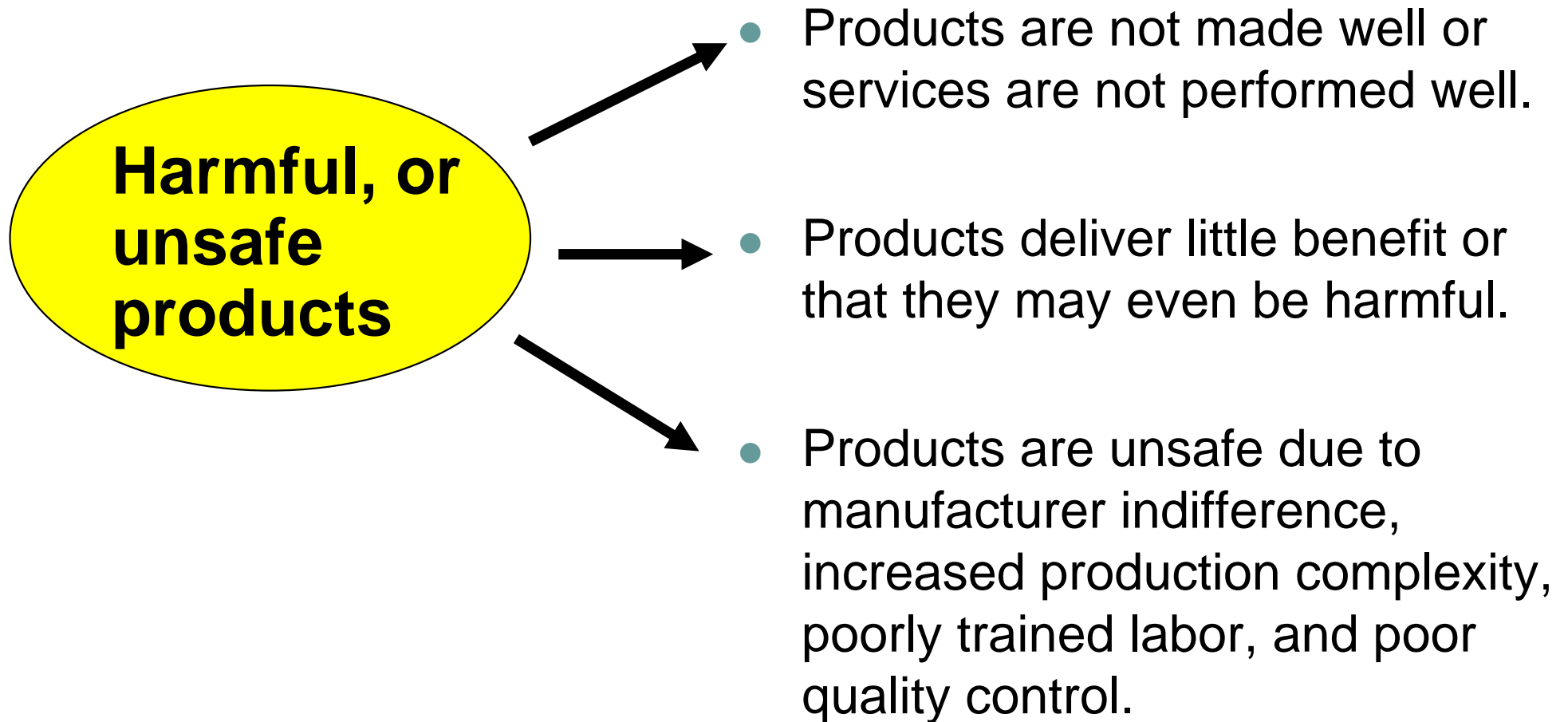
High-pressure selling
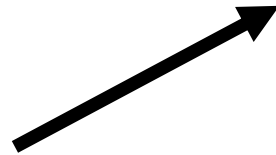
- To persuade people to buy goods they had no intention of buying.

- Because prizes are often given to top sellers.

Social Criticisms of Marketing

Harmful, or unsafe products

- Products are not made well or services are not performed well.

- Products deliver little benefit or that they may even be harmful.

- Products are unsafe due to manufacturer indifference, increased production complexity, poorly trained labor, and poor quality control.

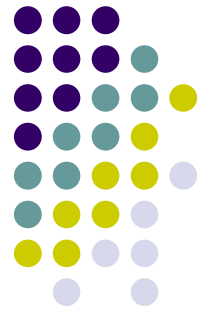# Business Actions Toward Socially Responsible Marketing

- Enlightened marketing:
  - A marketing philosophy holding that a company's marketing should support the best long-run performance of the marketing system.

Customer-oriented marketing

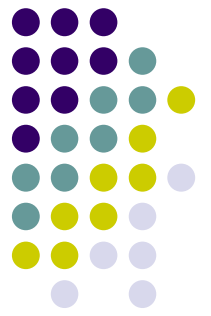Customer-value marketing

Societal marketing

Business Actions Toward Socially Responsible Marketing

Customer-oriented marketing

- The philosophy of enlightened marketing that holds that the company should view and organize its marketing activities from the consumer's point of view.

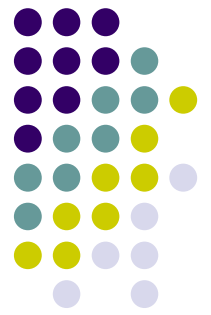# Business Actions Toward Socially Responsible Marketing

Customer-value marketing

- A principle of enlightened marketing that holds that a company should put most of its resources into value-building marketing investments.
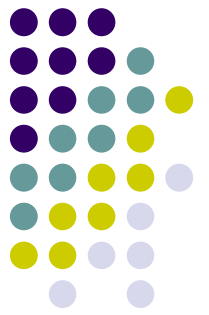
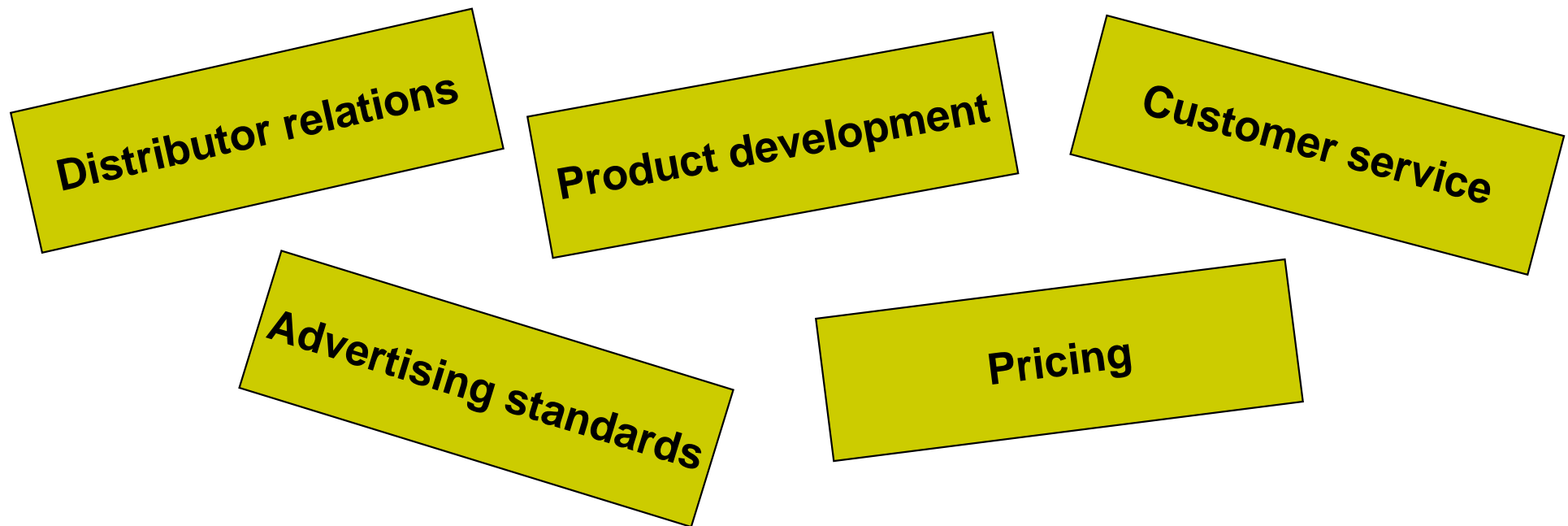# Business Actions Toward Socially Responsible Marketing
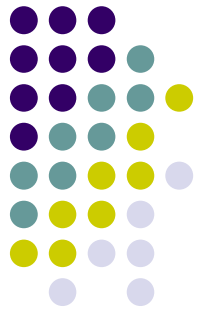
Societal marketing

- A principle of enlightened marketing that holds that a company makes marketing decisions by considering consumers' wants and interests, the company's requirements, consumers' long-run interests, and society's long-run interests.

Business Actions Toward Socially Responsible Marketing

- Firms need to develop *corporate marketing ethics* policies to serve as broad guidelines that everyone in the organization must follow.
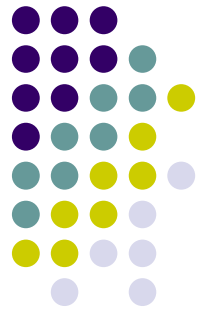
- Ethics policies should cover:

Distributor relations

Product development

Customer service

Advertising standards

Pricing

Human Resources Ethics and Social Responsibility
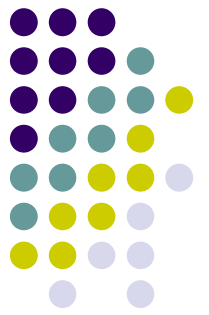
Social Criticisms of HRM

Unfair treatment to employees

Dismissal and layout

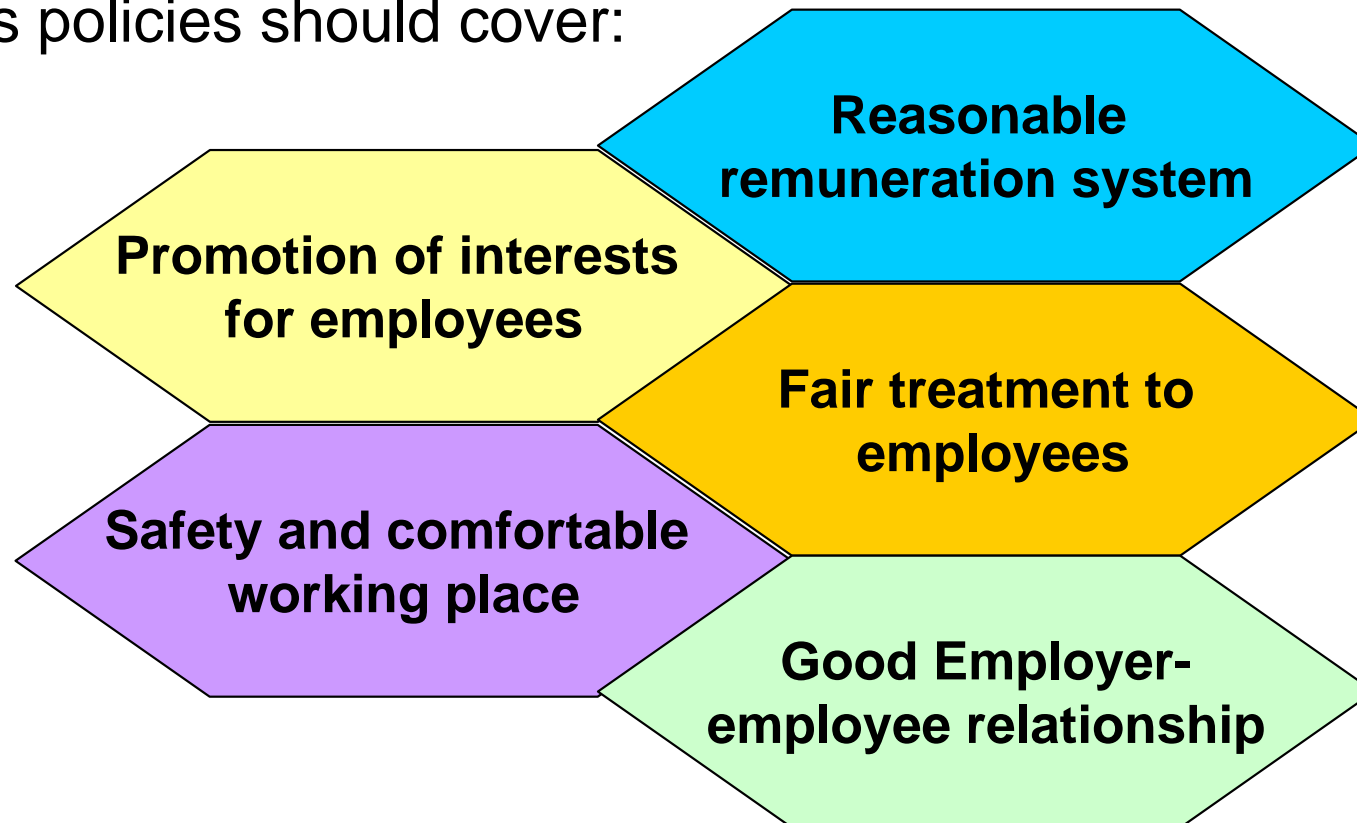**Equal opportunity employment e.g. sex discrimination & promotion criteria**

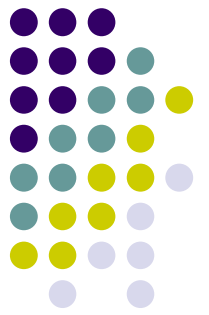**Unsafe facilities in the workplace**

Remuneration e.g. pay rise, non-payment or deduction of wages, over-time work without pay

# Business Actions Toward Socially Responsible HR

- Firms need to develop *corporate Human Resources ethics* policies to serve as broad guidelines that everyone in the organization must follow.

- Ethics policies should cover:

Reasonable remuneration system

Promotion of interests for employees

Fair treatment to employees

Safety and comfortable working place

Good Employer-employee relationship

Corporate Governance

- To ensure that a company will act ethically and be socially responsible, corporate governance is required.

- Corporate governance is 'the mechanisms that are used to govern managers and ensure that the actions are consistent with the interests of key stakeholder groups' (Hill & Jones, 2001).
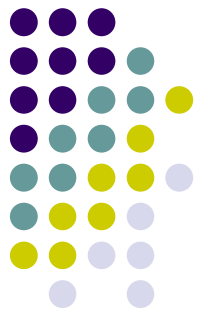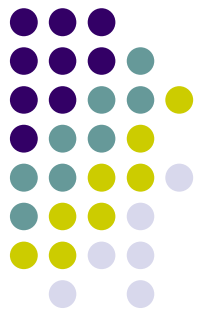
Discussion

- If you were the shareholder of a company, but not running the company yourself, what would you do to make sure that the managers who ran your business were taking care of the interests of you and your stakeholder groups?
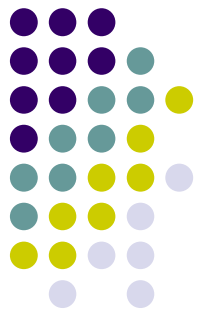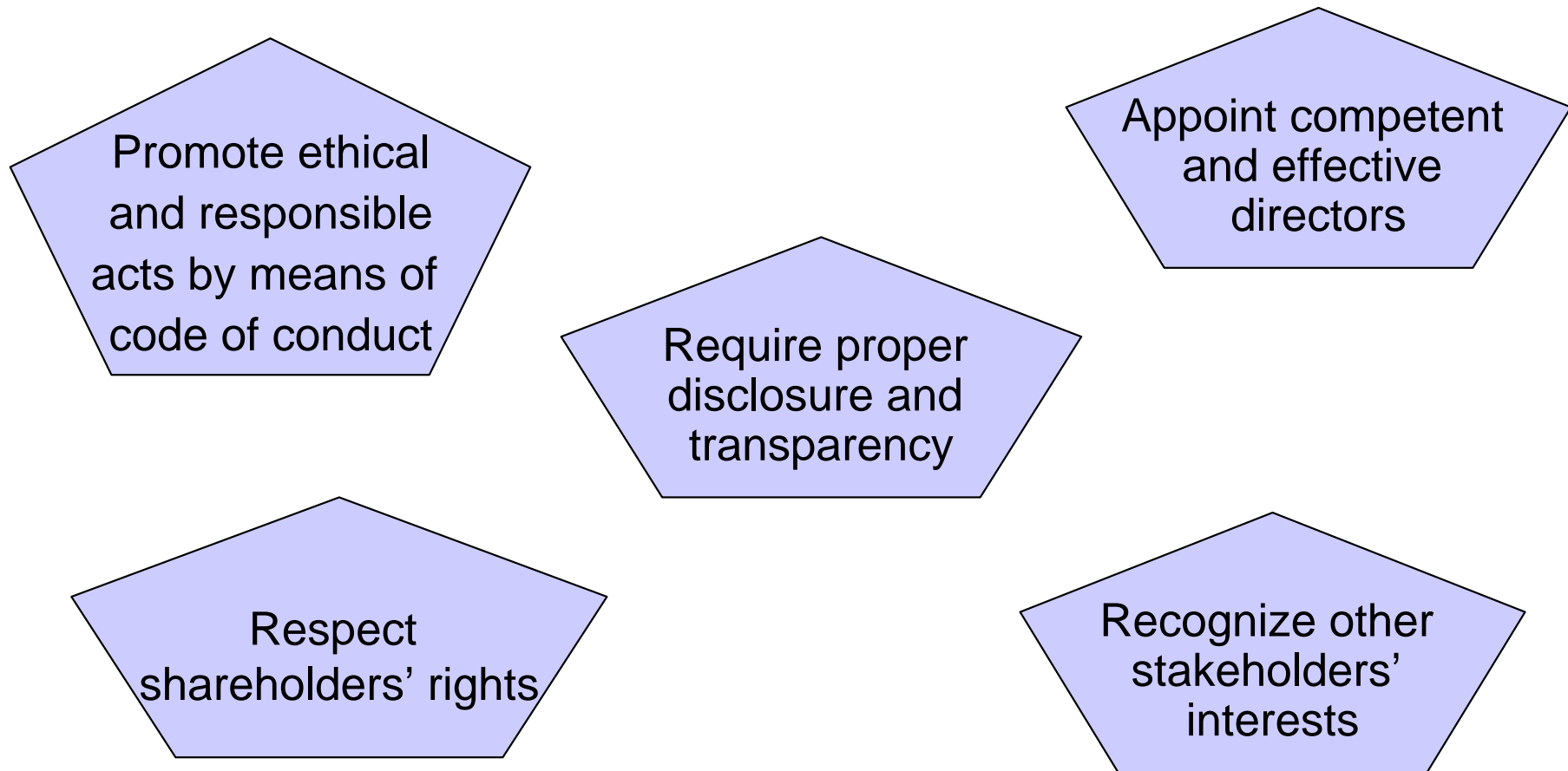
Interactive Responses from Students

- **Invite students to respond to the question.**

- **Some suggested answers**

1. Hire the right persons that can be trusted (or are trustworthy);
2. Setup rules, systems, and regulations for the managers to follow;
3. Setup a board of directors to supervise and monitor the managers;
4. Reward the managers on the basis of business performance;
5. Setup a control mechanism by requesting the managers to report, in writing, the current business conditions including profit and loss, long-term and short-term debts, ethical issues, etc.
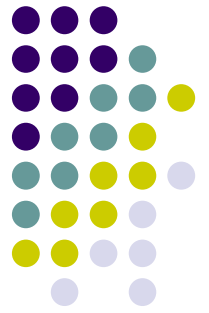6. Conclude the discussion and relate the answers to corporate governance.

Commonly accepted principles of corporate governance

Promote ethical and responsible acts by means of code of conduct

Appoint competent and effective directors

Require proper disclosure and transparency

Respect shareholders' rights

Recognize other stakeholders' interests

Good corporate governance is important because

(1) At the corporation level

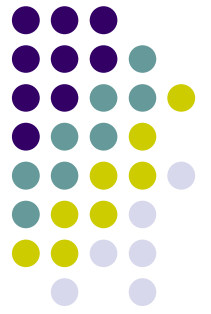- Achieve better financial performance
- Improve competitiveness

(2) At the national level

- Contribute to the sustainability of economic growth
- Improve the welfare of the society when engaged in CSR
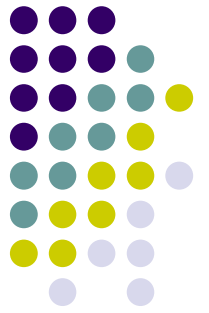
(3) At the stakeholders' level

- Receive fair rate of return
- Treated with respect

Case Studies and Essay Writing

Worksheet 9

Worksheet 10

The End