

Integration of Ethics and Social Responsibility in Marketing

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Abstract: The term Ethics means our belief of concepts regarding what is morally right and wrong. Marketing ethics mean applying moral principles of right and wrong in marketing decision making. When we talk of social responsibility in marketing, we mean the overall impact of various practices of marketing on the society as a whole. Social responsibility imposes an obligation on an organization to act ethically so that the society benefits at large. Ethics and social responsibility should be the first and foremost consideration for the marketing department of any company. For successful marketing, a company carries out market research before launching a product, but due care must be taken that all laws and regulations are being followed ethically and honestly in the best interest of the society. This paper highlights the unethical behavior of companies as they try to fool the society by practicing greenwashing, by showing that it is socially responsible when in fact it is not. The society today is more concerned about protecting the environment and taking care of the health of individuals. The companies should understand that although adherence to ethics and social responsibility is not earning them profits, but in the long run, this leads to overall greater benefits. This paper focuses on the need of integration of ethics and social responsibility in marketing and the various challenges faced in marketing in fulfilling the expectations of society.

Keywords - Ethics, Greenwashing, Integration, Moral, Social Responsibility

INTRODUCTION

The environment in which the businesses operate is very dynamic and changing rapidly. Besides acquiring the skills and knowledge, the managers need to specialize in holistic understanding of the environment with a 360-degree viewpoint, taking into consideration the ever evolving developments and at the same time expectations of the society. It is the Marketing Department of a business that promotes the mission and vision of an organization. So, the ultimate responsibility of representing a company lies in the hand of a marketer, as it is the marketer who reaches out to investors, customers, and/or the community. So, while formulating marketing plans, a marketer must take into consideration the constantly changing developments in the society and the expectations of a society from an organization. Over the past decade or so, the concepts of ethics and social responsibility have gained much momentum. The society expects a business organization to behave ethically and perform all its social responsibilities while offering its products. The concern for environmental degradation has risen much, and the consumer wants to secure himself against the ill effects of the products. Either the companies do not understand fully the importance of ethics and social responsibility or have become ignorant of their responsibilities. Even a handful of companies, who follow the standards, take a backseat after some time, seeing that others are also not following. This has become a greater concern, and in this context, this study brings a clear overall awareness on the need of integrating ethics and social responsibility not only for the betterment of society, but also for the overall sustainable growth and development of a business organization.

OBJECTIVES

The objectives of this study are:

To comprehend the concepts of ethics and social responsibility in the context of marketing.

To focus on the need of integration of ethics and social responsibility in marketing.

To highlight the ethical implications faced while dealing with social marketing and the solution thereof.

LITERATURE REVIEW

ETHICS IN MARKETING

The term ethics means our belief of concepts regarding what is morally right and wrong. Although the perception of right or wrong, is subjective in nature, varying from individual to individual, but it does not mean that the ethics are subjective in nature. Ethics is not an individual concept. It is not entirely subjective. The certain actions, that the majority of people agree upon, to be either right or wrong based on moral principles, are rightfully described as ethics. So, ethics is a widespread set of moral principles formulated for the benefit of society, and an organization is expected to establish its marketing policies in such a manner that it ensures equity and integrity to all the stakeholders in the society. Ethics prevents an individual or an organization to act immorally. The main reason of marketing ethics is to address principles and standards for growing desirable conduct inside the market place.¹ (Mohamed, 2007)

Ethics are a collection of principles of right conduct that shape the decisions people or organizations make. Practicing ethics in marketing means deliberately applying standards of fairness, or moral rights and wrongs, to marketing decision making, behavior, and practice in the organization.²

Marketing/business ethics are the business conditions that a marketer is required to observe while dealing with customers and other participants. The ethics are self-observed or imposed by relevant bodies for the benefits of customers and society as a whole.³ With the continuous growth of business, industry and increased push for marketing efforts, marketing ethics is growing to be the top of the corporate agenda.⁴ (Kotler et al, 2013).

Ethical marketing isn't a strategy; it's a philosophy. It includes everything from ensuring advertisements are honest and trustworthy, to building strong relationships with consumers through a set of shared values. Companies with a focus on ethical marketing evaluate their decisions from a business perspective (i.e. whether a particular marketing initiative will deliver the desired return) as well as a moral perspective (i.e. whether a decision is "right" or morally sound).⁵

To sum up, ethical marketing is a philosophy that is governed by the principles of fairness, honesty, truthfulness, transparency, etc. If an organization is fair and honest, the customers take interest in the products offered and the marketing practices. Ethics is the keystone to customers' healthier and stronger relationship with the company. Marketing can be sustainable only if it is based on good ethics. It is the ethical conduct of marketing that helps it to achieve the objective of long-term customer relationship and long-term welfare of organization. The unethical marketing practices result in damage not only to the customer and society at large but also to the company's reputation.

SOCIAL RESPONSIBILITY IN MARKETING

Social responsibility refers to the duty that someone has towards the society in which it lives, the responsibility to bring welfare to the society without causing any undue harm and the responsibility to stop or reduce the actions that are against the best interest of society. Social responsibility is an ethical framework and suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large.⁶ Social responsibility is a large concept that pertains to a business obligation

¹ Labbai, Mohamed (2007). Social Responsibility, Ethics & Marketing. *International Marketing Conference on Marketing & Society*, Vol.8, 17-28.

² Ethics in Marketing (2019, October 8). Retrieved from <http://www.encyclopedia.com/finance/finance-and-accounting-magazines/ethics-marketing>

³ Jaideep, S., Business Ethics and Marketing: Definition, Principles and Needs. Retrieved from <http://www.yourarticlerepository.com/business/business-ethics-and-marketing-definition-principles-and-needs/48589>

⁴ Kotler, P. & Keller, K.L (2013). *Marketing Management*. 13th edition. New Jersey: Pearson/Prentice-Hall.

⁵ Shewan, Dan (2018, November 8), Ethical Marketing: 5 examples of Companies with a Conscience. Retrieved from <https://www.wordstream.com/blog/ws/2017/09/20/ethical-marketing>

⁶ Wikipedia. Retrieved from https://en.wikipedia.org/wiki/Social_responsibility

to maximize its positive impact on society whilst minimizing its negative impact.⁷(Anatasia, 2015)

When we talk of social responsibility in marketing, we mean the overall impact of various practices of marketing on the society as a whole. The policies of an organization should not be driven by profit only, but the organization should also consider the impact of these policies on all the stakeholders of the company (including shareholders, employees, customers, etc.), the individuals living in the society, the environment, and the society as a whole where it is conducting its business. The aim of fulfilling social responsibility should not be a temporary effort but a continuous one. So, an organization is said to be socially responsible in true sense when it considers not only the present benefits to society but also the future benefits to society. The main responsibility of marketers in this regard is to package and communicate the organization’s decisions that will impact the various communities with which they interact⁸ (Marinova, 2013). Recyclable packaging, promotions that spread awareness of societal issues and problems, and directing portions of profits toward charitable groups or efforts are examples of social responsibility marketing strategies.⁹

In the current scenario, the consumer is much more vigilant about the protection of environment and the impact on his health from the offerings of the marketers. He thinks green for him as well as for the generations to come. The consumer is aware of his rights and expects every marketer to be socially responsible. So, an organization cannot sit back on the social aspect of marketing. It must understand its responsibility to all the stakeholders, its responsibility towards maintaining a balance between economic profit and environmental protection, and its responsibility towards present as well as future generations.

It must determine the social expectations first before designing and implementing any marketing plan. All the marketing programs should be planned, analysed, and implemented in a way to boost the welfare of individuals as well as society. When the marketing strategies aim towards social good, a company is said to be doing social marketing. The principles and techniques of social marketing consider the social benefit in general and target customers’ benefit in particular. Social marketing is usually interested in the subjects of public health, environmental protection, prevention of damages, and enabling the improvement of society¹⁰ (Cheng et. al. 2011).

CONCEPTUAL FRAMEWORK

NEED OF INTEGRATING ETHICS AND SOCIAL RESPONSIBILITY IN MARKETING

Often, the two terms “ethics” and “social responsibility” are used in place of each other, but the meaning and essence of the two terms are different. Simply because of the fact that social marketing is based on the activities targeting the benefits of individuals in the society, it does not mean that social marketing is ethical in nature. An organization which adopts social marketing may still be unethical in its behavior, and vice versa, an organization showing ethical behavior may or may not work for the benefit of society. So, the two concepts ethics and social marketing need to be integrated together while formulation and implementation of marketing strategies.

When a marketer claims that it has adopted social marketing and the products offered are in no way harmful to the individuals or the environment, it must practice the ethical behavior. It must be fair that the product satisfies the consumer expectations of the product as it was advertised. All the marketing

⁷ Anatasia (2015, February 6).Social Responsibility & Ethics in Marketing. Retrieved from <https://www.cleverism.com/social-responsibility-ethics-marketing/>.

⁸ N. Marinova (2013). Marketing Ethics and Social Responsibility. *Trakia Journal of Sciences*, 11(1), 535-538.

⁹ Investopedia (2019, March 10), Why is Social Responsibility Important in Marketing? Retrieved from <https://www.investopedia.com/ask/answers/042215/why-social-responsibility-important-marketing.asp>

¹⁰ Cheng, H., Kotler, P. and Lee N. R. (2011). Social Marketing for Public Health: Global Trends and Success Stories. Canada: Jones and Bartlett Publishers.

practices should be transparent, and no information or fact should be disguised. Social responsibility and marketing ethics ought to go hand in hand. It is the social responsibility to formulate rules and regulations which might be applicable ethically and which work not for maximizing the profits of the businesses but which targets at the larger interest of all the stakeholders.¹¹ (Anatasia, 2015)

The companies need to keep all these things in mind while formulating an ethical social marketing plan comprising all the components of marketing mix with respect to product, price, place (distribution), and promotion. Best results from the integration of ethics and social responsibility can be achieved only when the following points are kept in mind:

Understanding and Accepting the social responsibility ethically: A marketer should understand and accept its responsibility towards society in a real sense. He needs to understand that whatever he is offering to society must be good in real sense and not merely to look good from outside only.

Ethical and Social Product: A marketer must ensure that the product so offered is safe and in no way is harmful to the individual health and environment. Warnings, if any, associated with the use of product, must be mentioned clearly.

Ethical and Social Pricing: A marketer should show ethical behavior by charging fair prices from the customer. A thorough market research should be done beforehand to know in advance the society's inclination to pay. They should not indulge in charging unduly high prices by creating the situation of false shortage, etc. Also, they should not be too low to drive out the competition from the market.

Ethical and Social Promotion: While communicating the features and benefits of the products, the message should be constituted in a very transparent manner without the intention of hiding any information or giving any misleading or false statements about the product. The advertisements or sales promotion ideas should not promote the features that are actually not the part of that product.

Ethical and Social Work Environment: A marketer should also take into consideration that the company is adopting social values such as providing good working conditions to its workers, practicing indiscrimination and gender equality at workplace, promoting social ideas, good relations with its dealers, etc. The work environment of the company should be favorable and ethical.

Ethical and Social Government Policies: The government and various professional bodies establish some rules and regulations from time to time in the best interest of society. It is the duty of marketer to comply with the government policies in a true and honest manner. A marketer should show ethical and social behavior by paying its taxes honestly and timely.

Ethical and Social Profits for himself as well as Society: A marketer should not merely focus on selling products to earn profits only, but it should also take into consideration the expectations of society. He must balance the product and policies in such a manner that his need of profit gets fulfilled but not at the cost of harm to the individuals' health or environment of society.

Long-term perspective of ethical and social behavior: The adoption of such ethical and social behavior should not be a one-time goal, rather the perspective of the marketer for such practices should be long term for the sustainable growth of organization into the society.

Acknowledging the social responsibility ethically: An organization should always be ready to accept the consequences of its product or strategies on the society and should always work honestly on modifying its practices in the best interest of society.

Often, the companies try to fool the society by presenting their products as conforming to the social standards of society, but they actually are not. They just whitewash their products with green paint and claim themselves to be green through promotional activities like advertisement, etc. The practice of this greenwashing is really unethical and against the society. The society might at first believe them but sooner or later, the society realizes the ingenuity of the product. The behavior of falsely promoting themselves as green ultimately leads to decline in brand's image and success.

¹¹ Anatasia (2015, February 6).Social Responsibility & Ethics in Marketing. Retrieved from <https://www.cleverism.com/social-responsibility-ethics-marketing/>.

Almost two-thirds of 100 venture capital (VC) investors — 64% — polled in an IBM study claim ‘unethical business conduct’ is a major reason for startups failing in India.¹² Current research suggests that brands that are perceived as operating unethically are avoided by specific groups of consumers¹³ (Rindell, Strandvik, & Wilen, 2014), whereas an ethical image can be observed to build equity¹⁴ (Sierra et al., 2015), influence loyalty and positive word of mouth¹⁵ (Markovic et al., 2015). The customer values the products of such organizations and spreads positive image about the company and its product. This in turn increases the goodwill and builds strong reputation of the company. The society forms a positive attitude towards such companies.

ETHICAL IMPLICATIONS IN IMPLEMENTATION OF SOCIAL MARKETING – THE CHALLENGES

The non-adherence to moral practices in marketing has paved way for two major actions such as consumerism and environmentalism¹⁶ (Kotler et al., 2013). The organizations are under a pressure to follow the social responsibility marketing and that too with ethical behavior. But the companies often come across with some situations, in which implementation of both the concepts simultaneously, social responsibility and ethical behavior, becomes difficult. Some of these challenges are:

1. **Ethical implications with sensitive products** - Defining what is right and wrong in marketing is not that easy, especially for the products that are controversial/sensitive, for example contraceptives. What is considered right by one group of society may be wrong in the eyes of the other group of the same society. One may argue that contraceptives are anti-life, bring bad consequences to the health of the individuals, and spreads sexual immorality. Hence, it violates the principles of social responsibility and ethical behavior of marketers. The others in the society may favour that contraceptives are needed for uninterrupted enjoyment in married life and for controlling social problem of population explosion. So, what maybe ethical from the perspective of one group of a society or even the marketer himself, may be unethical and socially irresponsible from the viewpoint of other group of society.

2. **Individual versus Society Interest:** The marketer based upon the market research offers a product as demanded by the customers, the use of which is opposed by society, e.g. alcohol, cigarettes, etc. Further, it is a well recognised fact in social marketing that what we are often dealing with is a trade-off between individual and community good (e.g., the right of the individual to smoke a cigarette, which is currently a legal product, versus the right of others to be protected from passive smoking)¹⁷ (Jones and Hall 2006). In such cases, a marketer faces the problem of choosing either meeting customer demand and promoting his sales and profit (and ignoring society benefit) or meeting society’s expectations (and ignoring customer demand).

3. **Conflicting Interests Of Different Departments:** There may prevail the conflicts in the beliefs and interests of different departments of an organization. What maybe ethical and social responsibility in the eyes of a marketer, may not be feasible from the perspective of other departments in the organization. So, the implementation of such marketing plan becomes a problem.

¹² Talgeri, Kunal (2017, May 17), Unethical business conduct a major reason for Indian startups' failure: IBM. Retrieved from <https://economictimes.indiatimes.com/small-biz/startups/unethical-business-conduct-a-major-reason-for-indian-startups-failure-ibm/articleshow/58707138.cms?from=mdr>

¹³ Rindell, A., Strandvik, T. and Wilén, K. (2014). Ethical consumers’ brand avoidance. *Journal of Product & Brand Management*, 23(2), pp.114–120

¹⁴ Sierra, V., Iglesias, O., Markovic, S. and Singh, J. (2015). Does Ethical Image Build Equity in Corporate Services Brands? The Influence of Customer Perceived Ethicality on Affect, Perceived Quality, and Equity. *Journal of Business Ethics*, 144(3), pp.661–676.

¹⁵ Markovic, S., Iglesias, O., Singh, J. and Sierra, V. (2015). How does the Perceived Ethicality of Corporate Services Brands Influence Loyalty and Positive Word-of-Mouth? Analyzing the Roles of Empathy, Affective Commitment, and Perceived Quality. *Journal of Business Ethics*, 148(4), pp.721–740.

¹⁶ Kotler, P. & Keller, K.L (2013). *Marketing Management*. 13th edition. New Jersey: Pearson/Prentice-Hall.

¹⁷ Jones, S. C. and Hall, D. V. (2006). Ethical Issues in Social Marketing. Proceedings of the 3rd Australasian Non-profit and SocialMarketing Conference. 10-11 August 2006, Australia: University of Newcastle, <http://ro.uow.edu.au/hbspapers/507>

4. **Cost consideration:** Most companies argue that the biggest hindrance in the implementation of ethical social marketing plan is higher costs. The marketers say that the cost of being socially responsible is too high but they also know that the business, be it small or big, cannot survive without going green. So, they often try to make false claims of being socially responsible.

5. **Lack of Expert Marketing personnel:** The concept of social marketing is complex and requires more expertise for reliability, relevance, and validity in terms of market research and collection of data. The companies lacking in expert marketing personnel often try to escape themselves from social responsibility.

6. **Limited Promotional Effectiveness:** The marketers argue that the concept of social responsibility and ethical behavior puts restrictions on the promotional message of their product. Attracting the large number of customers without effective promotion (exaggerated advertising) becomes a challenge for them.

7. **Competitors do not follow:** Some organizations do not follow the standards simply because their competitors are not following it and are making huge profits by falsely claiming to be green.

WHAT TO DO? – THE SUGGESTIONS

The benefits that arise due to social responsibility marketing in integration with ethical marketing cannot be denied, but still we see a large number of companies who do not follow these practices. Some companies just ignore the standards of ethics and social responsibility as they are motivated by higher profits and lesser efforts and on top of that, motivated by greenwashing. The marketers those who want to follow these standards face a lot of issues and conflicting situations. So, they put themselves under an umbrella of choice between following or not following. If the companies are left to themselves, they will most probably keep themselves out of the area of social marketing and their behavior sooner or later will become unethical. With the increasing concern of environment and rising consumerism, it has become necessary for the marketers to be ethical while delivering their social responsibilities. The companies should create an understanding that although adherence to ethics and social responsibility involves higher cost and lower profits, but that is the feature of short run only and in the long run, this will yield them overall greater benefits in terms of not only profits but also in building stronger relationships with their customers and overall increased value of the company itself. The marketers should not simply follow the others who are behaving unethically in the market. There is need to focus upon the corporate regulations governing the ethics and social responsibility in marketing. Broad guidelines should be developed that every organization need to comply with respect to product development, pricing strategy, promotional standards, distributor relations, customer relations, society expectations, etc. and anyone who breaches these codes of conduct should be penalized. Also, the customer has become vigilant enough to seek relief in the court against the malpractices of a marketer. So, it rather keeps a company safe and legal and reduces the risk of uncertainty. Apart from all these, the marketer should develop in himself the better understanding to solve the dilemmas arising out of integration of ethics and social responsibility. He should have better sensitivity towards the conflicting interests among the different departments of organization, different segments of market, and different individual groups within a society.

CONCLUSION

To sum up, there should be a complete understanding of right and wrong in marketing from the perspective of customers and/or all the stakeholders in the society, and the marketers should have complete understanding and acceptance of their responsibilities towards the society. The consumers expect that the companies deal with them in a fair and environmental-friendly manner. They want to build strong bonds with the marketers who are offering them goods and/or services. The companies need to understand that they can win only by building strong relationships with the customers and the society in which it is functioning, and this can be achieved only by being ethical in its social responsibilities. It is because of the increasing environmentalism and consumerism, the companies have started making

their way towards social responsibility. Marketers should constantly pay attention to keep themselves away from deceptive practices of marketing of unethical products, unethical pricing, false claims/messages, unreliable guarantees, etc. They need to accept that the long-term benefits of following the ethical practices of social responsibility outweigh the short-term cost. Strict regulations and constant monitoring is needed to keep them on track. Above all, a marketer should be able enough to handle the ethical dilemmas arising out of social marketing. Rather than seeking areas to escape from its responsibilities, a marketer should constantly work to find out new ways of solution. It is only when a company feels that the social marketing is its ethical responsibility, then only it can integrate the ethics and social responsibility in true sense.

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