

## Ethics In Marketing Practices – Issues

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### ABSTRACT :

The **English word ‘Ethics’** has originated from the **Greek word ‘Ethos’** which means the manners or the character. Ethics focuses on standards, rules and code of conduct governing the behavior of individuals and groups of individuals. Ethico-Moral human actions are closely and basically related to varying human thoughts initiated, implemented and dominated by the human character exhibited through social behavior.

Overall adoption of ethics is a matter of concern although they are partially followed by some of the business houses. As per the **Vedantic Outline of Ethical Vision given by Prof. S. K. Chakraborty in Vedas, Upanishads, Smritis, Ramayana, Mahabharata and Kautilya’s Arthaashastra**, there are references to the different diversions of individual and social norms and ethical behavior at appropriate places.

**American Marketing Association** commits itself for promoting the highest standards of **Professional and Ethical Norms and Values for its members**. They broadly include performance of marketing activities with Honesty, Sincerity, Courtesy and Integrity, Timely discharge of their Duties and Responsibilities, Maintenance of Harmonious Organizational Relationships, Conduct of Business in a manner conducive to build Consumer Loyalty, Evasion of indulging in Harmful or Anti-social Activities and Activities against Public Welfare or Policy, etc.

Unethical Marketing Practices relate to different broad areas of Marketing like Market Segmentation, Target Marketing, Product or Service Positioning, Marketing Mix, etc. Before concluding any behavior or line of action as ethical or unethical, the concept of Society, with reference to which a decision is to be taken, should be well defined, because the social norms change from society to society.

**In this paper, at the start, there is an attempt to develop the Conceptual Understanding of Ethics followed by the study of prevailing Marketing Practices.**

### Introduction –

The English word ‘Ethics’ has originated from the Greek word ‘Ethos’ which literally means the manners or the character. Moreover, in Latin it is called as ‘Ethicus.’ Also, in one restrictive sense, it is interpreted as a synonym of the word ‘Morality’, which means that it is that branch of Philosophy which deals with Moral Principles. However, strictly technically speaking, the two words namely ‘Ethics’ and ‘Morality’ have different meanings especially in respect of their Practical Scope as well as Social Applicability.

Fundamentally, **Ethics focuses on Standards, Rules and Code of Conduct governing the behavior of individuals and groups of individuals**. Morality is primarily concerned with relative good or bad and right or wrong human behavior in a given situation. In other words, **Ethico-Moral human actions are closely and basically related to varying human thoughts initiated, implemented and dominated by the human character which is exhibited through social behavior.**

### Rationale of the Research Paper -

In general, it is commented, now-a-days, in practice, that Ethics are not followed in Business, Marketing field, too, is no exception. On this background, indeed, it seems to be the burning need of the hour to ascertain the truth behind this comment. **In this paper, at the start, there is an attempt to understand the Concept of Business Ethics followed by the identification of issues in prevailing Marketing Practices.**

### Research Paper Objectives –

1. To Understand concept of Business Ethics
2. To Identify the Issues in Marketing Practices

### Research Paper Scope –

The Scope of this Research Paper extends to the Understanding of the concept of Business Ethics and thereafter identification of the issues in Marketing Practices.

### Research Paper Methodology –

1. Review of pertinent Literature was done through several Books and significant Websites (Secondary Data) in order to Understand the concept of Business Ethics and to identify different issues prevailing in Marketing Practices.

3. The Research Paper is exclusively based on the Secondary Data.

#### Sources of Data –

The sources, of Secondary Data which are related with the concept of Business Ethics and different issues in Marketing Practices, for this Research Paper, include several Books , a relevant Website and a Research Paper, the details of which are mentioned in the section of Categorized Bibliography at the end of this Research Paper.

#### Concept of Ethics -

The **Oxford dictionary** describes the word ‘Ethics’ as the ‘Moral Principles that govern or influence a person’s behavior’. The word ‘Moral’ is concerned with the principles of right or good and wrong or bad human behavior. After learning the definition of the word ‘Ethics’ , as mentioned above, some unanswered and unavoidable questions do crop up. What is right? What is wrong? What is good? What is bad? What is correct? What is incorrect? Who would decide as to what is good or bad or right or wrong? Therefore, it is not only personal but also relative concept. Furthermore, what is right is good, always. But, what is not right which may be bad may not be wrong, always, as it may be right in some situation. Value system of right and wrong or good or bad, honesty or dishonesty, just or unjust, equitable or inequitable is, in fact, the real or actual practical base for smooth and satisfactory working of a business. Overall adoption of ethics is, indeed, a matter of great concern although they are partially followed by some of the reputed business houses.

In a book titled, ‘**Ethics in Business**’ authored by **T. Baumhart**, it is stated that Ethical means confirming to the principles of human conduct or it also means according to common usage. Moreover, the words like just or honest are interpreted synonymous with the word ‘Ethical.’ Ethical standards are basically the ideals or the guiding principles of human conduct. Every society, religion or Institution has its own Ethical standards or Moral values. As per the **Vedantic Outline of Ethical Vision given by Prof. S. K. Chakraborty** – one of the recognized authorities on the topics of Ethics and Management, in **Vedas, Upanishads, Smrutis, Ramayana Mahabharata and Kautilya’s Arthaashastra**, there are references to the different diversions of individual and social norms and ethical behavior at appropriate places.

In the words of **Kenneth Kernaghan**, Ethics is concerned not only with distinguishing right from wrong and good from bad but also with commitment to do what is right or what is good. The concept of Ethics is inextricably linked to that of value, that is, an enduring belief that influences the choices we make from among available means and ends. Ethics is the philosophic science which establishes the right or moral order of human acts, that is, in the light of first principles, Ethics establishes the absolutely necessary norms of free acts whose realization in practice truly makes us men. Ethics is the art of human living and its result should be ease in being a good man in every circumstance.

As a matter of fact, those people who do not intend to adhere to any particular set of Moral Codes, Standards or Practices invariably keep on fluctuating the definition, description, interpretation, narration, implication or reflection of Morality on a continuum of excellent to worse or absolutely right to certainly wrong. They justify their actions, reactions, inactions or counter actions by emphasizing that nothing is actually right or wrong, and good or bad. But, it is, indeed, one’s thinking which converts good into bad, bad into good, right into wrong and wrong into right. Further, they held specific situations highly responsible for any piece of human behavior, either in the form of an action, reaction, inaction or counter action. Besides, they lay more emphasis on the interpretation and reflection of their behavior and not, at all, on their own behavior. In other words, they perceive that their behavior is proper, yet its interpretation or reflection is improper.

At the same time, it is true that human views and opinions are bound to vary from place to place, culture to culture and time to time. However, some significant values such as Justice, Equity, Commitment, Fairness, Integrity, to mention a few, are not only Universal but also eternal in their practical nature, irrespective of human habitation, culture and time. At this juncture, a plain fact is, no doubt, needed to be acknowledged over here that there are some principles and values which are primitive, traditional or old fashioned in their nature, which have surely stood the tough test of time, still, they are certainly not, at all, obsolete or outdated as they are needed to be adapted in almost every walk of life, whether personal or professional.

A certain set of values and principles does not turn ideal, model, good or correct, simply because it is accepted or abided by a majority of people belonging to a specific society or fraternity. The history has proved beyond a shadow of reasonable doubt, time and again, that a society without certain set of values and principles is a self-destructing society. It is analogous with the situation, of freedom without discipline, which subsequently leads to self-destruction. Thus, it is worthwhile to note that the values and the principles are objective and not, at all, subjective. Otherwise, no wrong doer would ever get punished for his crime, quite proportionately, as he would either not be punished or he would be barbarically punished. This narration implies that a society is looked at as either good or bad strictly depending upon the ethical values of individuals residing within and representing and forming the part of the society.

#### Marketing Ethics -

As a matter of fact, Ethics in Marketing is neither a different practical concept, as such, nor it suggests performance of functions of Marketing in a different style. But, simply it means performance of marketing functions with standard norms in order to achieve the ultimate ends through a sound means.

### **Ethical Norms and Values for Marketers -**

Moreover, **American Marketing Association (A. M. A.)** commits itself for promoting the highest standards of **Professional and Ethical Norms and Values for its members**. In fact, **Norms** are that **Established Standards of Conduct** which are expected and maintained not only by the Professional Organizations but also by the Society at large, within the parameters of which these Organizations actually operate. At the same time, **Values** represent the **Collective Conception** of what the public, in general, find desirable, significant as well as morally right or correct or good or proper. They serve as the criteria or the yardstick for evaluating the actions of the Marketers.

Furthermore, the marketers should necessarily realize that they not only serve their enterprises but also act as stewards of society in creating, facilitating and executing the efficient and effective transactions which are the part of the Indian Economy. While performing this role, the marketers must adhere to and communicate the highest Ethical Norms of practicing Professional and Ethical Values implied by their responsibility towards their stakeholders, that is, Customers (external), Employees (Internal Customers), Investors, Channel Partners, Regulators, etc.)

All in all, Ethical Norms and Values for Marketers broadly include performance of marketing activities with the Exhibition of the highest degree of Honesty, Sincerity, Courtesy and Integrity, Timely discharge of their Duties and Responsibilities, quite satisfactorily and especially, empathetically, Maintenance of Harmonious Organizational Relationships, Conduct of Business in a manner conducive to build Long-term Consumer Loyalty, Evasion of indulging in Harmful or Anti-social Activities and allied Activities against Public Welfare or Public Policy, etc.

### **Ethics in Marketing Practices -**

In general, in almost all the Seminars, Workshops and Conferences featuring the theme of Marketing Ethics, indeed, one of the very common points discussed, deliberated and commented, quite loudly, is that whether or not Ethics exist in Marketing Practices. Almost all the marketers barring a few respected exceptions claim that their all Marketing Practices are Ethical. However, the practical Observations and Experiences do not, at all, support the same contention on the part of the Marketers. On the contrary, several Unethical Practices are observed and experienced, quite frequently, in society.

Unethical Marketing Practices relate to different broad areas of Marketing. For example, **Market Segmentation, Target Marketing, Product or Service Positioning, Marketing Mix**, to mention a few.

Let us discuss various unethical practices related to different ingredients of **Marketing Mix** that is, **Product, Price, Place and Promotion**, in the following lines.

The Ethical Practices related to **'Product'** broadly include different issues related to Quality of the Product, Safety of the Product, Packaging of the Product, Branding of the Product, Warranties related to the Product, either Expressed or Implied, Fair Packaging and Labeling, Pollution, etc.

The Ethical Practices related to **'Price'** broadly cover various issues concerned with Price Fixation, Price Skimming, Price Discrimination, Variable Pricing, Predatory Pricing, Price Gouging, Duping Price Policy, Price War, etc.

The Ethical Practices related to **'Place'** broadly cover several issues regarding Collusion, Territorial Restrictions, Tying, Dual Distribution, Preferential Treatment or Secretive Behavior, Full Line Forcing, Refusal to Deal, Exclusive Dealing, Dumping, Price Maintenance, Predatory Competition, etc.

The Ethical Practices related to **'Promotion'** broadly include a number of issues related to Excessive Buying, Over Emphasis on Materialism, Unreasonable or Exorbitant Price Fixation (in order to recover Promotional Cost), Perpetuation of Traditional Promotional Styles, Offensive Advertisements, Advertisements related to Children and Bad Habits, Unfair Trade Tactics and Practices, Deceptive Advertisement, Misleading or Misrepresenting Advertisement, Acrimonious Advertising, Anti-Professional Advertisement, Sales Executives' Persuasion Skills and Pressure Tactics, Promotional Allowances, Bribery, etc.

### **Inference -**

Whenever there reaches a dilemma or confusion whether or not a particular piece of behavior or a specific line of action in the field of Marketing is ethical or unethical, a reference may be made to the accepted, recognized or penetrated norms of a particular Trade, Business, Profession or Vocation. If the chosen behavior is consistent with such norms, it can comfortably be considered as ethical simply because no Trade, Business, Profession or Vocation can really survive for very long time with unethical practices. However, before concluding any behavior or line of action as either ethical or unethical, the concept of Society, with reference to which a decision is to be arrived at, should be well defined, because the social norms change from society to society.

**Research Paper Limitations –**

Like every other Research Paper, this Research Paper also proceeds with the following limitations.

1. Various views formed and opinions expressed by the Researcher in this paper are personal in nature. As a result, some sort of disagreement with either some or all the views and opinions is possible.
2. For the purpose of Academic Discussion in this Research Paper, only four ingredients of Marketing Mix, viz., Product, Price, Place and Promotion are considered for Ethical or Unethical considerations for want of length.

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