

Ethical Marketing Leadership: A Dyad Approach

Bodh R. Sharma*, Naresh Sharma**

Abstract

In today's corporate world, ethical marketing has been playing a significant role in the formulation of marketing strategy for overall growth of a business organisation. Ethical marketing refers to the application of marketing ethics and widely respected code of conduct in an organisation's business efforts. The modern marketing leaders have been focusing on customer satisfaction, retention, and value creation. They have understood the significance of marketing ethics in the modern competitive world where scams and scandals are the routine matters. Ethical marketing leadership is a key to success while unethical marketing practices may lead to dissatisfied customers, bad publicity, a lack of trust, loss of business, or sometimes even a legal action. This paper is thus, an attempt to study in detail ethical marketing leadership obtaining data from 195 marketing leaders through a questionnaire based upon five point Likert scaled items. The study is dyadic in nature as it considers both theoretical as well as empirical perspectives.

Keyword: Ethical Marketing, Marketing Leaders, Product, Price and Promotion

Introduction

In today's corporate world ethical marketing leadership has been playing a significant role in marketing strategy for overall growth of a business organisation. The modern marketing leaders need to focus on customer satisfaction, retention, and value creation. In fact, they

have understood the significance of marketing ethics in the modern competitive world where scams and scandals are the routine matters. Ethical marketing encompasses transparent, trustful, and accountable marketing action leading to more performance. Marketing ethical leadership involves the honest, fair, truthful, and responsible conduct (Schlegelmilch & Oberseder, 2010). The establishment of marketing ethics has the potential to benefit to business as well as society as a whole both in the short and long run perspectives (Fernando, 2009, p. 393). Ethical marketing leadership, generally, results in a more socially responsible and culturally sensitive business community. However, an individual's view of ethics and morality is influenced by a variety of things including their culture, background, experience, family, peers, community, religion, and country.

The definition of marketing developed by the American Marketing Association highlights the significance of delivering value and the responsibility of marketers to be able to create meaningful relationships and provide benefits to all constituencies. Marketing stakeholders can be viewed as both internal and external (Sharma & Sharma, 2009). Internal stakeholders include various departments, the board of directors, employees, and other interested internal parties. External stakeholders comprise competitors, advertising agencies, suppliers, regulatory bodies etc. (Miller & Lewis, 1991).

Ethical marketing leadership requires fulfilling the expectations of each stakeholder fairly, honestly for enhancing turnover, profitability, market share, and image of the organisation. The customers after getting qualitative products or services at fair price, feel satisfied and develop more positive attitudes about the firm, its

* Assistant Professor, Department of Commerce, University of Jammu, Jammu & Kashmir, India. Email: brbral@rediffmail.com

** Assistant Professor, The Management School, Kathua Campus, University of Jammu, Jammu & Kashmir, India.
Email: Sharmank14@gmail.com

products, its services, and its clients. They become loyal to the product and the business firm.

On the other hand, when marketing practices depart from ethical values and standards that society considers acceptable, the marketing process becomes less efficient—sometimes it is even interrupted administratively or legally till further needed course of action is taken. Thus, most organisations are very sensitive to the needs and expectations of their stakeholders and look for ways to serve them in ethical manner and protect their long-term interests.

Ethics at the organisational level obviously has a pronounced impact on decisions made in marketing. Leadership at the corporate and marketing level set the ethical climate for the firm (Low & Davenport, 2005; Nicholls, 2002).

Review of Literature

There are a few researchers who focused on ethics in marketing context. Among them, Bartels (1967) contributed the first comprehensive model for ethics in marketing and provided a framework for social and personal ethics in marketing decisions. During the same period of time, Farmer (1967) in his study, “Would You Want Your Daughter to Marry a Marketing Man?” maintained that much of marketing is unethical and irrelevant. Subsequently, in 1977, Farmer wrote another paper entitled, “Would You Want Your Son to Marry a Marketing Lady?” followed by another study entitled, “Would You Want Your Grand-daughter to Marry a Taiwanese Marketing Man?”

Ferrell & Weaver (1978) studied organisational relationships influencing marketing managers’ ethical beliefs and conduct. Ferrell & Gresham (1985) focused on the interaction of the individual and organisation in ethical marketing context. In a comprehensive study by Hunt & Vitell (1986), a model of how ethical decision making occurs in an organisation was presented which was followed by Hunt, Wood & Chonko (1989) depicting strong relationship between corporate ethical values and organisational commitment. The study by Gundlach & Murphy (1993) provides a framework for marketing exchanges depending on the ethical exchange constructs.

In addition, Valentine & Barnett (2002) examined the relationship between ethical code in organisations and

employees’ perceptions about organisational ethical values followed by Dubinsky *et al.* (2004) who investigated the relationship between retail salespersons’ ethical philosophy and opinion about ethical dilemmas. Further, Pettijohn *et al.* (2008) examined salespersons’ judgement of the ethics of businesses along with employers’ ethics. Oumlil & Balloun (2009) investigated the relationship of ethical perceptions with religiosity, personal moral philosophies, corporate ethical values and ethical intentions. Sharma & Sharma (2009) examined retailing ethics from customers’ perspective and suggested for an ethical code for better ethical leadership followed by Sharma & Sharma (2011) where legal norms and ethical virtues were examined and they suggested for ethical code, ethical training, orientation courses, and stringent punishment to law breakers.

Ethical Issues and Marketing Mix

A marketer has duties and responsibilities towards each party and to the extent that the fulfillment of these duties and responsibilities conflict, creates an ethical problem. These problems may be product quality and quantity, price discrimination, cheating consumers, deceptive advertising, unfair sales promotion, bad working conditions, environmental pollution, child and woman labour harassment, black-marketing, evasion of taxes etc. Ethics is embodied in marketing practices in terms of social marketing. No doubt, profit is the main goal of business concern, but the central idea of social marketing is the existence of justice in society and among consumers. (Vassilikopoulou *et al.*, 2008). Social marketing emphasises achieving balance among business profit, consumer needs and desires, and society’s long-term concerns. The marketer should respect the legislative framework concerning business practices and offer information of the products and services in a way that can easily be understood by the average consumer. In fact an ethical marketer should show respect to everyone without exception or effect on its obligations towards the customer or other stakeholders. Marketing managers are involved in strategic decision making that frequently deals with ethical considerations and these decisions may pertain to all aspects of marketing mix such as product, price, promotion, and distribution (Boatright, 2009, p. 272). Product and services are the basis of marketing. Marketers supply products or rendering services such as banking insurance, transportation, and communication.

Ethical marketing requires marketer to providing genuine

quality products, accurate quantity, proper packing, safe, and unadulterated products. Price is the most indispensable factor for the consumer. The consumers want genuine quality products at reasonable price. The marketer should charge reasonable price but sometimes marketers charge high prices for increasing their profit which is unethical. Some marketers even practice price discrimination i.e. charging different prices for the same product from different customers. The marketers particularly who are dealing in garments print high price and try to deceive the innocent consumers by offering high discounts. In marketing consumer is said to be as a king but still he is a slave in the hands of marketers as they sell aggressively by giving high discounts and using pricing tactics.

Advertisement is primarily marketing's most powerful instrument for increasing sales. It also becomes sometimes unfair and unethical, where marketers target children and women and sometimes vulgar and naked scenes are included in advertisement to attract the customers' attention. One of the most controversial and ethical issues in advertising is regarding subliminal advertisements i.e. an attempt to manipulate a person's thinking without the person realising that any such manipulation is occurring.

Ethical marketing leadership requires attention on community and environment viz. providing eco-friendly goods, protecting the environment and other weaker sections of the society. Businesses that show social and environmental sensitivity are considered to have a competitive advantage (Strong, 1996). Marketing policies and practices have been largely responsible for the high standard of living today. The marketers should try to promote more and more ethical values in marketing and improve the society's welfare and make a better world to consume.

Research Objectives

- To explore the theoretical framework of ethical marketing.
- To identify ethical issues in marketing mix.
- To present the prevailing ethical marketing practices.
- To suggest a strategic action plan for better ethical marketing.

Data Collection

The study is based upon the primary data obtained from

195 marketers from Jammu region on census basis. The responses were obtained through a questionnaire developed through thorough review of literature and deliberations with the experts. The items were based upon five point Likert scale.

Demographic Analysis

The final survey was conducted on 220 marketers operating in Jammu region on census basis but the response was available from 195 respondents with a response rate of 88%.

- a. Age:** The age-wise analysis of respondents showed that majority of the respondents belongs to the age group 31-40 years constituting 39% of the total respondents. Table 1 depicts that respondents belonging to 41- 50 years of age represented 30% of total population. Respondents who were above 51 years of age contributed 25% of total respondents whereas marketers belonging to 21-30 age group comprised 6%. Thus the above data reveal that most of the marketers belonged to the age group 31-40 years.

Table 1: Demographic Analysis of Marketing Leaders

Variables	Frequency	Percentage
Age		
Between 20-30	12	6
31-40	76	39
41-50	59	30
51- Above	48	25
Qualification		
Under Graduate	26	14
Graduate	133	68
PG & Above	36	18
Experience		
0-5	18	9
6-10	37	19
11-15	74	38
16-above	66	34
Code of Ethics		
No	4	2
Yes	191	98

- b. Qualification:** Further, the study reveals that majority of the respondents were graduate 68% followed by postgraduate (18%) and undergraduate respondents (14%).

Fig. 1: Age of Respondents

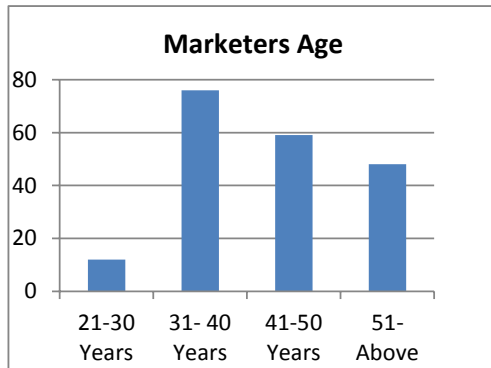
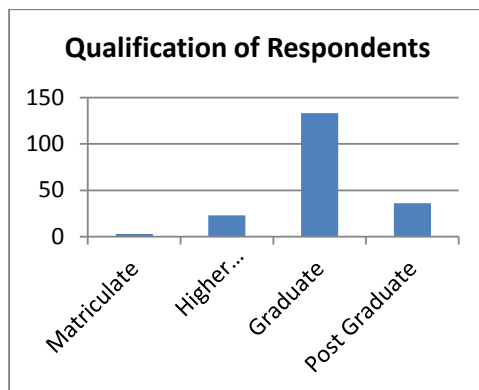


Fig. 2: Qualification of Respondents

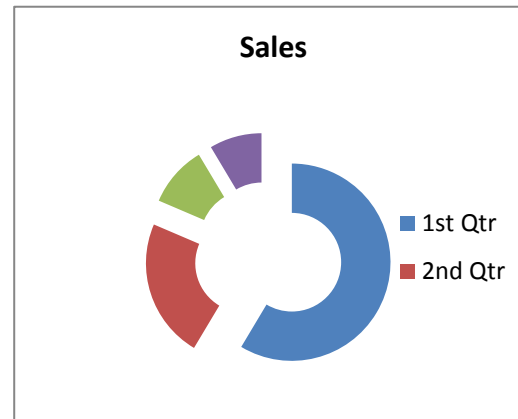


- c. **Experience:** About 38 % of marketers had an experience of 11- 15 years followed by 16 and above years of experience for 34%. Only 9% of marketers had 0-5 years of experience whereas (19%) had 6- 10 years of experience.
- d. **Code of Ethics:** Most of the marketers believed that they followed a code of ethics in the marketing and distribution of goods and services to consumers while 4% of them denied following any such code.

Fig. 3: Experience of Respondents



Fig. 4: Sales



Findings

The major findings are discussed as under:-

- **Distribution Policy:** This dimension has five items viz. “Manipulating the availability for exploitation”, “Use pressure in selling”, “Undue influence”, “Predatory pricing”, and “Price discrimination”. About 80% of the marketers confirmed that they didn’t manipulate the availability of products to exploit consumers (M= 2.19) and 60% of them declined about using any pressure in selling (2.63). About 66% of the marketers denied about using any influence over the channel members (2.42) whereas half of the respondents believed that they didn’t indulge in price discrimination (2.61).
- **Pricing Practices:** This encompasses “Charge fair price” and “Charge hidden costs”. Majority of the marketers (90%) opined that they charged fair price (3.91) but 68 % of them confessed that they charged hidden costs (3.68).
- **Code of Ethics:** This dimension encompassed six items viz. “Information regarding risk associated with product”, “Provide accurate information”, “Practice professional code of ethics”, “Issue bills”, “Meet obligations mentioned on the bills”, and “Access to all varieties of products”. Almost all the marketers acknowledged that they provided all the information regarding risks associated with the products (4.52) and 90% of the respondents believed that they provided accurate information to the consumers and channel members (4.36). Every marketer claimed that they practiced a professional code of

Table 2: Descriptive Analysis of Marketing Leaders

<i>Variables</i>	<i>Mean</i>	<i>Std. Dev.</i>
Distribution Policy	2.54	
Manipulation of availability for exploitation	2.19	0.87
Use pressure in selling	2.64	1.07
Undue Influence	2.43	0.96
Use predatory pricing	2.82	1.09
Price discrimination	2.62	1.08
Pricing Practices	3.64	
Charge fair Price	3.92	0.62
Charge hidden Costs	3.36	1.04
Code of Ethics	4.38	
Information regarding risk associated with product	4.52	0.50
Provide accurate information	4.36	0.48
Practice professional code of ethics	4.36	0.48
Issue bills	4.23	0.73
Meet obligations mentioned on the bills	4.42	0.49
Access to all varieties of products	4.39	0.54
Promotion Policy	4.25	
Adulteration is common for profits	4.14	0.58
Always conform to prescribed standards	4.30	0.53
Misleading advertisements	4.31	0.46
High pressure sales tactics	4.30	0.46
Sales promotions using deception must be avoided	4.22	0.67
Product Quality	4.51	
Offer safe products	4.52	0.50
Offer quality products	4.51	0.50
Customer Reaction	4.04	
Loyalty to quality brands than others	4.33	0.68
Stop buying products produced unethically	3.75	1.04
Adulteration & Deception	2.75	
Adulterate products to meet market demand	2.51	1.11
Use deceptive communication	2.99	1.31

Source: Survey

ethics in carrying out their business activities (4.36) and 90% of them believed that they issued bills for every sale (4.22). Most of the marketers admitted that they provided access to all the varieties of the products available with them (4.38).

- **Promotion Policy:** Promotional activities define the very success of a company and it depends on how effectively they choose promotional strategies to communicate with the consumers and project an affirmative image of the company and its products

on the consciousness of the consumers. This dimension has covered five statements viz. “Adulteration for profits”, “Conform to prescribed standards”, “Misleading advertisements”, “High pressure sales tactics”, and “Sales promotions using deception must be avoided”. Majority of the marketers (90%) assumed that they avoided adulteration for profits (4.14) and 95% of them deemed that they abided with the prescribed standards (4.30). Almost all the marketers believed that misleading advertising

should be avoided as this hampers the confidence of consumers in products and brings hesitation in shopping (4.31). About 95% of the respondents considered that high pressure sales tactics should be avoided (4.30) (Table 2).

- **Product Quality:** Earlier market was flooded with adulterated and counterfeit products so that uninformed consumers got cheated by the marketers especially in rural areas. But changing scenario in the urban markets is posing a tough challenge for the marketers to stay in business. There are two items viz. “Safe products” and “Offer quality products”. Almost all the marketers admitted that they offered safe products to the consumers (4.52) and many of them firmly accepted that offering quality products to the consumers are now mandatory to stay in business (4.51).
- **Customer Relation:** Well informed customers are very fastidious in making buying decisions which creates a challenging proposition for the marketers to win their market-share and earn profits. There are two items viz. “Loyalty to quality brands than others” and “Stop buying products produced unethically”. Most of the marketers confirmed that customers are loyal to quality brands and it is very difficult to persuade them for other/ local brands (4.33); about three-fourths of them disclosed that customers stop buying products when they come to know that they are produced in an unethical manner (3.75).
- **Adulteration and Deception:** Due to precipitous increase in market demand for food products, opportunities for sellers has increased manifold to sell counterfeit products in the market. This encompasses two items viz. “Adulteration to meet market demand” and “Deceptive communication to persuade customers”. When asked about adulteration of products to meet the market demand, 63% of the marketers outrightly replied no (2.51), whereas half of them denied using deceptive communication to persuade customers (2.99).

Conclusion and Implications

Briefly, ethical marketing leadership stresses upon honesty, fairness, truthfulness conflicts of interest, discrimination, and deceptive promotion. Infact government has framed certain laws to deal with illegal issues in marketing

but not implemented properly. In fact, less attention has been given to ethical marketing leadership both by academicians as well as business people. It is found in our study that marketers are unethical in various issues such as adulteration, pricing and distribution as well. There is need for immediate intervention by the concerned to reduce the unfair practices in marketing. The regulatory agencies no doubt, define many of the issues relating to marketing practices but they should become more serious and conscious. Some organisations have introduced ethical codes of conduct for better leadership. Some organisations even impart ethical training to their employees to overcome ethical dilemmas. However, more awareness is needed regarding ethical values and their benefits to a marketer, which can be done by organising seminars, workshops, training programmes and formulating ethical codes for the marketers. The present study shall provide insights to the researchers and policy makers for more research on ethical marketing leadership for better ethical marketing practices.

References

- Bartels, R. (1967). A model for ethics in marketing. *Journal of Marketing*, 31, 20-26.
- Boatright J. R. (2009). *Ethics and the conduct of business* (5 edn.). Pearson Education, New Delhi.
- Dubinsky, A. J., Rajan N., & Huang, W. Y. (2004). The influence of moral philosophies on retail salespeople's ethical perceptions. *The Journal of Consumer Affairs*, 38(2), 297-317
- Farmer, R. N. (1967). Would you want your daughter to marry a marketing man? *Journal of Marketing*, 31, 1-3.
- Farmer, R. N. (1977). Would you want your son to marry a marketing lady? *Journal of Marketing*, 41, 15-18
- Farmer, R. N. (1987). Would you want your granddaughter to marry a Taiwanese marketing man? *Journal of Marketing*, 51, 111-116.
- Fernando, A. C. (2009). *Business Ethics: An Indian Perspective, First Impression*. Dorling Kindersley, Pearson Education, New Delhi.
- Ferrell, O. C., & Weaver, K. M. (1978). Ethical beliefs of marketing managers. *Journal of Marketing*, 42(3), 69-73.
- Ferrell, O. C., & Gresham, L. G. (1985). A Contingency framework for understanding ethical decision making in marketing. *Journal of Marketing*, 49(3), 84-96.

- Fry, M., & Polonsky, M. J. (2004). Examining the unintended consequences of marketing. *Journal of Business Research*, 57, 1303-1306
- Gundlach, G. T., & Murphy, P. E. (1993). Ethical and legal foundations of relational marketing exchanges. *Journal of Marketing*, 57(4), 35-47.
- Hunt, S. D., & Vitell, S. (1986). A general theory of marketing ethics. *Journal of Macro-marketing*, 6 (Spring), 5-15.
- Hunt, S. D., Wood, V. R., & Chonko, L. B. (1989). Corporate ethical values and organisational commitment in marketing. *Journal of Marketing*, 53(3), 79-90.
- Low, W., & Davenport, E. (2009). Organizational leadership, ethics and the challenges of marketing fair and ethical trad. *Journal of Business Ethics*, 86, 97-108
- Miller, R. L., & Lewis, W. F. (1991). A stakeholder approach to marketing management using the value exchange models. *European Journal of Marketing*, 25(8), 55-68.
- Oumlil, A. B., & Balloun, J. L. (2009). Ethical decision making difference between American and Moroccan managers. *Journal of Business Ethics*, 84, 457-478.
- Pettijohn, C., Pettijohn, L., & Taylor, A. J. (2008). Salesperson perceptions of ethical behaviours: Their influence on job satisfaction and turnover intentions. *Journal of Business Ethics*, 78, 547-557.
- Schlegelmilch, B. B., & Oberseder, M. (2010). Half a century of marketing ethics: Shifting perspectives and emerging trends. *Journal of Business Ethics*, 93, 1-19.
- Sharma, R. D., & Sharma, B. R. (2009). Ethics in retailing: Perceptions of consumers. *Saaransh RKJ Journal of Management*, 1(1), 43-55.
- Sharma, R. D., & Sharma, B. R. (2011). Legal provisions and ethical values in retail sector: Study of convenience goods. *Arash. A Journal of ISMDR*, 1(1), 1-9.
- Valentine, S., & Barnett, T. (2002). Ethics codes and sales professionals' Perceptions of their organisations' ethical values. *Journal of Business Ethics*, 40, 191-200.
- Vassilikopoulou, A., Siomkos, G., & Rouvaki, C. (2008). The ethical and unethical dimensions of marketing. *Management Review: An International Journal*, 3(2) (Winter), 49-60.