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Marketing Ethics and Corporate Social Responsibility

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Consider a familiar organisation and the marketing techniques they use. What does a consumer expect from this organisation in terms of their corporate social responsibility policy and strategy? How ethical are their marketing campaigns and do they behave appropriately for the good of their corporate image?

Introduction

Ethics has been defined as “systematic approach to moral judgments based on reason, analysis, synthesis, and reflection,” and in a business context it is “the study of what constitutes right or wrong, good or bad human conduct in a business environment” (Christie et al, 2003:266). Ethics is a long established and contentious issue and as business transactions become more diverse and ambitious, spanning countries and continents, this transparent and underappreciated concept turns into a complexity requiring consideration and questioning about all business activities. Ethical issues are present in all parts of an organisation, from strategic and executive decision-making, right down to the grass root activities. The global media widely reports on business ethics and as marketing activities are generally outward facing, they are frequently more scrutinised than most other business activities. Marketing ethics is therefore socially germane and currently prevalent, particularly as corporate social responsibility (CSR) becomes increasingly salient, with obligatory adherence to being responsible heightened by an awareness of how a firm should conduct itself as a part of society. The issue is more problematic when dealing with multinational corporations, whose operations span globally. CSR was previously seen as a hindrance and something

of a necessary evil, but companies are now finding it a useful tool that can be used in conjunction with marketing strategies to increase profits and customer engagement. Consumers are even more acutely aware of the environmental impact of their consumption habits and companies are now harnessing this to convince customers of their continued dedication to the conservation of the ecological environment. However, it is not only the consumer that an organisation is trying to appease; consideration must be granted to shareholders, employees, suppliers and many more organisational stakeholders. Following a discussion of how the understanding of corporate social responsibility has developed over time, this chapter will consider the ethics of the practices associated with the marketing function as well as well as understanding business ethics in a wider macro sense under the umbrella of corporate social responsibility.

Corporate social responsibility (CSR)

Despite being governed heavily in their operational activities by local, national and international legislation, CSR from a company perspective is very much self-motivated and self-regulated. As a result of this highly autonomous attitude to CSR, it is very blurred, with questionable boundaries and little guidance to limitations and levels of acceptance. In addition, no two CSR approaches will be the same, as there are no set rules governing their creation or implementation. Organisational policies surrounding CSR are tacitly related to legal, ethical and moral practices, and should underpin a company's activities to ensure that they adhere to legislation and do so whilst respecting both environment and society. Those carrying out the firms' activities are expected to exercise practices which are "socially responsible" and promote "corporate citizenship" as part of their unexpressed remit (Carroll, 2000:187).

Definitions through time

"...the firm's considerations of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social [and environmental] benefits along with the traditional economic gains which the firm seeks."

Davis, 1973

"The art of doing well by doing good."

Economist, 2005

"...a firm's voluntary consideration of stakeholder concerns both within and outside its business operations."

Aguilera et al., 2007

The earliest conceptions of CSR came from Wendell Wilkie in the 1930s, who is said to have “helped educate the businessmen to a new sense of social responsibility” (see Cheit, 1964:157). As well as these pre-WW2 coinings of CSR, Bowen is known as the father of CSR following the publication of his book, *Social Responsibilities of the Businessman* (Bowen, 1953).

Firms should be scrutinised not only on their financial success, but also on their non-financial aspects (Carroll, 1979). However, some critics have voiced displeasure at the implementation of CSR policies within business, with detraction from pure economic growth and success (De George, 2009), which they presumably see as the main metric of analysis in a company’s outcomes. Research has shown that appropriate implementation of CSR can increase financial gain for an organisation (Porter and Kramer, 1999, 2002). However, it must be borne in mind that business success should not just be purely financially motivated or assessed, and that there are other facets involved that can be classed as determinants of succeeding in business. It would be remiss of any organisation to ignore other operational aspects of their business in favour of wholly financial motivation, therefore an holistic perspective, should be taken in view of this.

More broadly speaking in modern organisations, the two major concepts of environment and society have remained at the forefront of CSR strategies and associated practice. It is important to see how marketing leads and contributes to organisational decisions in these two areas and how much marketing practices are affected by the CSR policies adopted.

First, marketing research as part of environmental scanning activity and monitoring customer responses will lead to insight about various stakeholder views about how socially responsible an organisation is perceived to be vis-a-vis other organisations. All decisions made about operations, production, promotion, pricing and distribution will affect customer perceptions, and marketing activity is very much in the eye of the public. Research is used to identify CSR priorities from the perspective of customers, staff and other stakeholders.

Second, a firm’s promotional image must consider both the environment and society when considering how the corporate image is to be portrayed and to what extent their target markets understand and engage with the message. Consideration of suitable messages for individual stakeholder groups, not just customers, is required and the corporate image as a whole, along with perceptions of individual brands and product lines must be aligned. The more complex the business, the greater the exponential increase in the number of parties involved. These parties include, but are not limited to, suppliers, customers, employees, board members and shareholders.