

Chapter 3
Ethics and Social Responsibility

MKTG9
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LEARNING OUTCOMES

- 3-1 Explain the determinants of a civil society
- 3-2 Explain the concept of ethical behavior
- 3-3 Describe ethical behavior in business
- 3-4 Discuss corporate social responsibility

LEARNING OUTCOMES

- 3-5 Describe the arguments for and against society responsibility
- 3-6 Explain cause-related marketing

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3-1

Determinants of a Civil Society

Explain the determinants of a civil society

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The Modes of Social Control

The following factors maintain order and keep people and organizations from running amuck:

- Ethics
- Laws
- Formal and informal groups
- Self-regulation
- The media
- An active civil society

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3-2

The Concept of Ethical Behavior

Explain the concept of ethical behavior

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Ethical Behavior

The moral principles or values that generally govern the conduct of an individual or a group.

Example:

- There is no law for “cutting in line.”
- Cutting in line would anger most other people.

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Ethical Theories

People usually base their individual choice of ethical theory on their life experiences.

- Deontology
- Utilitarianism
- Casuist
- Moral Relativists
- Virtue ethics

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3-3

Ethical Behavior in Business

Describe ethical behavior in business

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Ethical Behavior in Business

Ethics

The moral principles or values that generally govern the conduct of an individual.

Morals

The rules people develop as a result of cultural values and norms.

Morals involve “good” and “bad” as well as “deviant” behaviors

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Ethical Development Levels

More Childlike
↔
More Mature



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Ethical Decision Making

Influential Factors

Extent of Problems	Probability of Harm
Top Management Actions	Time Until Consequences
Potential Consequences	Number Affected
Social Consensus	

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Creating Ethical Guidelines

A Code of Ethics:

- Helps identify acceptable business practices
- Helps control behavior internally
- Avoids confusion in decision making
- Facilitates discussion about right and wrong

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Ethics in Other Countries

Foreign Corrupt Practices Act (FCPA)

- Prohibits U.S. corporations from making illegal payments to foreign officials.
- Has been criticized for putting U.S. businesses at a disadvantage.
- Has encouraged some countries to implement their own anti-bribery laws.

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Corporate Social Responsibility

Discuss corporate social responsibility

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Corporate Social Responsibility

Corporate social responsibility is a business's concern for society's welfare.

Stakeholder theory says that social responsibility is paying attention to the interest of every affected stakeholder in every aspect of a firm's operation.

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3-5

Arguments For and Against Corporate Social Responsibility

Describe the arguments for and against social responsibility

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Corporate Social Responsibility

For	Against
<ul style="list-style-type: none">• It is the right thing to do• Businesses have the resources to devote to fixing social problems• Prevents government regulation and potential fines• It can be profitable	<ul style="list-style-type: none">• Takes focus away from making profits• Business executives spend shareholder money on environmental initiatives

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Sustainability

- Socially responsible companies will outperform their peers.
- It is in business's best interest to find ways to attack society's ills.

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Green Marketing

The development and marketing of products designed to minimize negative effects on the environment or improve the environment.

- Environmentally aware customers pay more for products
- Companies must try to educate customers of environmental benefits

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Cause-Related Marketing

Explain cause-related marketing

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Cause-Related Marketing

For-profit and non-profit organizations cooperate to generate funds.

- Generates about \$7 billion annually
- Too many causes lead to customer cause fatigue

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Chapter 3 Video

Zappos

Zappos, the world's largest online shoe retailer, discusses its commitment to social responsibility and to ethical behavior. Developing employee activities and long-term relationships with charitable organizations allows Zappos to ingrain the importance of helping the greater good into its organizational culture. Zappos culture also guides its employees to make ethical decisions.

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