

ETHICAL ISSUES IN MARKETING: MKTG 970-1S  
XAVIER UNIVERSITY  
SUMMER, SATURDAY 2005

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**TEXT**

*Ethical Marketing*, 2005, Patrick E. Murphy, Gene R. Laczniak, Norman E. Bowie, and Thomas A. Klein, Prentice-Hall, Inc., ISBN 0-13-184814-3, at Xavier's bookstore. Trade paperback.

**REQUIRED READINGS**

Most readings will be put on Electronic Reserve, under my name and password, ski2.

**COURSE OBJECTIVES**

1. To review and evaluate current developments in marketing as related to **social issues** such as marketing ethics, corporate social responsibility, consumerism, and governmental policy.
2. To provide the student with a thorough knowledge of the major normative ethical theories.
3. To provide the student with an opportunity to apply the normative ethical theories to real-world ethical dilemmas faced by marketing practitioners.
4. To integrate into class discussions and assignments the mission of Jesuit education as stated by the Very Reverend Peter-Hans Kolvenbach, S.J., Superior General of the Society of Jesus, in Assembly 1989: Jesuit Ministry in Higher Education, page 9.  
"Concern for social problems should never be absent; we should challenge all of our students to use the option for the poor as a criterion, making no significant decision without first thinking of how it would impact the least in society."
5. To integrate into class discussions issues that are relevant to the mission of the Williams College of Business (WCB). The mission of the WCB is: We educate students of business, enabling them to improve organizations and society, consistent with the Jesuit tradition.

**ACCOMPLISHING THESE OBJECTIVES: FIVE APPROACHES RELEVANT TO ANALYZING ETHICAL ISSUES IN MARKETING**

**1) Social Marketing**

- using marketing for social good
- we will read several ideas on this area

**2) Corporate Social Responsibility (CSR) and Marketing Strategy**

- We will read several opinions.
- If you have an interest in this area, an excellent reading is Michael E. Porter, 2002, “The Competitive Advantage of Corporate Philanthropy,” *Harvard Business Review*, December, pages 57-68.

**3) Ethical Decision Making (EDM).**

- a. Individuals and businesses alike seek to develop EDM systems:
  - 1) that can diagnose the presence and intensity of a particular ethical dilemma, and
  - 2) assist decision makers toward a goal that is moral for all relevant stakeholders.
- b. We will study classical and modern Ethical Theories, from Aristotle to Relativism.

**4) Values and Marketing**

- a. the major ethical theories do not always lead to the same conclusion on whether or not a specific action is moral. Different ethical theories can lead to different conclusions. Therefore, this uneasiness is mediated by considering the values an organization lives, communicates, and judges itself by.
- b. *Values Shift*, a 2003 McGraw-Hill publication by philosopher and attorney Lynn Sharp Paine. Great and inexpensive book on the topic of values in business.

**5) Being Poor in a Consumption Oriented Society**

- a. We will seek to answer, from a marketing viewpoint, what it is like to live outside the marketing (exchange) system most people enjoy, i.e., being poor and not being able to get “more stuff.”(George Carlin)
- b. the text, *The Low-Income Consumer*, 1996, Linda F. Alwitt and Thomas D. Donley, Sage Publications, Inc. ISBN# 0-8039-7212-1 may be used.
- c. another source on this topic, Michael E. Porter, 1995, “The Competitive Advantage of the Inner City,” *Harvard Business Review*, May-June, pages 55-71.

**OFFICE HOURS**

Summer by appointment.

**GRADE LEVELS**

The total percentage for the semester, weighted as defined above, must fall within the below ranges. Percentage and grade 90 to 100=A, 80 to 89=B, 70 to 79=C, 60 to 69=D, Below 60=F

**GRADING CRITERIA**

Percent

Midterm	35
Mini-Application Exercises (do ONE of the 3 below):	
Corporate Codes or Marketing Vignette or Reading Summary	20
Application: Major Ethics Paper:	
Proposal	5
Paper	<u>40</u>
TOTAL	<u>100</u>

### **GRADE LEVELS**

The total points for the semester, weighted as defined above, must fall within the below ranges.

<u>Point Level</u>	<u>Grade</u>
90 to 100	A
80 to 89	B
70 to 79	C
60 to 69	D
Below 60	F

### **ATTENDANCE POLICY**

Students are expected to attend every class. I realize that unexpected things do come up. If you need to miss class, please call BEFORE class and leave a message with me or the secretary. In the case of an EMERGENCY, you do not need to call ahead, let me know any time. I reserve the right to ask you for verification for any excused absence. If you miss class, please contact another student to find out what was covered. If you have questions after you have done this, then see me.

### **EXAM MAKEUP POLICY**

All make-ups will require approval BEFORE the exam (except emergencies). If you fail to receive an approval before the exam, you will receive a zero for that exam.

### **ACADEMIC HONESTY (Need we worry about this in an Ethics class?)**

I will tell you a story.

### **MINI-APPLICATION EXERCISES**

Everyone will earn 20% of their grade by doing ONE of three things, 1) a corporate code, 2) an original vignette, or 3) a reading summary. The guidelines for the first two are given below, the reading summary guideline is given under C on the first page of the Reading List Handout.

#### **Application: Corporate Codes**

1. Bring Original (or copy) of the codes for your employer. Sometimes these are called by other

names, such as "Standards", "Your Responsibility", "Corporate Values", etc. If codes are written in volumes, then bring only section relevant to marketing, e.g., dealings with customers.

2. In your class presentation:

1. Tell us the code, and comment on
  - a) Presence (lack of) theoretical justification.
  - b) Inherently Utilitarian, Kantian, etc.?

2. Also tell us:

- a) about the application of this code in YOUR corporate life.
- b) For example, has anyone ever talked to you about the standard? Has it been Enforced? Is it used in Merit and Promotion decisions, either for or against you?

3. To facilitate class discussion, please provide a **ONE** page, single-spaced, 12 point, summary version. Bullets O.K.

**Application: Original Marketing Vignette**

1. Tell the class about a real-world marketing situation that involved an ethical dilemma you had work through.
2. Analyze your dilemma using utilitarianism and one other ethical theory.
3. General Guidelines:
  - a. select situations that are GRAY, and have different, realistic, and viable courses of action
  - b. select real-world, real-business marketing examples
  - c. make sure there are at least two clear ethical positions in the dilemma
  - d. make sure that only one person is faced with the dilemma
  - e. avoid legality as a simple answer to the dilemma
4. Discuss the nature of your vignette with me before your presentation.
5. Present your vignette to the class and generate discussion. Allow 20 minutes for the presentation and for questions and discussion.
6. To facilitate class discussion, please provide a **ONE** page, single-spaced, 12 point, summary version. Bullets O.K.

**STANDARDS FOR EVALUATION OF PRESENTATIONS AND WRITTEN PAPERS**

1. The Corporate Codes, Vignettes, given above are assigned to give you practice to correctly apply the ethical theories. Having gone through these assignments, and the class discussions, it is hoped you will be thoroughly prepared to argue logically and persuasively in your final "big" paper. Therefore:
2. Be Prepared for Tough Questions. Part of your grade is dependent upon your ability to thoroughly answer questions, especially questions on the application of the ethical theories.
3. Quote from page 11 (*Ethical Theory and Business*, 2004, edited by Tom L. Beauchamp and Norman E. Bowie, 7th edition, Prentice-Hall, Inc.)
  - "Finally, a serviceable method of philosophical inquiry is that of exposing the inadequacies in and the unexpected consequences of arguments and positions."
4. The class and I will attempt to "pick holes" in your arguments.
5. Please realize what it takes to win an argument, from An Outline and Manual of Logic, by Joseph McLaughlin, S.J., (1938), (p. 66):

**"To win a debate it is not necessary to prove that what our opponent is contending for is false. All that is necessary is to show he is not proving his point."**

APPLICATION MAJOR ETHICS PAPER (Due 4 weeks after last class).

You may do **EITHER**:

1. the **MARKETING ETHICS** paper described below,

**- OR-**

2. a project **YOU AND I DESIGN** that deals with a social issue as it relates to real-world marketing.

Please note that many good journal publications exist that contain many contemporary marketing issues for you to consider and research. I suggest three, the first two our library carries: *Journal of Public Policy and Marketing*, *Journal of Business Ethics*, *Business Ethics Quarterly*. The project you design should

1. involve primary research (70%), up to date secondary research (30%), and
2. be pre-approved by me. Write a detailed proposal similar to the one described for the ethics paper and submit it to me.

**THE BELOW DESCRIBES REQUIREMENTS FOR THE MARKETING ETHICS PAPER**  
**MARKETING ETHICS PAPER**

A. Target Market

Pick a group of customer that is a current target market for a company.

1. You may pick a target market that is considered the "**Least**" in society i.e., those in need of or deserving special attention (e.g., children, the elderly, single parents, the poor, etc.), **or**
2. **Any other target market** directly affected by the actions of a firm marketing to them.
3. Be sure to consider...Is the purchaser also the consumer? If not, there may be two different but relevant target markets for the organization.
  - a. For example, the primary target for day care centers may be the parent or parents (i.e., the purchaser); however, the child is the one the consumes the service. The parents and the children are the two relevant target markets you must consider.
  - b. If grandparents, noncustodial parents, government officials, etc., are important in the process, consider their involvement too.

B. Marketing Mix and Marketing Strategy

1. Investigate the entire marketing mix program of the company with respect to a product or product line marketed to this target market. Consider the entire marketing strategy of the company. Pick a manufactured product, or service offering, either a for profit or not-for-profit organization.
2. If you pick a manufacturer of a good, consider the entire product offering, i.e., the product sold and the service offered (warranties, customer service, etc.). It is also important to look at strategies the firm uses to market similar products in the product line.
3. If you pick the marketer of a service (e.g., a doctor, lawyer, accountant, university, etc.),

be sure to look at the entire service offering, e.g., the actual service itself, the way the service is sold to the customer, the method of delivery to the customer, and the customer's involvement in the "production" of the service, etc.

C. The major question to be answered in this assignment is:

1. **In an attempt to market to this group, do companies attempt to manipulate, persuade, or coerce those in the target market?**
2. In order to answer this question, the two items listed below will help a lot:
  - a. I will give you a detailed summary of Eight Major Ethical Theories.
  - b. Also, read the definitions and discussion in Beauchamp and Bowie text, pages 457-459, regarding the three major forms of influence...coercion, manipulation, and persuasion, on Eres under 390, Chapter 7: Marketing and Disclosure.

D. Proposal

1. Write a ONE page proposal in briefly stating:
  - 1) Ethical Issue, and
  - 2) What you Will Do for you project, e.g., and
  - 3) How Will Conduct Your Primary Research?
    - People You Will Talk to?
    - Any secondary or website research?
2. There should be a clear ethical dilemma present. The dilemma should be one that falls in the "gray" area.
3. You and I will work together on choosing the group and the specifics of your study.
4. It may take several discussions before you have an approved area of study. Get started now on thinking about this assignment. If you are interested in a special group of people but, you are not that familiar with their needs, do some exploratory research before you submit a proposal.
5. You may work alone or in a group.
6. **The last day of class I will go over each students proposals. Don't leave class without an approved proposal.**

E. RESEARCH: Secondary and Field Research

1. Secondary
  - a. suggested time allocation: **30%**
  - b. up-front library and other secondary research may be necessary
  - c. be sure to look for relevant government (federal, state, and local) legislation
  - d. get the secondary research over quickly.
2. Field Research...spend most of course doing field research.
  - a. suggested time allocation: **70%**
  - b. You are like an investigative reporter.
  - c. interview the purchasers and consumers (e.g., children in day care facilities, the parents)

- d. interview the manufacturer or service provider, (e.g., the day care owners, staff)
- e. interview business practitioners, executives, etc.
- f. go to trade group meetings, become involved in the issues the group is working on,

**don't**

**re-invent the wheel on your own, chances are that for every project there is a trade group or governmental group grappling with some of the issues you have**

**discovered**

**in your research.**

- g. shop the product, observe what is actually done at the point of sale, in the channel of distribution, after the sale, etc.

#### F. Paper Specifics

1. Paper Length and basic requirements:

- a. 10 page maximum length
- b. Attach to your paper a complete Bibliography showing all citations for your secondary and primary research, if not already cited in the body of your paper.
- c. 12 point font size, 1 inch margins on all sides, pages numbers, appendices if needed.

2. Your ANALYSIS should include a thorough discussion of the ethical dilemma(s) **using the ethical**

**theories and information contained in the readings.** Analyze the ethical dilemma using the Utilitarian and Kantian theories, and **ONE** other of the remaining six listed on the detailed lecture

notes. Please discuss with me throughout the semester.

3. You could organize your paper around the 7-Step method.

4. **The last section of the paper should include CONCLUDING COMMENTS.** This part is NOT

GRADED. Let me know what you really think! No need to support with theory, just your opinion, your feelings on the subject. Move from the head to the heart in this section.

5. Please use First level and Second level headings.

## ETHICAL ISSUES IN MARKETING SCHEDULE OF EVENTS

Dr. Roshan Ahuja  
Summer 2005, Saturday

(Schedule 2005, v5)

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“A basic code of good business behavior is a bit like oxygen: we take an interest in its presence only when it is absent.” (Amartya Sen, *Development As Freedom*, 1999, Alfred A. Knopf, Inc., page 264)

### Day 1

- **Introductions and Background**
  - Collect home phone and emails
- Tell us about yourself and your opinion, “Who Did More for Mankind, Mother Teresa or Mike Milken?”
  - **Background to Frame Course**, what the course will and won’t do for you
    - Theory and Practice, can we talk?
    - Dow Corning example, doing good doesn’t always end up good.
    - “I don’t have an obligation...” Newsweek, 2002, overhead
    - “Ethics for fools” handout
    - “For Business-School Deans, Ethics Appear to Come in Shades of Green,” WSTJ, handout.
    - “How An MBA Can Bend Your Mind,” Handout, Business Week, April 1, 2002
    - Handout, “ResumeGate,” “What is a Lie? Part 1”
    - “Does Marketing Need Reform,” handout
    - Discuss reading, “Why Be Honest If Honesty Doesn’t Pay,” by Amar Bhide and Howard H. Stevenson, *Harvard Business Review*, (September-October 1990), 121-129. On Eres under Mktg 970.
  - A short quiz (is this ethical?)
    - **“Why Ethics is Important to Business,”** Lynn Sharp Paine, handout, *Value Shift*, 2003.
    - **Go over syllabus**
- Each student will do 1 of 3 things, a Vignette, OR a Corporate Code, Or a Reading. Assign and get volunteers.
- Divide class into individual or small groups, each student in ONE of three areas:
  - 1) Some will do Corporate Codes,
    - Ethicon handout and example
  - 2) Some will do Marketing Vignettes

- examples (Schwalbe, and others), also good first look at the “7-Step Method” for analyzing ethical dilemmas

3) Some will do Readings, example (Ryan) (volunteers needed for readings with a “r” next to them or on bullet.)

- **Project ideas and examples**
  - Sensitive topics overheads
  - Project Proposals are due in class the last Saturday meeting. Please DO NOT LEAVE UNTIL I SIGN OFF ON YOUR PROPOSAL. Can be hand written.
  - *Journal of Public Policy and Marketing, Journal of Business, Business Ethics Quarterly*, three great resources for the major paper. Go to XU library site.
  - RFID’s and privacy, etc.
  - “Get a Job, Save the Planet,” Handout
  - Class Action Lawsuit, selling alcohol to minors, handout
  - Executive Briefing, “Expanding Consumption,” handout
  - Cause Marketing, go to website,
  - Philanthropy, Michael Porter, C.K. Prahalad
- handout about charity, “Cough It Up”
- Affluence and Moral Choice. When is it easier to be moral? Handout
  - While we are on charity, how about “regifting” as a project idea
  - C.K. Prahalad “Why Selling to the Poor Makes for Good Business,”  
Fortune, November 15, 2004
- **5 Minute Ethicist lecture and mini-cases,**
  - “Ken Lay’s Lame Excuse,” Editorials, Business Week, July 26, 2004.
  - Number One Ad, 2005 Superbowl
  - Moral Minimum handout, (Reason and Impartiality)
- McDonald’s Coffee case, or
- Remember the Pinto, How about the Chrysler Mini-van tailgate, mini-case
- Mini-case, “Cheating” BW, Dec. 9, 2002, handout
  - LUNCH (will have at 12:00 to 1:00 each day, time for yourself and family)
  - **BTE’s (Barriers to Ethics and ethical discussions), Handout**
  - **The Problem of Altruism**
- Handout “Effect of Altruism” from Gary S. Becker’s book *A Treatise on the Family*, 1991.

- Handout, Altruism and Self-Esteem
- Handout, *Business Week*, Robert J. Barro, Economic Viewpoint, on why self-interest is more “efficient” than altruism.
  - Recall reading on Mother Theresa...
    - **Begin introductions to Ethical Theories, handout**
      - Introduction to the 9 Normative theories, and how teleological and deontological views differ, Act v. Agent Theories,
- ONE PAGE QUICK review
  - **7-Step Model for Analyzing Ethical Dilemmas, using a Videocase as a example, detailed handout, this system will also guide how you organize your final projects (Scantron or Furrier)**
- 4 sets of lecture notes on Eres, detail notes on 1) Utilitarianism, 2) Kant, 3) Virtue and Feminist ethics, 4) handout, lecture notes on Common Morality, Justice, Rights
- Social Contract Theory handout
  - Chapter 1, pages 28-30.
  - “Values in Tension” reading (see Day 3) applies social contract theory to international venues
- Reading: Text, Murphy, et. al, (2005), Chapter 1, “Ethical Reasoning and Marketing Decisions,” especially note discussion on the term “Moral Sensitivity”, page 42, can this be “modeled” as Aristotle thought?

## Day 2

- Discuss project ideas
- Ethics game
- Continue all Detail Lecture notes and Chapter 1 from course text.
- Reading, text, Murphy et. al. (2005), Chapter 2: Ethics in Researching and Segmenting Markets.
  - Exhibit 2-1 (p. 52), Ethical Concerns in the Researcher-Respondent Relationship
    - Permission Marketing: Children’s Hospital Handout
    - Ethical Problems with Qualitative On-line Research, Handout (“Ethics and the Internet: Issues Associated with Qualitative Research,” Journal of Business Ethics, (2001), 33, 271-286.)
  - Cases:
    - Case 1: Jennifer and Buzz Marketing
- Using Kant to analyze a marketer’s DUTY (ppt slides)
  - Exhibit 2-4 (p. 58), Ethical Concerns in the Researcher-Client Relationship

- LUNCH
- **Marketing, Disclosure and Advertising**
  - Handout: one page summary notes on this topic
  - **Chapter 5: “Ethics in Advertising and on the Internet,” text, Murphy et. al.,**  
(2005), Eres, handout
  - What is a Lie, Part 2? What are marketers’ obligations to reveal information to customers, especially in sales situations, informed consent documents in research, etc. Whenever we “gather information” from a consumer, customer, what are our obligations?
- Harm vs. Autonomy Based Issues
- FTC and Deception
  - Puffery vs. Deception, one is legal, one is not, morality of each?
    - Case: “Incredible Shrinking Potato Chip Package,” handout (also great example of using the format of the 7-Step Method in analyzing an ethical dilemma.), or
- Videocase: Advertising, “The Sexist Campaign,”
- **Product Management Issues, Chapter 3, text, Murphy et. al. (2005),**
  - Lecture Notes for the Chapter Three (Eres)
  - Video case 1: Dumping Inventory, and/or
  - Case 2: “The Warranty Windfall,” Handout, Business Week, December 20, 2004, page 84.
- **Begin Vignettes, Corporate Codes**

### Day 3

- **Midterm, One hour and fifteen minutes**
  - Multiple-Choice, True-False, List, may have small case or video case, 30 questions, you will 1 hour to complete
- **Continue Vignettes, Corporate Codes**
- **Personal Selling Ethics, Chapter 6, text, Murphy, et. al., (2005)**
  - Lecture Notes for this Chapter, also on Eres, handout
  - Reading: “Is Business Bluffing Ethical,” Albert Z. Carr, Eres, Mktg 970
  - Videocase: “Sales Hype” (furniture)

- **International Marketing**
  - Reading: “Values in Tension: Ethics Away from Home,” Donaldson, Eres,
  - “Does the US have a corruption problem?” handout, Fortune, November 15, 2004
- LUNCH
- **Corporate Social Responsibility readings**
  - 1) r, “The Social Responsibility of Business is to Increase its Profits,” Milton Friedman, on Eres, and handout.
  - 2) r, “Profit and the Public Good,” *The Economist*, January 22, 2005, Vol. 374. On Eres, and handout.
  - 3) r, “The Good Company,” *The Economist*, January 22, 2005, Vol. 374. handout.
  - 4) Case: “Pocket Bikes Drive New Debate and Laws,” USA Today, Handout

#### Day 4

- **Finish Vignettes and Corporate Codes**
  - LUNCH
  - **Ethical Issues in Distribution Channels and Pricing**, Chapter 4, Murphy, et. al.,
    - Slotting fees, page 127, handout
    - Just Price, Exhibit 4-7, page 141,
    - Videocase: “Priced to Go”
  - Optional: “Does Ethics Pay?” Chapter 2 in,” in Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Financial Imperatives to Achieve Superior Performance*, 2003, McGraw-Hill, Inc., pages 29-54, on Eres, Mktg 970
  - Use class time to approve Major paper proposals
  - Mail final papers to my home (keep a copy just in case) **Due Date: ??**
- Roshan Ahuja, 8092 Asbury Hills Dr., Cinti, OH, 45255, //(513.232.9077 (home), 513.706.8477 (cell), 513.745.2935 (XU office))