WHO IS MORE CONCERNED WITH MARKETING ETHICS? A STUDY OF MARKETING AND NON-MARKETING STUDENTS

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Abstract

High ethical standards in marketing are not only morally and socially desirable, but can become a competitive advantage in global business. Marketing education has responsibility for developing these standards among its students. After taking marketing courses, students should exhibit higher ethical awareness and more sophisticated ethical decision-making. To explore whether this is indeed the case, this study developed an instrument comprised of 15 ethical scenarios and used it to compare students who had taken at least one marketing course with those who had not. The instrument was reliable and had good discriminant properties. Although the two groups were broadly similar, the findings showed that taking at least one marketing course produces more ethical responses in two of the scenarios.

Introduction

Ethical practices and management styles are counted among the most important conditions for businesses to continue operating internationally. Increasingly, businesses have to assume social responsibilities for the societies in which they operate, adopt best global ethical practices, and at the same time accept competitive challenges and be innovative (Reich, 2005; Santiso, 2005). By exposing local businesses, labor forces, capital holdings, commercial relationships, and forms of competition to international influences, globalization causes societies and their business values to change. This change needs to be positive. In a globalized world, complying with high standards of business and marketing ethics becomes mandatory, not an option.

Given the importance of ethics, instruction in this area should be part of business and marketing education. In particular, one would expect that taking marketing coursework leads to more awareness of marketing ethical issues and more ethical decision-making in marketing practices. However, this may not always be the case. In the marketing ethics literature, the role of education in cultivating marketing ethics is still controversial. Merritt (1991), for example, found that business students view questionable marketing practices as more ethical than do non-business students. The present study revisits this issue by investigating whether differences exist between the ethical perceptions of students who have taken at least one marketing course and those who have not taken any marketing courses.

The following section briefly reviews some relevant literature on business ethics, marketing ethics, and education and ethics. Next, the methodology section describes the development of the survey instrument, data collection procedures, and sample characteristics. The findings report both discriminant properties and some item-specific differences among respondents. Finally, the discussion and conclusion section considers the meaning and limitations of the findings.

Some Relevant Literature

Business Ethics

Ethics and ethical decision-making have been discussed for centuries (Trevino and Brown, 2005). Aristotle, regarded as the founder of ethics as a philosophical discipline, defined ethics as the discovery of behaviors that will benefit a person in daily life (Daly and Mattilla, 2007).

Ethical norms in business have been around since the first commercial activities of mankind (Tierney, 1997). According to Ostahus (2004), business ethics in the pre-industrial era appeared as a concept based on traditions and religious values and, in turn, had significant influence on the shaping of religious beliefs, economic processes, labor relations, and business values. In the 17th and 18th centuries, a close relationship developed among economics, religion, ethics, and business life. According to Max Weber (1958), Protestant business ethics had a substantial effect upon the development of market capitalism. In the 20th century, ethical values previously thought valid began to change and new ideas, such as social responsibility and human rights, became accepted criteria for evaluating business conduct (Colonomos, 2005).

Business ethics have been defined in different ways. According to Maclagan (1995), business ethics are important for managing people and furthering justice, honesty, and equality. Business ethics principles guide experts and managers, especially those working in human resources management. Boatright (2003) says that business ethics include codes of behavior developed for a specific group or a special community and are then adopted and believed by the group or community. In the context of businesses, ethics might help fill gaps in ethical behavior (Svensson and Wood, 2004).

Marketing Management Ethics

Marketing management ethics can be defined as the behavioral standards, values, and principles followed by marketing professionals (Churchill, 1995). Since the results of marketing activities are often highly visible in societies, ethical issues are frequently raised. Advertising, personal selling, pricing, marketing research, and international marketing have had a long history of unethical and ethically dubious practices. In the 1970s and 1980s, various international scandals, such as the large bribes paid under the guise of political donations in the sale of military supplies, brought attention to the ethics of marketing and a majority of studies on the ethics of national and international marketing dealt with bribery issues (Armstrong, 1992; Armstrong and Sweeney, 1994).

Armstrong (1992), for example, asked Australian managers working at international corporations to discuss the significant ethical issues they faced. The ethical problem most often reported was bribery (35%), followed by, respectively, cultural differences (20%), pricing practices (12%), gifts and unreasonable commissions (10%), and non-suitable products and technology, and involvement in political events (4%). Avoiding taxes in the host country, along with illegal and immoral activities, were considered insignificant by these managers (2.5%). The same study also showed that 34% of American global marketing managers stated bribery as the most important ethical problem. Chonko and Hunt (1985) found that the American marketing managers they interviewed listed bribery as the problem faced most frequently.

Managers' perceptions of ethical problems vary among countries and cultures. Various studies on this topic suggest that managers from countries with similar cultural backgrounds do not differ in their perceptions, whereas managers from countries with different cultural backgrounds do differ in their perceptions (Armstrong 1992; Armstrong and Sweeney, 1994; Singhapakdi et

al., 1994; Singhapakdi et al., 2001; Schlegelmilch and Robertson, 1995). For example, Armstrong (1992) found no significant differences between Australian managers and American managers in terms of perceptions of ethical problems. Managers from both countries perceived ethical problems in global marketing in a similar fashion. Research by Armstrong and Sweeney (1994) suggested that culture has a major effect on the perceptions of ethical problems. In a comparative study between managers from two countries, managers from Hong Kong regarded ethical problems on a lower level, while Australian managers rated these issues more important. In a study of local and foreign managers in Hong Kong, McDonald and Kan (1997) found differences in ethical perceptions among managers in the same country, but from different cultures.

Hunt and Vitell (1993) developed a marketing ethics model where four important sets of factors have an effect on the individual's perception of ethical problems involving marketing efforts: cultural environment (legal environment, political environment, and religion), industrial environment (informal norms and formal rules), organizational environment (informal norms and formal rules), and personal experiences. Thus, ethical perceptions may vary among individuals as well as cultures. Hunt and Vitell (1993) suggest further that ethical perceptions are a function of the individual's values and belief system. For instance, of the managers working for the same organization, some might perceive bribery as an important problem, while others may not. Stated differently, managers interpret issues they encounter and witness as ethical or non-ethical depending on the context of cultural, industrial, organizational environments as well as on their individual personalities.

Education and Ethics

Since the 1980s, a great number of studies have focused on ethics, which has led to increased coverage of this topic in academic publications. As ethics-related topics began to be included in university curricula, research also began on the ethical perceptions of students (Ahmed, Chung and Eichenser, 2003). Studies looking into the ethical perceptions of students observed the effects of differences in ethical judgments stemming from nationality and cultural elements students had (Hay, et al., 2001; Moore and Radloff, 1996). Researching the effects of education on ethical perceptions of students, Lau, Caracciolo, Roddenberry, and Scroggings (2012) demonstrated that students are generally content with academic environments, academicians, and the work done, and they interpret all this in the frame of importance of business ethics.

The literature seeking to explain the relationship between education and ethical behavior has produced different results. Serwinek's (1992) research did not show a strong relationship between education and ethics perception, and, similarly, Munhall (1980) found a weak relationship between education and ethics perception. Kidwell, Stevens, and Bethke (1987), Dubinsky and Ingram (1984), and Harris (1990) did not find a significant relationship between education levels and the attitudes, opinions, and behaviors of marketing managers regarding the ethical perceptions they have.

However, some studies suggest strong links between education and ethical judgments. For instance, Browning and Zabriskie (1983) found that purchasing managers with a high education level have more of a tendency to interpret gifts and certain inappropriate payments to be against business ethics than those with a low level of education. Conversely, some academic literature indicates that as education levels of individuals increase, they might act less ethically (Merritt, 1991). Similarly, Güney and Mandacı (2009) showed that as education levels increase, individuals have increased Machiavellian tendencies and are less inclined to act ethically.

The main objective of the study is to determine whether ethical perceptions of students who have taken at least one marketing course differ from those who have not taken any marketing courses. Given the mixed results from previous studies, we posit two competing hypotheses:

> **H_0:** There is no difference in the ethical viewpoints of students who have taken at least one marketing course and those who have not.
>
> **H_1:** There is a difference in the ethical viewpoints of students who have taken at least one marketing course and those who have not.

Methodology

Research Instrument

Written in Turkish, a marketing ethics scale was created by adapting items from several English language sources. For example, Vitell, Rallapalli, and Singhapakdi (1993) developed and tested a marketing norms scale of professionals who are members of the American Marketing Association. However, this scale is believed to be problematic when it comes to the understanding of students who are not familiar with the practical applications of marketing (Aktan and Aydoğan, 2012). In a study by Harris (1990), ethical perceptions of employees according to their level of education and experience were analyzed through a scenario method. Okleshen and Hoyt (1996) used Harris' (1996) scenario to compare the ethical perceptions of students from the U.S. and New Zealand. In a similar fashion, Merritt (1991) used eight different scenarios to scale marketing ethics.

The marketing ethics scale used in this study was adapted from Aktan and Aydoğan (2012) who created an instrument based upon the marketing ethics scales used by Harris (1990), Merritt (1991), Vitell, Rallapalli, and Singhapakdi (1993), and Oklesen and Hoyt (1996). In developing scenarios for their instrument, a special effort was made to ensure that respondents could clearly understand the situations. For this reason, pre-test interviews with students and professionals were conducted to make necessary corrections. These scenarios or variables are provided in the Appendix at the end of this paper. Each is measured with a 7-point Likert scale.

Cronbach Alpha analysis was used to measure the reliability of the scale. Cronbach Alpha analysis indicates how successful all variables in a scale are in measuring the same concept and thus measures the internal consistencies of a scale (George and Mallary, 2001). The Cronbach Alpha value of the scale is 0.849. According to Nunnally (1979), this value is rather high, meaning that the scale is highly reliable. Furthermore, the study of Aktan and Aydoğan (2012) also suggested the scale is structurally valid.

Data Collection and Sample Characteristics

The sample for this study consisted of graduate and undergraduate students of business management attending Marmara University in Istanbul. A public university, Marmara is now the second largest university in Turkey. After being asked to fill in paper questionnaires and promised anonymity, respondents were given full explanations and assisted in every way necessary in filling out the instrument. Upon completion of the questionnaire, answers were quickly skimmed over to check for and correct mistakes. Questionnaires were distributed from September 1 through September 30, 2013. The 330 questionnaires initially completed were scrutinized and those with missing, incorrect, and mistaken information were eliminated. Therefore, the total number of questionnaires available for analysis dropped down to 307.

In this group, 166 (54.1%) respondents have taken at least one marketing course, while 141 (45.9%) have not. Female respondents numbered 174 (56.7%), males 133 (43.3%). Of those

Table 1: Education Level of Those Who Have Taken a Marketing Course According to Gender

Gender / Marketing Course Taken	Undergraduate	Postgraduate	Both	TOTAL
Male	32	20	15	67
Female	53	27	19	99
Total	***85***	***47***	***34***	***166***

who have taken at least one marketing course, 85 (51.2%) did so as undergraduates, 47 (28.3%) as graduates, and 34 (20.5%) at both levels. Table 1 summarizes the point in their education when the 166 students have taken at least one marketing course. At the undergraduate level 32 male and 53 female students have taken at least one marketing course. At the graduate level the respective numbers are 20 and 27 and at both levels 15 and 19.

Findings

The main objective of the study is to reveal differences, if any, in the viewpoints on marketing ethics of students who have taken at least one marketing course and those who have not. We first examine the discriminant properties of the marketing ethics scale and then analyze differences between the two groups for different ethical decision-making scenarios.

Discriminant Properties

In the study, discriminant analysis was used. In order to conduct a discriminant analysis, certain assumptions are required. According to Çokluk, Şekercioğlu, and Büyüköztürk (2012), the assumptions of discriminant analysis are multivariable normal distribution, variance-covariance matrix homogeneity, no outliers in the dataset, multicollinearity, and a large enough sample. The significance level of the Box M test is 0.05, suggesting homogeneity in the covariance matrices (Table 2). With 307 respondents, the large sample assumption is satisfied. Other assumptions were tested prior to analysis to find out if the data is suitable for analysis.

Table 2: Equality Test for Variance-Covariance Matrices

Box M	14.343
F value	0.939
Df1	15
df2	3.540E5
P value	.519

Since there are many independent variables in the study, a stepwise method was used in discriminant analysis. According to the results in Table 3, canonical correlation is 0.315. This finding shows that with regards to taking a marketing course, a discriminant function is effective at a medium level in discerning perceptions of marketing ethics.

The Wilks' Lambda value, another finding of the discriminant analysis, tests the significance of the Eigen value. In short, the Wilks' Lambda value shows what percentage of the variance in the dependent variable the model explains. According to Table 4, independent variables are

unable to explain 90% of the variance in the dependent variable. This situation is due to sample size as seen in canonical correlation coefficient. As an important consequence, if the Wilks'

Table 3: Eigenvalue Statistics

Function	Eigenvalue	% of Variance	Canonical Correlation
1	0.085	100%	0.315

Lambda p value turns out to be significant at 0.000, it shows that the discriminant function is statistically significant.

Table 4: Wilks' Lambda Statistics

Function	Wilks's Lambda	Chi-Square	Degrees of Freedom	P Value
1	0.9	24.571	5	0.000

The standard coefficients of the canonical discriminant function provide another important finding of the analysis. Standard coefficients allow us to compare the relative contributions of the variables to the model. Table 5 shows standard coefficients for the five scenarios with the most discrimination between the marketing ethics perceptions of students who have taken at least one marketing course and those who have not. These are scenarios 3, 5, 8, 11, and 13.

Table 5: Standardized Canonical Discriminant Function Coefficients

Scenarios	
Scenario - 3	-0.666
Scenario - 5	0.533
Scenario - 8	-0.647
Scenario - 11	0.532
Scenario - 13	0.429

In Table 6, the classification results of the discriminant function are evaluated. According to these results, the discriminant function is 64.5% for those who have taken a marketing course, 57.4% for those who have not taken a marketing course, and a right classification of 61.2% when both groups are considered. The fact that observation numbers are equal for those who have taken at least one marketing course and for those who have not means that an observation can be randomly assigned to the right group with a 50% chance factor. That classification results are higher than 50% means that being assigned to groups is not due to chance factors and that the discriminant factor is successful. Accordingly, the H_1 hypothesis is accepted.

Table 6: Classification Results			**Predicted Group Membership**		**Total**
			Yes	**No**	
Original Group Membership	**Count**	**Yes**	107	59	**166**
		No	60	81	**141**
	Percentage	**Yes**	64.5	35.5	**100**
		No	42.6	57.4	**100**

Item-Specific Differences

The discriminant analysis indicates differentiation occurs between students who have taken at least one marketing course and those who have not in ethical scenarios 3, 5, 8, 11, and 13. These scenarios covered different aspects of the marketing mix:

> **Scenario 3:** "Deploying coercive actions within marketing channels and dealers for any kind of monetary benefit" is a price and place related ethical problem.
>
> **Scenario 5:** "Selling harmful products that are prohibited in Turkey to less developed countries or to countries that do not have appropriate legislation" is a product and place related ethical problem.)
>
> **Scenario 8:** "For cost effectiveness, offering a product or service that does not fit its intended uses" is a product related ethical problem.
>
> **Scenario 11: "**As a sales manager, sharing some of your sales commissions with a purchasing manager of your customer company and getting higher orders" is a promotion related ethical problem in personal selling.
>
> **Scenario 13:** "Threatening newspapers – to which the firm has already placed intensive advertising – with cancelling advertising agreements due to negative news about the company" is a promotion related ethical problem in advertising and public relations.

Having found that five scenarios are discriminated statistically, a t-test analysis was applied to see if any significant differences in responses to these scenarios existed among marketing and non-marketing students. As seen in Table 7, only for scenarios 11 and 13 did marketing and non-marketing students have significantly different means and in both instances students having taken at least one marketing course tended to respond with more ethical decisions than did students who had not taken a marketing course.

Discussion and Conclusion

Considering that differences among students could be established for only two of the 15 scenarios, taking marketing courses may not be so useful in shaping the ethical development of students. However, the efficacy of marketing courses in teaching ethics may be mitigated by the actual course content, the attitudes of students towards ethics materials, and the performance of academicians that teach the courses. The findings do show that the problem of marketing ethics might be present in all of the elements of the marketing mix. That is, issues in

marketing ethics apply to product, price, distribution, and promotion practices. This suggests that marketing ethics education should be incorporated throughout the marketing curriculum.

Table 7: Item Specific Differences

Scenarios	Took a Marketing Course	Mean	Levene Test		T - Test	
			F	Sig.	T	Sig.
Scenario - 3	Yes	3.681	0.095	0.759	1.695	0.091
	No	3.319			1.695	0.091
Scenario - 5	Yes	2.108	10.074	0.002	-1.857	0.064
	No	2.517			-1.857	0.068
Scenario - 8	Yes	2.536	0.658	0.418	1.461	0.145
	No	2.262			1.464	0.145
Scenario - 11	Yes	3.223	0.487	0.486	-2.163	0.031
	No	3.730			-2.156	0.032
Scenario - 13	Yes	3.50	0.674	0.412	-2.014	0.045
	No	4.00			-2.007	0.046

This exploratory study has limitations. Since the participants in this research were Business Management students selected through convenience sampling, the results cannot be generalized to Marmara University at large, not to mention other universities inside and outside of Turkey. Responses to the questionnaire may incorporate cultural proclivities specific to Turkey, but much the same can be said about research done in any country. Marketing instruction in Turkey uses much of the same material available globally. Finally, some of the respondents may have taken only one marketing course. It remains to be seen whether taking a series of marketing courses would produce a different outcome.

Appendix

Below are given some practices and strategic decisions about *Entrepreneur Corporation*. Assume that you are the general marketing manager of Entrepreneur Corporation. To what extent would you approve or disapprove these decisions and practices?

No	Scenarios	Disapprove								Approve
1	Not disclosing additional expenses such as high maintenance costs, software, supplementary products and services before the sales is done.	Disapprove	1	2	3	4	5	6	7	Approve
2	Manipulating the availability of a highly demanded product to benefit from high profit margins.	Disapprove	1	2	3	4	5	6	7	Approve
3	Deploying coercive actions within marketing channels and dealers for any kind of monetary benefit.	Disapprove	1	2	3	4	5	6	7	Approve
4	Fixing prices with other dominant competitors and forcing customers to pay extra money.	Disapprove	1	2	3	4	5	6	7	Approve

5	Selling harmful products that are prohibited in Turkey to less developed countries or to countries that do not have appropriate legislation.	Disapprove	1	2	3	4	5	6	7	Approve
6	Increasing prices to bear extra costs of promotional activities such as customer rewards and sales coupons.	Disapprove	1	2	3	4	5	6	7	Approve
7	Due to cost and profit concerns, paying inadequate attention to the safety and reliability of the products and services.	Disapprove	1	2	3	4	5	6	7	Approve
8	For cost effectiveness, offering a product or service that does not fit its intended use.	Disapprove	1	2	3	4	5	6	7	Approve
9	Deploying false, misleading and deceptive advertising and communication messages to reach high sales.	Disapprove	1	2	3	4	5	6	7	Approve
10	Exerting deceptive sales promotions, misleading sales tactics or high pressure manipulations	Disapprove	1	2	3	4	5	6	7	Approve
11	As a sales manager, sharing some of your sales commissions with the purchasing manager of your customer company and getting higher orders.	Disapprove	1	2	3	4	5	6	7	Approve
12	Keeping on sponsoring a high rating TV program which has been criticized for being a bad example to juveniles because of adult and violent content.	Disapprove	1	2	3	4	5	6	7	Approve
13	Threatening the newspaper - which the firm has already placed intensive advertising - for cancelling advertising agreements due to the fact of coming negative news about the company.	Disapprove	1	2	3	4	5	6	7	Approve
14	As a marketing manager for the marketing research process to have supporting insights for your personal marketing decisions.	Disapprove	1	2	3	4	5	6	7	Approve
15	Hiring a competitor's employee with a high salary to get insights about the rival firm's future marketing strategy.	Disapprove	1	2	3	4	5	6	7	Approve

16. Gender Male [ ] Female [ ]
17. Have you taken Marketing Courses? Yes [ ] No [ ]
18. If you chose "yes," when did you take the course? Undergraduate [ ] Post-Graduate [ ] Both [ ]