

Theoretical development in ethical marketing decision making

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Abstract The current state of knowledge about ethical marketing decision making is explored from a historical perspective. While much research focuses on ethical issues, our purpose is to provide a holistic perspective of existing theory, skills, and research. We address both normative and descriptive approaches to ethical decision making theory development. Additional dimensions of ethical decision making such as institutional, resource-advantage, and value chain theory are advanced for future research.

Keywords Marketing ethics · Ethical decision making · Normative marketing · Descriptive marketing

The impact of Hunt and Vitell (1986), Laczniak (1983), and Laczniak and Murphy (2006) in normative perspectives and Hunt and Vitell (1986) and Ferrell and Gresham (1985) in descriptive frameworks has helped shape knowledge development and research in ethical marketing decision making. In turn, these marketing contributions have influenced the entire field of business ethics, and marketing ethical frameworks and models have been cited widely (i.e., both Hunt and Vitell (1986) and Ferrell and Gresham (1985) have over a thousand cites each). While rich literature exists on marketing ethics (Schlegelmilch and Öberseder 2010), there has

not been a critical assessment of what we know and how to continue to advance knowledge in this important area.

Over time, the ethical marketing literature has evolved into three categories. One, normative frameworks—often derived from philosophy—are used to develop decision models, scales for research, norms, and principles (Laczniak 1999; Forsyth et al. 1988; Reidenbach and Robin 1990). Two, positive or descriptive models have been developed to explain organizational ethical decision making, organizational culture, and managerial practices (Ferrell and Gresham 1985; Hunt and Vitell 1986). Three, conceptual articles and research are often assumed to be ethical or socially responsible because they have self-evident, desirable consequences to certain stakeholders (Martin and Smith 2008; Crittenden et al. 2011; Kotler and Zaltman 1971). Without a holistic perspective, it is difficult to provide directions for advancing ethical marketing theory and research. Drawing from a historical evolution of the field, our purpose here is to attempt to offer such a holistic perspective. Our focus is ethical decision making theory, research, and scales. Understanding the background of theory development in marketing ethics provides the opportunity to suggest future directions for advancing knowledge.

The historical foundations of marketing ethics

In their historical review of research related to social issues in marketing, Wilkie and Moore (2012) identified three eras of research. Most of the research reviewed relates more to social issues and consumer protection issues, not ethical decision making. Eras I and II (1900–1920, 1920–1950) focused on the marketing and society interface, with issues related to costs for consumers, the efficiency of the marketing system, elements of the marketing system necessary for consumers, the role of advertising and sales methods, and fair pricing Wilkie and Moore (2011). During these eras, most consumer protection issues were addressed from a

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societal or social issue perspective. This was not a time when holistic theories or frameworks for ethical decision making were being developed. Marketing ethics was implied in decisions that benefited or protected key stakeholders, including consumers and marketing channel members.

A snapshot of the types of marketing ethics issues that were addressed in Eras I and II is found in the first comprehensive business ethics textbook. Sharp and Fox (1937) separated their business ethics textbook—*Business Ethics: Studies in Fair Competition*—into four sections: fair service, fair treatment of competitors, fair price, and moral progress in a business world. The textbook focused extensively on moral standards, obligations, the individual's capacity for good behavior, and some of the reasons behind unethical behavior. Ethical behavior was thought to be driven by individual business people with good moral character. The textbook also focused on topics that are still relevant in today's marketing ethical environment. For example, the chapter "Intentional Misrepresentation" discussed lying or false information in contracts and promotion; the "Predatory Practices" chapter examined interfering with competitors' production or distribution; and the "Organizations for the Improvement of Business Practice" chapter focused on self-regulatory organizations such as trade associations and the Better Business Bureau.

While this earliest business ethics textbook discussed ethics in the domains of product, promotion, and price, it also emphasized distribution and marketing channel ethics. In particular, the textbook highlighted ways in which organizations have used anticompetitive distribution practices to drive out rivals. Sharp and Fox (1937) discussed underhanded tactics such as wholesalers becoming retailers solely to drive competitors out of business, using one's power to induce suppliers to cut off materials needed for rival products, and sabotaging the transportation facilities of competitors. While these tactics are clearly illegal in the 21st century, it is fascinating to see the early stages of marketing channel and distribution ethics. It is also interesting to note that although we hope that marketing ethics has evolved for the better, unethical behavior in this area still persists. Toys "R" Us, for example, has paid fines for pressuring manufacturers to limit sales to rival discount retailers (Kendall and Kell 2011).

According to Wilkie and Moore (2012), Era III (1950–1980) saw a dramatic shift toward an infusion of a scientific perspective and a managerial view of marketing. Beginning in the late 1960s and early 1970s, marketing ethics became more focused on the social and economic factors that relate to ethical decision making. A critical contribution in this era was the model of marketing ethics offered by Bartels (1967). This signaled a greater focus upon the description of ethical decision making processes, rather than just identifying the issues.

In his model of ethical decision making in marketing, Bartels (1967) theorized that some of the greatest influences in ethical decision making were environmental issues such as cultural and noneconomic factors as well as various roles in the economic process. For example, cultural influences encompassed societal beliefs and institutions, including laws and regulations, rights to property, religious beliefs, national identity, customs, and arts. Under these influences, a marketer would analyze decisions as ethical or unethical according to society's beliefs about such actions. The noneconomic factors involved a person's sense of belonging. That is, experience in social institutions such as family, military, government, and leisure groups determined the individual's development of values and ethical perceptions. Bartels explained the importance of roles in economic processes as "ethical standards [that] are created by the expectations which arise *within* the behavior patterns of the economy itself" (1967, p. 23). For instance, in the relationship between two economic roles, an employee and a customer, the manager would be expected to be truthful and transparent with the consumer.

Bartels also believed in the influence of ethical sensitivity, an individual factor described as "the level of interaction at which [the manager] finds within himself satisfaction in his actions toward others" (1967, p. 24). This identification of ethical sensitivity became extremely important in the future development of ethical decision models in marketing as related to stakeholder involvement. However, it is important to note that Bartels' model was not an organizational-level descriptive model of ethical decision making. Instead, it focused more on socioeconomic and individual behavioral expectations rather than on organizational influences on decision making.

Research and interest in marketing ethics grew more prominent as the scope of marketing was broadened to include social and ethical issues (Kotler and Levy 1969; Kotler and Zaltman 1971). Still, this change focused on identifying issues and the domain of marketing ethics rather than extending the descriptive models developed by Bartels. Additionally, the Watergate scandal and cover-up prompted business ethics scholars such as Archie Carroll to begin investigating managerial ethics. There was a growing interest in marketing ethics related to marketing research, new product development, advertising, and marketing education (Crawford 1970; Schlegelmilch and Öberseder 2010). Also, social marketing became of particular interest to marketing scholars during this era. Although still in its beginning stages, several marketing scholars wrote articles defining and conceptualizing what would later become an important marketing field. Kotler and Zaltman (1971) developed a social marketing planning system as one of the first steps in the social marketing process. Social marketing was linked to social responsibility and the ethical use of marketing

knowledge. With this came a number of descriptive studies related to a wide variety of ethical topics.

Carroll (1975) found that younger managers, as a way of demonstrating loyalty, were more likely to defer to their superiors in matters relating to ethical conduct even if they thought the behavior was unethical. Ferrell et al. (1978) conducted a study of 280 marketing managers to determine how they perceived their own ethics in regards to their peers and top management. They found that marketing managers tended to view themselves as more ethical than their peers and top managers. A later study by Krugman and Ferrell (1981) of corporate advertising practitioners revealed similar findings in which corporate advertising practitioners believed they held higher ethical standards than their peers. These early descriptive studies provided insights into understanding ethical decision making within organizations. These findings would be supported in numerous later studies, including Bazerman and Tenbrunsel's seminal book *Blind Spots: Why We Fail to Do What's Right and What to Do About It* (2011)

Wilkie and Moore (2012) pointed out that there has been a decline in interest in marketing and society topics, such as ethics and social responsibility, from 1980 to the present. Mainstream journals have seen a significant decline in these topics, possibly the lowest interest in a century of academic marketing development. About 60 years ago, 55 % of the articles in *Journal of Marketing* were devoted to marketing and society topics (Wilkie and Moore 2012). In the last 10 years, however, only eight articles in the *Journal of Marketing*, the *Journal of the Academy of Marketing Science*, and the *Journal of Public Policy & Marketing* have included the term "ethics" in article titles, while the *Journal of Consumer Research*, founded in 1974, has had no articles with the term "ethics" in the article title in the same time period. On the other hand, the *Journal of Business Ethics*, founded in 1982, has provided the outlet with the vast majority of marketing ethics research.

Scholars have found a home for marketing ethics research in the *Journal of Business Ethics*. Between 1990 and 1999, approximately 129 articles were published with a marketing or marketing-related focus, which is slightly over 10 % of the total articles published during this time period. Marketing contributions to the *Journal of Business Ethics* became so great that the role of Associate Editor for Marketing and Consumer Behavior was appointed in 1997.

Positive and normative approaches to theory development in marketing ethics

Our focus is on examining ethical decision making rather than identifying ethical issues. Two methods within which marketing ethical decision making has been explored are the

descriptive and normative approaches. A descriptive, or positive, approach to marketing ethics research attempts to understand the behavior of organizations. Descriptive approaches investigate the relationships among the greatest influences in ethical decision making and help explain how ethical decision making works in the context of an organization (Fraedrich and Ferrell 1992). Normative approaches to marketing ethics are the necessary foundation for developing principles, values, and norms. Without this normative foundation, positive decision models could not provide direction to marketers for acceptable behavior.

Normative frameworks

A normative approach to ethical decision making recommends ways to improve ethics in marketing according to what *should* be done. Hunt (1991) defined normative marketing as "attempting to prescribe what marketing organizations or individuals ought to do or what kinds of marketing systems a society ought to have" (p. 12). Unlike descriptive marketers, normative marketers focus less on what organizations do and instead emphasize "*what can be*, that is, what organizations *ought* to consider to better evaluate and improve their ethical behavior" (Laczniak and Murphy 2006, p. 156). As a result, normative frameworks focus much more extensively on moral philosophies such as teleology, deontology, and justice principles.

The 1980s saw the advancement of normative frameworks and theories. Some of the earliest of these frameworks were promoted by Laczniak (1983), who advanced three frameworks for marketing ethics. These frameworks included (1) the prima facie framework, which involves universal moral obligations, (2) the proportionality framework, which is concerned for the intent, means, and ends of a particular decision, and (3) the social justice framework, which emphasizes that each person should have the freedom to choose his or her own destiny and be treated fairly by others.

According to Murphy et al. (2012), the normative approach advocates the acceptance of a "core set of principles" or "moral maxims" to help guide marketers in ethical decision making (pp. 22–23). A normative approach to marketing ethics is based largely upon individual values shaped by friends, family, community, and other variables in daily lives. Murphy et al. (2012) also emphasized the importance of ethical philosophies in organizational decision making and identified five different types of ethical theories: (1) consequences-based ethical theories (e.g. utilitarianism), (2) duty-based ethical theories (e.g. deontological), (3) contracts-based ethical theories (e.g. social contracts theory, Rawlsian theory), (4) virtue-based ethical theories, and (5) and theory grounded in religious approaches.

Normative ethical perspectives such as distributive justice, teleology, deontology, and virtue-based ethics are

important because not only do they help marketers gain a better knowledge of how individuals make ethical decisions in organizations, but they also provide a vision for ethical decision making and corporate cultures within the marketing field. Yet, despite the interest in normative frameworks, Schlegelmilch and Öberseder (2010) found that the majority of the top ten cited articles in marketing ethics take an empirical positivistic perspective.

Positive frameworks

The normative approach focuses upon what businesses ought to do. A descriptive or positive approach, on the other hand, emerged to better understand the behavior of organizations. Descriptive approaches developed from attempts to show relationships among the greatest influences in ethical decision making. Two well-known positive frameworks are the models developed by Ferrell and Gresham (1985) and Hunt and Vitell (1986).

The Ferrell and Gresham (1985) model was the first comprehensive contingency description of how ethical decision making works in organizations. The model postulates that the impact of significant others is so important that in many cases it takes precedence over individual factors in organizational decisions. According to the model, an ethical dilemma that calls for an organizational member to make a decision is impacted by three main dimensions: individual factors, significant others, and opportunity. Individual factors include knowledge, values, attitudes, and intentions. Significant others involve the influence that organizational members such as co-workers, supervisors, and executives have upon the individual. In other words, the behavior of significant others, the pressure these significant others place on individual employees, and the expectations that the individual feels as an employee in his or her role profoundly impact ethical decision making. Accordingly, the influence of significant others could lead the employee to make a decision that conflicts with his or her own individual values. Opportunity consists of corporate policies, codes of ethics, and positive/negative reinforcement. These tend to set the corporate culture of the firm and alert employees about desired behavior. They can also limit or promote misconduct. For instance, if the individual knows that company policies are rarely enforced, he or she might have the opportunity to make an unethical decision. Taken together, individual factors, significant others, and opportunity all exert influence over the ethical decision making process.

One of the most significant advancements in the Ferrell and Gresham model is the influence of significant others in organizational ethical decision making. Bandura (1986) demonstrated the importance of supervisors or authority figures acting as role models for employees who would model their behavior after these role models in what he

called social learning theory. The Ferrell and Gresham model also proposed that individuals look to their peers as role models, particularly if they work with them in a closer capacity than supervisors or managers. Studies have corroborated the importance of social learning and the impact of significant others in ethical decision making (e.g., Weaver et al. 2005; Hanna et al. 2013).

As Ferrell (2011) described in her commentary on the work of Shelby Hunt, the Hunt and Vitell model “attempts to combine deontological and teleological philosophical ethical decision traditions found in moral philosophy into a framework that describes ethical decision making” (p. 267). According to this model, environmental influences such as culture, the industry, the organization, and personal influences impact how an individual perceives an ethical situation. Using deontological theory, the individual examines whether the actions taken to secure a particular outcome are ethical and whether they respect the rights of others. This process involves “comparing the behaviors with a set of predetermined deontological norms, representing personal values or behavior” (Hunt and Vitell 1986, p. 9). The individual then evaluates the alternatives using teleological principles, in which he or she examines the outcome of each action to determine which ones will provide the most benefits to the most stakeholders.

The Hunt and Vitell model describes teleological evaluations as an examination of the probabilities of consequences, desirability of consequences, and the importance of stakeholders. For example, if undesirable consequences of a certain decision are improbable or if the desirability of positive consequences is greater than negative consequences, then the individual might choose to pursue the decision. Of course, because teleological theory stresses the greatest good for the greatest number of people, teleological evaluations should determine which stakeholders will benefit from a decision, which ones might be harmed, and whether the good outweighs the bad for a greater number of stakeholders. An individual’s intentions will also play a role in determining the person’s actual behavior.

Like the Ferrell and Gresham model, the Hunt and Vitell model considers situational constraints such as opportunity. That is, if the individual does not have the opportunity to engage in a particular action, then he or she will be unable to do so despite intentions or ethical judgments. Behavior will result in the actual consequences. These consequences will become part of the person’s personal experiences and might be relied upon later during another ethical problem.

Despite the merits of the Hunt and Vitell model, its emphasis on normative philosophies received criticism from Laczniak and Murphy (1993) who believed that the model was too descriptive. However, as Hunt and Vitell (2005) emphasized, the model is supposed to be descriptive to increase understanding of the normative factors in the

ethical decision making process. Although the model is not predictive, it helps marketing practitioners understand the cognitive processes related to individuals' ethical perspectives, and it shows that both teleological and deontological aspects of moral decision making are involved in the context of ethical decision making in organizations. Additionally, the Hunt and Vitell model recognizes the value of stakeholders in teleological evaluation during a time period when stakeholder theory was still relatively new (Ferrell 2011). Hunt (2013) explains, in detail, how the theory was derived and how it developed over time.

These two models as descriptive frameworks set the stage for parallel frameworks in management, such as the person-situation interactionist model by Trevino (1986) and the issue-contingent model by Jones (1991). Although the models by Trevino (1986) and Jones (1991) could be applied to organizational ethical decision making in general, both the Ferrell and Gresham (1985) and Hunt and Vitell (1986) models were conceived as descriptive marketing ethics frameworks. With over 6,000 citations, these four frameworks are among the most cited models for ethical decision making.

Scale development and theory testing in ethics research

The 1980s was a period of scale development to facilitate research in marketing ethics. Normative scale development was designed for understanding how individual normative constructs were used in the ethical decision making process. Undoubtedly one of the most significant scales developed was the Multidimensional Ethics Scale (MES) by Reidenbach and Robin (1988). In developing this scale initially, the researchers selected 33 scale items based on moral philosophies such as relativism, justice, egoism, utilitarianism, and deontology. A study of these moral philosophy scales revealed that individuals often do not depend upon a single moral philosophy to evaluate an ethical situation; rather, the selection of evaluative criteria varied depending upon the situation. Decision making models by Fraedrich and Ferrell (1992) and Hunt and Vitell (1986) supported the use of multiple moral philosophies in ethical decision making, with both sets of authors also suggesting that relying solely on teleology (utilitarian) and deontology evaluative criteria was too limiting.

Further studies by the authors refined the scale and reduced the 33 scale items to eight scale items under the three dimensions of moral equity, relativism, and contractualism. The moral equity dimension included the items of fair/unfair, just/unjust, morally right/not morally right, and acceptable/unacceptable to my family. Traditionally acceptable/unacceptable and culturally acceptable/unacceptable comprised the relativism dimension, with violates/does

not violate an unspoken promise and violates/does not violate an unwritten contract measuring the contractualism dimension (Reidenbach and Robin 1990; Reidenbach et al. 1991). Four independent studies were later used to test this scale. The studies revealed that individuals tend to use the moral equity dimension more than the other two when evaluating an ethical situation. The authors concluded that the MES could be used to help managers understand how employees evaluate ethical situations and might also be helpful in developing marketing codes of ethics (Reidenbach et al. 1991). Although the scale was originally applied to marketing scenarios, Cohen et al. (1993) found that the MES applied to accounting scenarios as well, making it applicable to different ethical situations and constructs.

Robin et al. (2000) found that the moral equity dimension is what is defined as ethical in an organizational context. That is, concepts of fairness and justice dominate beliefs about what is ethical. This construct represented ethical judgment and was a predictor of behavioral intent (Robin et al. 2000). A structural equation modeling (SEM) analysis indicated that relativism and contractualism were predictors of moral equity. This finding moved the construct away from multidimensionality and toward a structural model. Most important is that potential predictors of moral equity could be Perceived Importance of an Ethical Issue (PIE) as suggested by Robin et al. (1996). Other variables which might have predictive capability include ethical culture, social learning theory, significant others, personal characteristics, and the values of the individual. Therefore, the MES scale has evolved as a measure of not just an individual's moral philosophy, but, potentially, an SEM model that includes many of the variables found in the descriptive model of Ferrell and Gresham (1985). This is a major opportunity for further theory development and research. There is much to learn about ethical decision making through a revalidation of what predicts the moral equity measure.

In addition to the Reidenbach and Robin scale, marketers were also using a scale developed by Forsyth (1980) to measure normative ethical perspectives of individuals in marketing positions. Forsyth (1980) used the Ethics Position Questionnaire (EPQ) to test four ethical perspectives that held varying degrees of idealism and relativism since he believed that an idealistic or a relativistic perspective would help determine an individual's ethical decisions. While idealists believe in universal moral standards, relativists look at the consequences of an action to determine whether it is ethical. Forsyth et al. (1988) determined that relativists view ethical standards as more flexible, while idealists are more inclined to take into account the needs of others. These findings had significant influence over how the moral philosophies of relativism and idealism were perceived in regards to ethical decision making. For instance, Singhapakdi et al.

(1996) used Forsyth's EPQ as a way to measure personal moral philosophies in the development of their own scale for measuring the perceived role of ethics and social responsibility.

Scales were also developed to measure the ethical climate within an organizational environment. These scales advance research from an organizational decision making perspective. According to Victor and Cullen (1988), the ethical climate of the organization is important to ethical decision making because ethical climates "influence what ethical conflicts are considered, the process by which such conflicts are resolved, and the characteristics of their resolution" (p. 105). In measuring work climate, Victor and Cullen (1988) developed nine theoretical work climates based upon a two dimensional typology. One dimension measured the ethical criteria used for organizational decision making and included self-interest, benevolence (utilizing more utilitarian philosophies), and principle or rule-based. The other dimension included locus of analysis as a referent in ethical decision making and included individual moral reasoning, local (internal to the organization) moral reasoning, and cosmopolitan (external) moral reasoning. Using factor analysis, Victor and Cullen (1988) developed five scale dimensions of ethical climate from their nine theoretical work climates—law and code, caring, instrumentalism, independence, and rules.

Further analysis from Cullen et al. (1993) identified seven dimensions of ethical climate—rules/codes, caring, self-interest, social responsibility, efficiency, instrumentalism, and personal morality. These seven dimensions have been applied in other research to measure ethical climate in different business sectors or environments. For instance, Venezia et al. (2010) used the scale to measure differences in ethical climate dimensions between public sector and private sector Asian accountants. Their research revealed that the public sector appeared to rely more upon rules/codes, caring, self-interest, social responsibility, and instrumentalism, while the private sector has ethical climates more focused upon efficiency and personal morality.

Schwepker et al. (1997) developed their own scale for measuring ethical climate and ethical conflict. Using research from Qualls and Puto (1989), Schwepker et al. (1997) developed seven five-point Likert-type statements to measure perceptions of ethical climate. Their research found that salespersons' perceptions of ethical climate in organizations had a negative relationship with ethical conflict. Although this scale was originally implemented in a sales setting to measure stress and conflict in the sales force, the reliability and validity of the scale are strong, enabling it to be used to measure job satisfaction, organizational commitment, and turnover intention (Schwepker 2001; Schwepker et al. 1997).

Research has also been conducted to determine the influence of normative constructs, such as teleology and deontology, in ethical decision making. Mayo and Marks (1990) launched an empirical investigation that lent credence to the

use of teleological and deontological evaluations in forming ethical judgments. Vitell et al. (2001) used the model by Hunt and Vitell to investigate ways that consumers used ethical norms, while Cole et al. (2000) used the model to evaluate how purchasing managers made teleological evaluations. In a study of sales managers, Hunt and Vasquez-Parraga (1993) revealed that a salesperson who violated deontological ethical standards received a more severe punishment if the outcomes of the action were negative from a teleological standpoint. On the other hand, those who engaged in ethical behavior based upon deontological standards received greater rewards if those behaviors resulted in a teleologically favorable outcome.

From an individual moral perspective, it remains unclear whether the majority of individuals operate according to a utilitarian or deontological perspective. In a study of marketing managers, Fritzsche and Becker (1984) found that many of their respondents offered utilitarian rationales for their actions, supporting more of a utilitarian approach to ethical decision making. However, Brady and Wheeler (1996) found that employees adopted more of a deontological perspective, suggesting that the moral philosophies of managers and employees might therefore differ. Reynolds (2006) claimed that while both utilitarianism and formalism shaped moral awareness, formalism appeared more influential because it recognized the ends as well as the means of an ethical decision.

There has been limited critical review or research to determine the adoption and use of moral philosophies and their impact on ethical decision making in an organizational context. Fraedrich and Ferrell (1992) provided empirical evidence that supported the model by Hunt and Vitell (1986) while also providing evidence that individuals changed their orientation to a teleological perspective when they were in a work environment. This utilitarian philosophy is widely believed to be the major ethical orientation in business, as organizations develop normative principles and values to be used in the context of utilitarian decisions. Therefore, the classical moral philosophy argument that an individual's orientation can be classified as teleological or deontological can be challenged by descriptive models, as well as challenged by the MES scale development, at least in the context of ethical decision making in a marketing organization. While there is solid evidence that deontologists or idealists may be more ethical when making decisions, this knowledge has limited use in implementing ethics programs in marketing if social learning is a major component of ethical decision making.

Looking ahead: the future of marketing ethical decision making research

While the past three decades have seen considerable effort toward theory development and theory testing, it is time to

reexamine and redefine the nature, scope, and domain of marketing ethics. A focus on the marketing and society interface has identified ethical issues. Reliance on moral philosophy and narrow paradigms to explain the ethical decision making of marketers fails to provide an expanded view of the managerial and societal importance of marketing ethics. To broaden marketing ethics as a sub-discipline area, there should be recognition of the role and importance of marketing ethics to the firm.

It is often viewed that all ethical issues relate to social responsibility issues. In addition, the terms marketing ethics and social responsibility overlap, but are distinctly different. Ethical decision making in marketing focuses on how to address issues that individuals, groups, and teams consider in the context of their organizations. Individual ethical reasoning processes, organizational ethical culture, social relationships, as well as organizational compliance standards impact the decision making process. Ethical decisions are embedded in most managerial decisions. Ethical decision making in marketing occurs when decisions about issues must be judged as right or wrong. Social responsibility is a much broader concept and includes how decisions impact all stakeholders and society. Therefore, ethical decision making in marketing addresses the internal, managerial decisions that relate to the firm's mission, strategy, and relationships with employees, customers, and suppliers.

Marketing ethics in corporate America is under the umbrella of ethics and compliance programs within the organization. Since some of the most significant ethical risks relate to marketing issues, there is considerable compliance oversight of marketing activities. Some of these risks include misuse of organizational resources, abusive behavior, lying to customers, deceptive sales and advertising practices, channel stuffing, bribery, product issues, and price fixing. Corporations tend to not address these areas by training employees on how to improve their personal moral philosophies. Instead, ethics programs include rigorous components related to organizational principles and values. Codes of ethics and training focus on specific subject matter areas and how to recognize, respond to, and prevent misconduct. Thus, there is opportunity for normative ethical guidance at both the firm and industry level. The American Marketing Association provides its Statement of Ethics specifying values and norms for marketers. Additionally, many industries, such as the Direct Selling Association and the Better Business Bureau, offer industry codes which specifically identify risks and appropriate responses.

Those who conduct research in marketing ethics should recognize that organizations specify norms or behavioral expectations for what is acceptable or unacceptable within that organization's culture. The complexity of many ethical decisions would make it almost impossible for individuals to make the correct decision based solely on personal

beliefs. There must be competence in the subject matter area and an understanding of risk that can result from various alternative decisions. Therefore, the key challenge in marketing ethical decision making is the lack of continuity in the entire decision process. Individuals see only a small component of the risk, decision, and implications. This lack of a holistic view among departments and divisions is perhaps one of the greatest challenges organizations face in training employees to respond to risks appropriately.

Given the advancement that has been made in marketing ethics research in conjunction with the actions of decision makers in the late 20th and early 21st century, it is time for scholars to take a more holistic approach to understanding marketing ethical decision making. In reviewing the development of theories and the subsequent scale development and testing that has transpired over the past few decades, we suggest that a holistic approach will combine elements of a variety of studies in order to create a much larger picture of the marketing ethics in a firm. Next, we offer several examples of how a holistic approach might be construed.

Ethisphere reported that, in a recent five-year period, the world's most ethical companies had greater increases in shareholder value than the S&P 500 (Ethisphere Institute 2011). This finding is consistent with Resource-Advantage Theory (Hunt and Morgan 1995; Hunt 1999), which identified ethics as an intangible resource that could provide competitive advantages. New research could examine marketing ethics as a managerial and societal concern that is a valuable organizational resource. For example, ethics is a part of the co-creation of value (Vargo and Lusch 2004). Abela and Murphy (2008) viewed ethics compartmentalization as a problem and argued that the service-dominant logic proposed by Vargo and Lusch (2004) helped to overcome this tendency in value creation. These observations, that marketing ethics is a resource and of value to managerial decisions, point to the importance of ethical decision making beyond social responsibility.

Integrating ethics into decisions and organizational culture then becomes part of the value equation. Yet, the question remains as to how that value can be measured or assessed from both a social and financial performance context. In turn, how is ethical marketing decision making reflected to stakeholders so as to create a competitive advantage? Stakeholder engagement can serve as a force in value creation and competitive advantage. Ethical decision making can help manage 'contracts' with each stakeholder and create a resource advantage that improves the value chain (Verbeke and Tung 2013). Research is needed to isolate and delineate the ethical value construct. Without a clear delineation of the ethical value construct, the components will remain nebulous and indefinable for replication.

The theoretical development of marketing ethical decision making can be enhanced by examining other contributions

that address ethical decision making and relate to more macro issues such as sustainability. For example, in their work on sustainability, Crittenden et al. (2011) utilized Resource Advantage as the underlying theoretical foundation in developing a market-oriented sustainability framework so as to capture the *why* behind decisions relative to social responsibility practices. The development of such a framework was intended to enable researchers to explore the underlying and generally intangible constructs that precipitated such practices. As such, a major construct in the authors' framework was a DNA construct that was intended to capture the fabric of the organization. This is a more defined description of how organizational ethical culture relates to decision making. Given this example, one has to wonder if there are any underlying triggers or mechanisms (i.e., organizational DNA) that, likewise, precipitate ethical marketing decisions that result in a competitive advantage for the firm.

At the same time, many scholars and practitioners view ethics as strictly an individual moral obligation and that individual ethics contribute to the ethical culture of the organization. The world in which marketing decisions are made has changed considerably over the past 20 to 30 years, and marketing researchers need to understand how these changes impact ethical decision making. For example, Crittenden et al. (2009) suggest that country corruption has a major influence on individual ethical decision making. Since much of the corruption indices are measured at the organizational level, it might be that organizational ethics contribute to the ethical culture of individuals. Thus, future research needs to better portray the complexity of ethical decisions and demarcate the many gray areas in which dilemmas create situations where all decisions have negative consequences.

As noted by Murphy et al. (2013), insights from institutional theory open new areas for marketing ethics research. Institutional theory considers structures, values, norms, belief systems, and rules that can provide support for competitive advantage. Marketing ethics may be challenged when there are institutional deficiencies. Institutions are above the individual level and help structure regulations, norms, and conventions (Jepperson 1991). Institutional theory would support the view that institutions are important in supporting an ethical organizational culture. Stakeholder theory draws on elements of institutional theory. Stakeholders may be viewed as institutions that impact a firm's values, norms, and behaviors.

Finally, given the potential impact of individual ethical decision making on marketing decision making, it behooves scholars to explore beyond the traditional realm of influences, based on moral philosophies. In this issue, Vitell et al. (2013) synthesize and explore the impact of emotion on ethical decision making. There are likely other independent constructs that influence decision making, constructs which have been found to affect individual and organizational decision making in a variety of business-to-consumer and

business-to-business contexts but left unexplored when it comes to ethical decision making. Additionally, there is much to learn about ethical decision making through a revalidation of the predictors of the moral equity construct proposed by Robin et al. (2000).

Conclusions

To broaden and deepen the overall understanding of marketing ethics requires a holistic understanding of existing knowledge in the area. Research in marketing ethics has focused, to a large extent, on identifying and exploring issues. Most of these issues relate to social issues and consumer protection. A focus on the theoretical foundations of ethical decision making is useful not only for social responsibility decisions, but also managerial decisions. Much progress has been made with both normative and descriptive models of ethical decision making. By examining the historical evolution of the field, a system of variables is presented which have the potential to influence ethical decision making in marketing. Much of the research in marketing ethics has been compartmentalized into narrow silos which are thought to be key predictors of ethical behavior, when in fact it is the divergence and complexity of influences which ultimately determine ethical or unethical behavior. Future research needs to examine the interdependence of the various constructs that researchers have used to explore ethical decision making.

While Schlegelmilch and Öberseder (2010) found a rich literature on marketing ethics, the majority of articles that made significant contributions to theory and scale development were published in the last two decades of the twentieth century. More recently, descriptive research has used frameworks such as Ferrell and Gresham (1985) and Hunt and Vitell (1986). A significant amount of research has used scales that assume ethical decisions in the organization are based on individual moral philosophies (Reidenbach and Robin 1990; Forsyth 1980). Both of these approaches fail to take a holistic approach to the interdependent variables that influence ethical decision making.

A significant challenge to advancing marketing ethics is the perspective that ethical decisions reside inside the individual based on character, moral philosophy, beliefs, and values. The development and testing of descriptive models provides solid evidence that organizational culture, social learning, and organizational codes, policies, and compliance requirements create a major impact on how individuals make ethical marketing decisions. There has been very limited research that attempts to integrate understanding to reflect on these two different approaches to marketing ethical decision making. In addition, there is another perspective that ethical decision making is self-evident due to desirable consequences to certain stakeholders. It is our

view that ethical decisions in marketing can result in both socially desirable outcomes and a resource advantage for the firm. On the other hand, we need more understanding of how ethical decision making occurs and the role of normative perspectives in making decisions.

A major contribution in scale development was the Robin et al. (2000) finding that the moral equity dimension in a structural model predicts an individual's behavioral intent. Just as important is the fact that a structural model provides the opportunity to include an organization's ethical culture, social learning theory, and significant others. This development provides the potential for new research opportunities to include interdependent variables that predict ethical decision making in an organization. This would truly advance the sub-discipline of marketing ethics and provide theory and research integration.

The movement of marketing ethics research to structural equation modeling has the potential to launch a new frontier based on a solid theoretical foundation. There are no major conflicts in descriptive and normative models of ethical decision making. The contributions of Lacznik and Murphy (2006) to normative perspectives, Hunt and Vitell (1986) to describe how normative perspectives interact, and those of Ferrell and Gresham (1985) provide a foundation for including culture, social learning theory, and organizational influences of ethical decision making. Finally, research in marketing ethics should include a descriptive understanding of how organizations manage ethics and develop ethical cultures. There are significant opportunities and much work to do to advance the overall understanding of marketing ethics.

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