

CONSEQUENCES OF ETHICS MISCONDUCT AND GLOBAL MARKETING IN THE 21ST CENTURY

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ABSTRACT

High-profile events of recent years have highlighted dramatic misconducts of firms' unethical behaviors, irresponsible and illegal activities. This wave of scandalous behaviors is not beneficial for the firms' survival, their various constituents, which include customers, stockholders and the general public. This paper seeks to pinpoint instances of unethical and the consequences of such behaviors, highlight the reasons why global firms need to establish standards of conduct to conduct business globally, like and develop moral principles as a road map to guide their activities, stress the importance of a number of ethical dilemmas that firms encounters in the global arena, adopt the United Nations Global Compact limitations model as an innovative tool for global ethical behavior.

Global marketing ethics is the systematic study of how moral standards are applied to marketing decisions, behaviors and institution. Since global marketing is an organizational process focused directly on exchange, ethical issues in global marketing existed since the inception of trade across borders.

The effect of unethical Behavior on Global Marketing

The current literature has revealed several instances of unethical behaviors that have brought shame and disgrace to reputable companies. Among these but not limited to the following are:

Enron, a dominant player in the field of energy trading collapsed and caught investors by surprise. Enron had made its financial records and account as opaque as possible. Kenneth Lay was convicted for conspiracy and multiple counts of fraud.

Bernard Madoff sentenced to 150 years in jail for managing what is known as Ponzi scheme that defrauded charities, individuals, companies and investors.

Sales of cigarettes in the state of Indonesia increased because of restriction and liability issues placed on cigarettes manufactures in the United States.

Raj Rajaratnam, a recognized figure in hedge fund was found guilty on 14 counts of securities fraud – insiders trading. Apple computers was being investigated by the European community for consumers for paying more for downloading songs from iTunes in the United Kingdom than in other parts of Europe.

Two Chinese executives in the mining industry are jailed in China for leaking secrets to employees of Anglo Australian miner Rio Tinto.

The Role of Capitalism

Capitalism is an economic ideology that play a part in affecting ethical standards of a firm. Capitalism contributes increase in a consumption, wealth accommodation and a right to own properties. Capitalism allows room for competition which in turn may lead to higher-level of unethical behavior. Competition is uncontrollable variable but government can step in with regulations to promote healthy competition that may enhance ethical behavior.

All business in the global area must make diligent effort to understand moral principles from which to draw ethical standards. These standards will greatly help to govern behavior and close the gap between these companies are profit-oriented driven and those who focus on corporate social responsibility.

The rise of marketing ethics can be seen in light of reactions to global marketing impacts, deceptive advertising, the role that advertising plays in a country, with arguments suggesting that many advertising activities are, or can be unethical. According to Baack, Haroos, Baaek (2013), some of the majors complaints about advertising include these:

1. Advertising over emphasizes materialism.
2. Advertising increases police.
3. Advertising perpetuates stereotypes.
4. Advertising unfairly focuses on children.
5. Advertisements are often offensive.
6. Advertising dangerous products is unethical.

Global Ethical Concerns in Marketing	
<p>PRODUCT</p> <ul style="list-style-type: none"> • Planned Obsolescence • Product Quality and Safety • Product Warranties • Fair packaging and Labeling • Pollution 	<p>DISTRIBUTION</p> <ul style="list-style-type: none"> • Exclusive Territories • Dumping • Dealer Rights • Predatory Competition
<p>PROMOTION</p> <ul style="list-style-type: none"> • Bait and Switch Advertising • False and Deceptive Advertising • Promotional Allowances • Bribery 	<p>PRICE</p> <ul style="list-style-type: none"> • Price Fixing • Price Discrimination • Price Increases • Deception Pricing

Product-related ethical concerns globally comes when marketers are failing to expose risks associated with a product or information regarding the smooth running of the system, value or use of the product. Pressures can build to substitute inferior materials or product components to lower costs. In addition, ethical issues can develop when the marketers fail to disclose to the consumers about existing condition or changes in the product's quality. In addition product recalls occurs when companies request customers to graciously return product that are found to be defective. Companies can be critical for being to late to request a call of the defective product on a timely fashion.

Promotion can also lead ethical issues concerns in a variety of ways, among them false on misleading advertising and the process of manipulation on deceiving the public with false promotional tactics. Green washing occurs when products are being presented as being environmentally friendly when in actually they are not. These are many global ethical issues that are linked to promotion, including the use of bribery in personal selling. Bribes can jeopardize trust and fairness. This is an illicit advantage in exchange for something not truly earned.

In pricing common global ethical issues include price fixing, predatory pricing and the failure to disclose full purchase price of an item. Granted that a marketer has the right to sell his product at a particular to be profitable but not at the expense of the ordinary consumers.

Distribution ethical issues involves the relationships among the producers and marketers intermediaries. Intermediaries are middle men (wholesalers and retailers), facilitate the flow of products from the producer to the ultimate customer. These intermediaries perform different functions and agree to certain rights and responsibilities, and rewards associated with that function. Intermediaries can be in a position to manipulate a product's availability for the purpose of exploration and using coercion to force intermediaries in a particular way. Some companies are in a position to practice channel stuffing, which include shipping surplus inventory to whole sellers and retailers at

an expensive price especially towards the end of a season. Thus by concealing falling demand for the product or inflating financial statement earnings to mislead investors.

Decision making in the global marketing place is a conscientious process of making choices among alternatives with the intention of moving toward some desired state of affairs.

What have we learned?

- Difficulty to improve the image and reputation of the company.
- Trust from customers cannot be repaired or gained overnight.
- The risk of reestablishing the consumers trust and confidence is expensive.
- Tolerance, knowledge and skills of newly recruits, should be given adequate training and attention.
- Change the mindset of workers by providing open transparency of doing the right thing.
- The consequences of poor judgment must be limited, instead create an opportunity for everyone to participate and share varied opinions.

Conclusion

In conclusion, marketers have multiple responsibilities to their customers in the countries they operate. They need to foster trust and trustworthiness among themselves to build a reputable image and must be held ethically accountable in high esteem by consumers and their peers. They have an impact on the economy, social and political development of the countries they operate. This paper has presented issues that will provoke thoughts requiring constant debates and discussions.

There is an urgent need to promote ethical behavior in global marketing. Reduce the number of premeditated scandals that continues to plague our society. Ethical misconduct cannot be tolerated any longer. A lack of marketing ethics will continue to hurt and directly contribute to society's decay. We should learn from our mistakes and continue to improve the quality for discipline ourselves. We need to be proactive.

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