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**SWP 38/88    TEACHING ETHNICS IN MARKETING:  
ONE APPROACH AND SOME CAVEATS**

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## ABSTRACT

This paper considers some of the ethical dimensions to marketing decision-making and how they may be addressed within the classroom. It draws on the author's experiences in teaching ethics in marketing on MBA programmes and executive courses. The focus of the paper is on 'Bagnall Electronics', a case used in these sessions. Reference is also made to other cases used in teaching ethical issues in marketing.

The case requires a decision to be made on whether or not to supply equipment, with a possible military application, to South Africa. The decision is made particularly difficult because of concurrent negotiations with a US company that is believed to be sensitive to links with South Africa and the likelihood of adverse publicity as a result of the leaking of the South African contract to the press. The paper outlines the case in more detail and explains how it may be tackled. An approach is described which can be readily adapted to other cases which raise ethical issues.

Bagnall Electronics and other case studies have been taught in sessions given a variety of titles. 'Marketing in Difficult Times' has been a very suitable euphemism which avoids explicit reference to the word 'ethics', a word and concept some people feel uncomfortable with. This highlights the approach to teaching ethics in marketing favoured by this author. Such sessions, it is argued, should be seen as exercises in consciousness-raising. They should, furthermore, be reflective not prescriptive, identify ethical issues as they impact on management, and address the consequences, both financial and human, of ignoring ethics.



## ARE YOU SITTING COMFORTABLY?

In April 1987, Harvard Business School received its largest ever donation: a gift of \$20 million which, when augmented by other contributions, will fund a \$30 million programme addressing a business topic which has increasingly come to the fore in the last few years. The donor was not one of the major investment banks or strategy consultancies, to which many Harvard graduates have been going of late on completion of the MBA. The topic is not techniques for investment appraisal, the management of information technology, or strategies for turbulent environments. John Shad, the outgoing Chairman of the US Securities and Exchange Commission and a graduate of the business school, gave his donation in support of a programme on business ethics. He commented at the time, 'I've been very disturbed most recently with the large number of graduates of leading business and law schools who have become convicted felons' <sup>1</sup>.

Following the donation, detractors claimed that Harvard's interest in the topic was not all it could have been. It was suggested that a lack of funding was not responsible for the low profile of the topic on Harvard's MBA. These critics pointed to the low attendance on the business ethics elective (5-10% of the 750 or so students on the MBA), contrasting it with the (alleged) teaching of the competitive advantages of unethical behaviour in the rest of the MBA courses. They also noted that Harvard was not planning to retain any of its three untenured professors who specialised in business ethics. It was acknowledged that student interest in ethics may not be all that high. However, the critics argued that the School should be taking a leadership role both in terms of its own students and, as the pre-eminent business school in the world, other business schools <sup>2</sup>.

In effect, John Shad has thrown down the gauntlet to Harvard, a challenge the School has taken very seriously. The message has come down from on high to all the faculty that the School must address the ethical dimensions to management decision-making throughout its courses. An audit of the MBA revealed that a number of cases already used on the Harvard programme contained ethical issues, though not necessarily as the predominant problem within the case.

(The case study is the principal teaching vehicle at Harvard.) However, the presence of an ethical issue within a case does not guarantee its inclusion within the case discussion, even if raised by the class. Many business school faculty feel uncomfortable dealing with business ethics. Harvard's response to the John Shad donation has been to initiate the development of teaching materials for all its courses which will readily accommodate analysis of business ethics and to provide suitable support for teaching faculty. So, for example, the core marketing course of 45 sessions should, by academic year 1989/90, contain at least half-a-dozen cases which raise significant ethical issues to be analysed by the class. Other initiatives being considered include a compulsory course on personal development, looking at ethics within the context of values and beliefs<sup>3</sup>.

However, John Shad has thrown down the gauntlet not only to Harvard, but to all business schools and management teachers. Are we developing people in a way that enables them to become effective and ethical managers? In writing about business ethics, Powers and Vogel observe that, 'In essence ethics is concerned with clarifying what constitutes human welfare and the kind of conduct necessary to promote it'<sup>4</sup>. Put simply, ethics is about what is 'right' and 'wrong' in human behaviour. Do business schools encourage their students to make the 'right' decisions? Do they, perhaps, push them towards making the 'wrong' decisions, in the worship of mammon? In the recently released film 'Wall Street', Gordon Gekko, an unscrupulous corporate raider, makes the following speech to the shareholders of a company he is seeking control of for asset-stripping:

'The point is, ladies and gentlemen, that greed, for lack of a better word, is good. Greed is right. Greed works. Greed clarifies, cuts through and captures the essence of the evolutionary spirit. Greed in all its forms: greed for life, for money, for love, knowledge, has marked the upward surge of mankind, and greed, you mark my words, will not only save Teldar Paper, but that other malfunctioning corporation called the USA.'

While one might acknowledge the role of self-interest in the efficient operation of markets, are the values of greed to be encouraged in our students? Excessive self-interest may be dysfunctional from society's point-of-view, as well as somewhat unpalatable. Gekko's speech is loosely based on remarks made by Ivan Boesky, the Wall Street insider trader<sup>5</sup>. Recent events have highlighted a lack of ethics in business, financial scandals involving Boesky and others, in the United States and in the United Kingdom. Following revelations of various dubious practices in the contested bid by Guinness for Distillers, it seems likely that there will be successful prosecutions in the Old Bailey this summer of the sacked Guinness Chairman, Ernest Saunders; the businessman, Gerald Ronson; the financier, Sir Jack Lyons; the stockbroker, Anthony Parnes; and merchant bankers Roger Seelig and Lord Spens.

Recent concern about ethics in business extends beyond the City, however. Disasters involving substantial loss of life, the Bradford football stadium fire, the Zeebrugge ferry sinking, and the King's Cross Underground fire, are partly, if not largely, attributable to poor management and a failure by the managers concerned to adequately look after the welfare of those for whom they were responsible. The distress of unemployment and the deprivation within inner cities have also raised questions about business ethics and what business is doing to tackle - or at least not contribute further to - these and other problems currently faced by society. In the UK, in October 1986, the Institute of Business Ethics was launched. Appropriately, at its first major conference the following March, Sir Geoffrey Chandler, Director of Industry Year and its successor Industry Matters, commented:

'You will frequently hear senior industrialists and businessmen and women say "we are in business to make profits". Well so are burglars. While businesses do have to make profits, they have a wider social responsibility too. We need to avoid the bad driving out the good. Everyone in industry suffers from the Guinness affair'<sup>6</sup>.

Some business teachers may feel uncomfortable about dealing with the ethical dimensions to management

decision-making, but it has been recognised that ethical issues are increasingly confronting business and need to be addressed by business schools.

#### IS MARKETING UNETHICAL?

Students in marketing classes often raise questions about the ethics of marketing. Some teachers will scorn such remarks with comments about being in business to make money, usually a less than satisfactory answer from the point-of-view of the troubled student. More satisfactory is an approach which draws attention to consumer sovereignty and legal constraints, and makes the distinction between bad practice and good practice as delineated in the marketing concept. This tendency for an ethical concern to be voiced in marketing classes, within the context of a growing interest in business ethics generally, lends further weight to the case for addressing the ethical dimensions to marketing decision-making in marketing courses.

An ethical concern about and possibly even hostility towards marketing, is usually founded on accusations about dubious means used to sell products that people don't need. Often these expressions of concern are limited to examples of bad selling practice - double glazing sales representatives are frequently cited! But the differences between marketing and selling notwithstanding, marketing still has a case to answer. More sophisticated critics will also suggest that marketing heightens materialism, elevating consumption to an end in itself, and results in the waste of scarce resources. Kotler, in the most widely-used marketing textbook, acknowledges these concerns about marketing's contribution to society and quotes Sterling Hayden:

'What does a man need - really need? A few pounds of food each day, heat and shelter, six feet to lie down in - and some form of working activity that will yield a sense of accomplishment. That's all - in a material sense. And we know it. But we are brainwashed by our economic system until we end up in a tomb beneath a pyramid of time payments, mortgages, preposterous gadgetry, playthings that divert our attention from the sheer idiocy of the charade' 7.

One has to ask however, whether these criticisms are of marketing or of the whole of contemporary Western society. One could argue that marketing is simply a tool employed by business to realise its social purpose: the provision of goods and services that people wish to buy. While capitalism might be criticised as a political-economic system, marketing is simply operating within that as a philosophy and management function to ensure that individual firms produce what consumers (i.e. people within a society) actually want. Within competitive markets, those firms that fail to practice marketing and ignore the imperative of customer satisfaction by not producing what consumers want, will go out of business. The logic of this is inescapable.

Hence it can be argued that marketing, as a business activity, serves society. Yet many critics will remain unconvinced, suggesting that marketing manipulates, 'conning' people into buying products they don't need. The teacher can usefully ask in such a situation how many of the class feel they have been deceived in this way. Some hands may go up, but when called upon to provide specific examples, few are forthcoming. A number of examples will be of breaches of the law, such as misleading claims in advertising, and the role of the law to control bad marketing practice can be highlighted. Usually, however, it will be recognised that consumers tend to be conscious of the maxim caveat emptor and will exercise careful judgement in deciding whether or not a product is likely to meet their needs. Some classes suggest that while they, as sensible and intelligent people are capable of doing this, others are more gullible! The patronising attitudes this reveals aside, it should again be highlighted that there are legal safeguards, with, for example, the protection of minors, as in the law governing the sale of cigarettes to children.

There are examples of legal marketing activity which classes will identify that are more worrying and do raise serious issues about the ethics of marketing. Concerns about, say, bottled water and the prices charged, can be fairly readily countered. Some people want to buy water that has an assurance of purity and will be prepared to pay substantially more for Perrier, the brand leader, because of that assurance. After

all, the basic principle of consumers being free to choose means that people can choose to drink tap water or buy a cheaper retailer-branded bottle of water in preference to Perrier. Students scorning the gullibility of some consumers need to appreciate that other people may have different tastes and needs from their own and diverse levels of disposable income create different perceptions of value. Moreover, product benefits may be intangible as well as tangible. As the well-worn quote from Charles Revson has it: 'In the factory we make cosmetics. In the store we sell hope.' The branding of Revlon cosmetics adds value by providing intangible benefits, such as increased confidence. Similarly, a bottle of water with the Perrier brand might provide intangible benefits in the form of enhancing the perceived sophistication of the drinker. Likewise, the owner of a BMW motor car might have a sense of raised status. However, the cosmetics example is problematic. Does the marketing of cosmetics play on people's weaknesses and, furthermore, given the substantial expenditures on advertising and packaging, waste resources?

It can be argued that the cosmetics and related industries place an undue emphasis on appearance which can make people unhappy and even lead to serious medical conditions, such as anorexia nervosa. One might take a deterministic position and respond that this would happen regardless of marketing activities. However, it should at least be acknowledged that marketing activities, especially advertising, contribute to socialisation. Yet again though, one must ask to what extent ethical concerns should be directed at marketing rather than society at large. Can, for example, a concern about sex-role stereotypes in advertising ignore the presence of similar stereotypes elsewhere in the media? As for wasted resources, one has to recognise the contribution of advertising and packaging to the provision of intangible benefits which people wouldn't pay for if they were not required. If people don't want cosmetics in fancy packaging they can go to the Body Shop.

The success of the Body Shop provides a useful basis for confirming the ethics of marketing. In competitive markets consumers are free to choose and are capable of deciding for themselves whether or not a product meets their requirements. Moreover, they can, in many cases,

also rely on the judgement of the retailer. Should their judgement and that of the retail buyer be wrong, or the product fails to meet promised expectations, then the consumers will not buy it again, will urge friends to do likewise and probably complain. Repeat purchase and a good reputation are vital for most businesses to survive. It is not in their interests to have dissatisfied customers. Often there is legal protection for consumers and legal remedies if a product has failed to meet reasonable expectations and complaining has been to no avail. In short, consumer sovereignty, which is central to the marketing concept, and the law, ensure that marketing practice is predominantly ethical.

Yet this well-rehearsed defence of marketing ethics should, for all its logical consistency, not allow complacency. Consumer sovereignty requires choice and information. Not all markets are competitive and therefore demanding of high standards from companies within them: witness the abysmal public telephone service provided by British Telecom, where as many as 25% of public pay 'phones have been out of order (and not simply due to vandalism). Neither is the consumer always well-informed. There are also limits to the law and the scope for legal remedies. As the Opren case indicates, the law can have shortcomings and people may not be able to afford litigation. Finally, marketing has to take responsibility for the sort of society it is contributing towards. Included in this, has to be condemnation and action to prevent incidences of bad practice. There are also cases which are not clear-cut, managers need guidance on how their discretion should be exercised.

So while the more general criticism of the ethics of marketing can be satisfactorily answered, the issue of marketing ethics cannot be dismissed. There are ethical dimensions to marketing decision-making which marketing managers need help with. Consider some examples:

- in product management
  - product liability and the ethical considerations in going beyond legal requirements in the provisions of tamper-proof packaging;

- product recalls and decisions on product recall management systems, such as threshold levels for instituting recalls (eg: how many poisonings if you're a food manufacturer?), speed of recall, openness with the media;
- in new product development
  - safety considerations generally;
  - testing products on animals;
  - testing products on human 'guinea pigs';
- in packaging
  - use of biodegradable packaging;
- in advertising
  - the representation of minorities;
  - the use of doubtful (though legal) claims;
  - sex-role stereotypes in advertising;
- in channel management
  - relations with channel intermediaries and the use and abuse of superior power positions (eg: as a retail buyer in a grocery multiple);
  - choosing not to market to disadvantaged groups;
- in international marketing
  - compliance with the Arab Boycott;
  - exporting to 'unsavoury' countries (eg: South Africa or Chile);
  - the use of 'gifts' to obtain overseas orders.

This list is illustrative rather than exhaustive. It shows that there are ethical considerations which marketing managers have to deal with. Accordingly, if marketing education has anything to do with helping and improving marketing practice, then ethics should feature within marketing teaching.

#### APPROACHES TO TEACHING BUSINESS ETHICS

If the case for teaching ethics in marketing is accepted one must then ask how this is to be achieved. Teaching business ethics is arguably more demanding than teaching channel management strategies or the product life cycle, for it is far more emotionally involving for the participants. There is at least an

added dimension to the topic with the greater degree of subjectivity that is inevitably involved. Comments are made on how this can be handled later in the paper. What needs to be noted at this point, is that this added complexity worries some teachers who feel uncomfortable discussing ethics. This raises the problem of who is to teach business ethics.

Once a business school has decided that it will grasp the nettle and teach business ethics, it must then decide who will do this and how it is to be achieved. The two concerns are related, for one route might be to provide a separate course on business ethics, preferably compulsory and part of the 'core' programme (if within an MBA). The alternative is an integrated way, whereby ethics is addressed throughout the curricula (with the possibility of additional separate courses on ethics and related topics). The former is the easier route, but less than satisfactory. If faculty are available who are interested in the topic and possibly even capable of teaching it, then they can be 'left to get on with it'. And, unfortunately, that is how it would be.

There are significant weaknesses in simply teaching ethics as a separate course, compulsory or otherwise. Ethical issues need to be considered within all of a business school's courses rather than separately. After all, this is how they arise in practice, not in isolation but in relation to a problem in, say, marketing or corporate strategy; consider the examples given earlier. Yet one then has the difficulty of persuading reluctant faculty to discuss in class the ethical issues which come up in connection with particular topics. Can finance teachers be persuaded to consider inside trading when looking at mergers and acquisitions? Can production management teachers be persuaded to look at the impact of new technology on employees when discussing advanced manufacturing systems? Can business policy teachers be persuaded to consider the implications of plant closure on a community when looking at capital investment (or disinvestment) decisions?

The integrated route could be made easier if appropriate materials were made available, with full explanations of how they should be used. As Powers and Vogel note, 'while not all faculty members will be

willing or able to encourage their students to approach their academic specialties from an ethical perspective, many might well prove quite receptive to such an approach, particularly if material were prepared for them' <sup>8</sup>.

In a step towards the integrated route, the Cranfield MBA core marketing course of 30 sessions contains one session known as 'Marketing in Difficult Times'. This euphemistic title avoids explicit reference to ethics, a word and concept some people, as already noted, feel uncomfortable with - students as well as faculty! The session is based around the case Bagnall Electronics <sup>9</sup>. Before discussing this case-based approach however, it should be noted that there are alternative approaches to teaching business ethics. They include <sup>10</sup>:

- inviting guest speakers: Stanley Adams visits Cranfield when the Hoffman La Roche case is taught; Sir Adrian Cadbury addressed the School earlier this year <sup>11</sup>;
- lecturing on ethics: such as a lecture on different ethical perspectives and how they might be applied to current examples of ethical problems facing a business or individual managers;
- class presentations by study groups on current ethical issues (used on the London Business School ethics elective);
- administering a questionnaire on a number of ethical dilemmas which are then discussed, this questionnaire is subsequently completed again so that changes in position can be noted (original, deeply ethical stances can give way to more flexible stances as students come to understand other points-of-view).

#### BAGNALL ELECTRONICS

Bagnall Electronics is a diversified electronics company supplying consumer and military markets. Faced with financial difficulties, a decision has to be made as to whether or not to accept a contract to supply an advanced instrument landing system to South African airports. This decision is made particularly difficult because of concurrent negotiations with Universal

Electronic Systems (UES), a major United States conglomerate, to supply military equipment. It is believed that UES would be very sensitive to doing business with a company that has South African links. These links are likely to become widely publicised as a left wing newspaper has obtained details of the South African contract. The issue has become personalised and highly embarrassing for Bagnall's MD, Peter Carson, who had planned to sign the contract the next day. His son or one of his son's friends leaked details of the deal, which Carson had carelessly left lying around at home.

This topical and very short case is a useful vehicle for exploring the ethical dimensions to marketing decision-making. While its use will inevitably involve some discussion of South Africa's problems and the rights and wrongs of trade with South Africa, the more general and underlying concern is how ethical issues affect managerial decision-making. The case also calls attention to the increasing complexity of the marketing environment and the growing impact of social issues on the firm. Its objectives, then, are to consider the ethical dimensions to marketing decision-making (as an exercise in consciousness-raising); to identify the consequences, both financial and human, of ignoring ethics; and to show that ethical issues are increasingly having an impact on corporate and marketing decisions and that firms must respond to them. Groups or individuals, in their preparation of the case, are asked to make two decisions: Should Bagnall have considered supplying the contract in the first place? Should Carson sign the contract tomorrow?

The teaching approach is based around a suggested methodology for handling 'difficult' decisions. Firstly, there is recognition given to the ethical dimension to the business decision. Secondly, one determines one's own position on the issue. (In extreme circumstances this may prompt a decision to leave the organisation, where an individual's position is greatly at odds with company policy or behaviour and neither can be accommodated with the other.) Thirdly, the stakeholders are identified, i.e.: those affected by the decision. Fourthly, priorities are attached to the resulting complexities now bearing on the decision. Finally, the decision is made, in line with individual conscience and corporate priorities.

Accordingly, the teaching process commences with a list on the blackboard of study group decisions (or a hand count of individual decisions if the case is not discussed in groups) and the reasons for these decisions are then explored. The teacher's initial purpose is to achieve recognition by the group that there are ethical considerations in management decision-making. Factors which influence the two decisions and will have been identified and used by the students are shown below:

For decision 1:

Yes	No
<ul style="list-style-type: none"> <li>■ Company needs business</li> <li>■ British government 'support' for SA trade</li> <li>■ Company already involved with SA</li> <li>■ Business and politics should not be mixed</li> <li>■ Constructive engagement argument (involvement with SA will bring peaceful change)</li> <li>■ UK jobs</li> <li>■ 'If we don't someone else will'</li> <li>■ Responsibilities to shareholders, employees and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>■ Involvement with SA is morally wrong</li> <li>■ SA economy unstable so payment not guaranteed</li> <li>■ Trade with SA tarnishes image and may affect other business</li> </ul>

For decision 2:

Yes	No
<ul style="list-style-type: none"> <li>■ Above factors</li> <li>■ Star Wars business not definite, SA business certain</li> <li>■ Contract nor for military use</li> <li>■ Product could save lives</li> <li>■ Not illegal</li> <li>■ Not open to blackmail (danger of setting</li> </ul>	<ul style="list-style-type: none"> <li>■ Above factors</li> <li>■ Family considerations</li> <li>■ Loss of 'lucrative' contracts with UES</li> <li>■ UN arms embargo (potential military application of product)</li> <li>■ Loss of other US</li> </ul>

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>■ precedent)</li> <li>■ A purely commercial decision</li> </ul> | <ul style="list-style-type: none"> <li>■ business and elsewhere</li> <li>■ May increase business in US and elsewhere through 'no'</li> </ul> |
|--|--|

As the lists show, both ethical and commercial considerations are identified. (Two decisions are sought - rather than simply asking 'Should Carson sign tomorrow?' - to highlight the distinction between ethical factors (predominantly decision one) and pragmatic factors (predominantly decision two).) Differences within the class on which factors affect the decisions should be brought out, in particular, the ethical factors: business with South Africa is morally wrong, the constructive engagement argument, etc. For some people, there will not be any ethical considerations to take account of in deciding whether or not to trade with South Africa. Some would even argue that ethical considerations should never influence corporate action, that Bagnall is faced with a purely commercial decision and strict commercial criteria apply. Milton Friedman is sometimes referred to here and the suggestion made that he advocates the social responsibility of a business is to make a profit FULL STOP. It is worth noting that Friedman actually says:

'there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud' <sup>12</sup>.

So Friedman is not tied to purely commercial criteria and one may choose to interpret 'within the rules of the game' quite broadly. The teacher might at this point, if appropriate and time permits, spend some time exploring the logic behind Friedman's position and the counter-arguments. If some people still remain unconvinced that there are ethical dimensions to marketing decision-making one can explore any number of possible situations with significant ethical considerations. Other members of the class will often provide suitable examples, but failing this one might

present these people with an extreme question, such as, 'Would you, as an arms manufacturer, supply arms to the IRA?' Attempts to dodge the question, by arguing that this would be illegal, can be overcome by suggesting that the arms would be legally sold to a third party who would then supply the IRA. The position 'it's OK as long as you don't get caught' must be shown not to have universal application (if any). All the class must accept that ethical considerations may come into a business decision.

Once there is acceptance of ethical considerations in general one may turn to the specific. Ethics is about what is 'right' and 'wrong' but there are no absolutes. In any particular situation individuals will decide where to draw the line. However, if others feel differently on the issue (for example, that trade with South Africa is wrong), then the dubious maxim 'it's OK as long as you don't get caught' may have some application. Here one can discuss the concept of stakeholders and long-term implications versus short-term profit maximisation. Discussion questions would include:

- How much discretion do managers have on these issues?
- What sort of board does the American firm have? (It is a stakeholder board.)
- Who has a 'stake' in Bagnall Electronics?
- To whom is Bagnall accountable?
- What are the long-term implications of the decision to accept the South African contract?

Introducing the stakeholder concept highlights the complexity of ethical decision-making. One could take the line that it is better to have a contract with South Africa than make people redundant because there is no work for them. The rights and wrongs of involvement with South Africa are also not straightforward. There are arguments for trade with South Africa and many other ethical issues are equally complex.

Making the decision requires an understanding of the ethical dimensions and the commercial considerations, with complexities resolved by determining priorities. For some people on some issues there can be no compromise. In other cases a more Machiavellian

approach may be preferred, where worthwhile ends are seen to justify efficient means. Whatever, the full ramifications of the decisions made need to be explored. The class session can be usefully concluded with a discussion of other examples of ethical issues in marketing, drawn from the class or offered by the teacher. In reviewing the session five points are worth stressing:

- 1) Ethical issues are increasingly having an impact on corporate and marketing decisions.
- 2) They involve individuals 'drawing the line', deciding what is 'right' and 'wrong', but the final decision must take account of all the firm's stakeholders.
- 3) These issues are complex - with good arguments for and against.
- 4) Resolving this complexity demands attributing priorities.
- 5) Long-term implications may override short-term profit maximisation.

#### SOME CAVEATS

Bagnall Electronics has been successfully used by this author with a variety of groups at Cranfield and at London Business School. It has worked well with MBA classes and executive programmes. It has not, as yet, been tried with undergraduates. Other cases that have worked well include Barclays and South Africa<sup>13</sup> and the well-known, if a little 'long in the tooth', Panalba case. Yet some cautionary remarks do need to be made.

Discussing ethical issues in a classroom situation can be very stimulating, but, quite naturally, people can get very emotional. For many issues it is preferable for the teacher not to express a personal opinion. (There is an ethical as well as a practical justification for this approach!) Highly emotional situations involving differences of opinion between class members should be defused by encouraging a distancing from the issue and a more dispassionate approach, or by turning to another issue and

highlighting the general problem of dealing with ethical problems in marketing and management generally. Ethics is a subject to be approached with some care!

In any ethics course one would not attempt to teach 'this is what you should do'. To attempt to prescribe behaviour in such a way is in itself ethically questionable. Moreover, it is probably not possible as people's beliefs in this area are deeply entrenched. Unlike the teaching of accounting or, to a lesser extent, other topics in marketing, one cannot be prescriptive in teaching about ethics in marketing. The approach must be one of encouraging participants to reflect on their beliefs and values and the impact of their decisions and actions. So while we cannot tell managers what they should do, we can help them explore and understand the ethical dimensions to management decision-making. This is important because it enables people to be better aware of the ethical issues within all the decisions they make and, if only in a small way, equips them for situations where they are faced with a decision involving significant ethical problems.

Finally, the consequences of ignoring ethics must be acknowledged. There are many classic cases of firms and individuals ignoring ethical issues and suffering dire consequences as a result. On a more positive note, research findings do suggest the more ethically managed companies are more profitable. This is partly because, as Lord Sieff of Marks and Spencer put it: 'Whatever we have done because we felt we had a moral obligation, turned out to be good for business within five years'<sup>14</sup>. It is also because managers who understand ethical issues tend to be better managers anyway. So taking into account the ethical dimensions in marketing decision-making not only gives one a warm feeling, it can help the bottom line too!

## CONCLUSIONS

Ethics is a complex subject of profound philosophical inquiry. One approach which some American business schools use is to look at the various ethical systems that have been developed in human society. These systems come from religions and moral philosophy. They include, for example, the utilitarian principles of philosophers such as Bentham and Mill: the greatest good for the greatest number; Machiavelli's means-ends

ethic: worthwhile ends justify efficient means; and Nietzsche's understanding of master-morality: what is ethical is what an individual has the strength and power to accomplish. This approach may work with students who have very little business experience. It is less likely to be successful with post-experience MBA students and certainly not with executive courses. While these various ethical perspectives might be touched upon <sup>15</sup>, it is doubtful whether class interest could be sustained and sufficient benefit derived from focusing upon them. It is suggested that business ethics teaching should be concerned with ethical issues as they impact on management. However, there is a danger of superficiality which should be noted in concluding this paper.

Ethics are too fundamental to the human condition to be reduced to a series of checklists or procedures for management guidance. This paper has pointed to the growing interest in business ethics and the requirement for business schools to respond to this. It has discussed the ethics of marketing and, while having largely dismissed the criticism that marketing per se is unethical, recognised that marketing managers are faced with decisions that have ethical considerations and examples of such decision areas have been given. Approaches to teaching business ethics were considered and some of the likely problems, such as involving reluctant faculty in discussing ethics within their classes. Finally, one approach which has proved successful has been discussed. It was made specific to the Bagnall case but, as a teaching approach, has far wider application. Yet all this approach (and the others suggested) can really achieve is consciousness-raising and the possible provision of a decision-making framework. Is this sufficient? Perhaps in addition to considering ethical dilemmas in business, there is a need to enrich the development of managers by greater inclusion of moral philosophy and more attention to human values and personal development. Would this be too ambitious an aim?

## NOTES AND REFERENCES

1. Christian Science Monitor, April 1 1987, p.8.
2. Reported in a variety of sources in April 1987, as shown in a Textline database search.
3. Harvard's response, as described here, is based on discussions with the School's faculty.
4. Powers, Charles W. and David Vogel, Ethics in the Education of Business Managers (Hastings-on-Hudson, The Hastings Center, 1980), p.1.
5. As noted on the BBC Radio 4 series 'In Business', during the programme on business ethics May 6 1988.
6. Skapinker, Michael, 'We need to strengthen each other's resolve', Financial Times, March 30 1987.
7. Kotler, Philip, Marketing Management: Analysis, Planning and Control (Englewood Cliffs, Prentice-Hall, 1980), p.4.
8. Powers and Vogel, op.cit., pp. 59-60.
9. Available from the Case Clearing House (to members and non-members), reference no. 588-001-1. A comprehensive teaching note is also available, reference no. 588-001-8.
10. Some of these suggestions were advanced and discussed at a stimulating seminar on teaching business ethics organised by King's College Business Ethics Research Centre. Details on the Centre are available from the Director, the Reverend Professor Jack Mahoney, King's College, University of London, Strand, London WC2R 2LS
11. An invitation to speak at the School was made to Sir Adrian Cadbury after reading his excellent article, 'Ethical Managers Make Their Own Rules', Harvard Business Review, September-October 1987.

12. Friedman, Milton, Capitalism and Freedom (Chicago, University of Chicago Press, 1962), p.133.
13. Also available through the Case Clearing House.
14. Quoted in Goldsmith, Walter and David Clutterbuck, The Winning Streak (Weidenfeld and Nicholson, 1984), p.86.
15. See the business ethics literature. A good review is available by Kirk Hanson, in California Management Review, Fall 1983. Also see the Journal of Business Ethics and, for examples of current (American) ethical issues, Business and Society Review.