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ESSAY

1. What are socially responsible organisations?

ANS:
Social responsibility refers to an organisation's obligation to maximise its positive impact and minimise its negative impact on society. Social responsibility deals with the total effect of all marketing decisions on society. Ample evidence demonstrates that ignoring society's demands for responsible marketing can destroy customers' trust and even prompt government regulations.

Socially responsible organisations strive for marketing citizenship by adopting a strategic focus for fulfilling the economic, legal, ethical and philanthropic social responsibilities that their stakeholders expect of them. Stakeholders include those constituents who have a 'stake', or claim, in some aspect of the company's products, operations, markets, industry and outcomes; these include customers, employees, investors and shareholders, suppliers, governments, communities and many others.

DIF: Moderate

2. Discuss the relationship between social responsibility and economic responsibility.

ANS:
Economic responsibilities require finding a balance between society's demand for social responsibility and investors' desire for profits.

At the most basic level, all companies have an economic responsibility to be profitable so that they can provide a return on investment to their owners and investors, create jobs for the community, and contribute goods and services to the economy. How organisations relate to stockholders, employees, competitors, customers, the community and the natural environment affects the economy. When economic downturns or poor decisions lead companies to lay off employees, communities often suffer as they attempt to absorb the displaced employees. Customers may experience diminished levels of service as a result of fewer experienced employees. Share prices often decline when lay-offs are announced, affecting the value of stockholders' investment portfolios. Moreover, stressed-out employees facing demands to reduce expenses may make poor decisions that affect the natural environment, product quality, employee rights and customer service. An organisation's sense of economic responsibility is especially significant for employees, raising such issues as equal job opportunities, workplace diversity, job safety, health and employee privacy.

DIF: Moderate REF: Social responsibility

3. List and describe philanthropic responsibilities and give example of philanthropic giving.

ANS:
At the top of corporate responsibility issues are philanthropic responsibilities. These responsibilities, which go beyond marketing ethics, are not required of a company, but they promote human welfare or goodwill, as do the economic, legal and ethical dimensions of social responsibility. Small companies participate in philanthropy through donations and volunteer support of local good causes and national charities.

More companies than ever are adopting a strategic approach to corporate philanthropy. Many businesses link their products to a particular social cause on an ongoing or medium-term basis, a practice known as cause-related marketing.

Some companies are beginning to extend the concept of corporate philanthropy beyond financial contributions by adopting a strategic philanthropy approach, the synergistic use of organisational core competencies and resources to address key stakeholders' interests, and achieve both organisational and social benefits.

DIF: Easy

4. Who should be responsible for promoting ethical standards within an organisation?

ANS:
To promote socially responsible and ethical behaviour while achieving organisational goals, marketers must monitor changes and trends in society's values. In response to increasing concerns about sustainability, more firms are making commitments to behave responsibly in this regard. Likewise, when consumers began to demand greater transparency, or openness, from companies in the wake of a number of ethics scandals, transparency became a factor in most marketing and management decisions.

An organisation's senior management must assume some responsibility for employees' conduct by establishing and enforcing policies that address society's desires.

DIF: Moderate

5. How useful are codes of conduct in encouraging ethical behaviour in an organisation?

ANS:
Without compliance programmes, and uniform standards and policies regarding conduct, it is hard for employees to determine what conduct is acceptable within the company. In the absence of such programmes and standards, employees will generally make decisions based on their observations of how co-workers and superiors behave. Codes of conduct should promote ethical behaviour by reducing opportunities for unethical behaviour; employees know both what is expected of them and what kind of punishment they face if they violate the rules. Codes should also help marketers deal with ethical issues or dilemmas that develop in daily operations by prescribing or limiting specific activities. Codes of conduct have also made companies that subcontract manufacturing operations abroad more aware of the ethical issues associated with supporting facilities that underpay and even abuse their workforce.

Codes of conduct do not have to take every situation into account, but they should provide guidelines that enable employees to achieve organisational objectives in an ethical, acceptable manner.

DIF: Easy

6. Define green marketing, and explain why it is difficult to implement.

ANS:
Green marketing is the specific development, pricing, promotion and distribution of products that do not harm the natural environment. Although demand for economic, legal and ethical solutions to environmental problems is widespread, the environmental movement in marketing includes many different groups, whose values and goals often conflict. Some environmentalists and marketers believe companies should work to protect and preserve the natural environment.

DIF: Moderate

7. Give company specific examples of an ethical issue and explore how they impacts on the marketing mix of an organisation.

ANS:
An ethical issue is an identifiable problem, situation or opportunity requiring an individual or organisation to choose between actions that must be evaluated as right or wrong, ethical or unethical. Any time an activity causes marketing managers or customers in their target market to feel manipulated or cheated, a marketing ethical issue exists, regardless of the legality of that activity.

Regardless of the reasons behind specific ethical issues, marketers must be able to identify these issues and decide how to resolve them. To do so requires familiarity with the many kinds of ethical issue that may arise in marketing. Many examples of ethical issues related to product, people, promotion, price and place/distribution (the marketing mix).

DIF: Easy

8. The campaign “supportchange4life” faces a number of challenges. Discuss these challenges.

ANS:
Many social marketing programmes seek to achieve changes in health behaviour, such as encouraging individuals to quit smoking, exercise more often, eat more healthily or drink less alcohol. However, this is not always the case. Encouraging more sustainable behaviour by increasing recycling rates, getting drivers to reduce their speed or drive more safely, and even encouraging people to pay their taxes are some of the other situations in which social marketing has been applied. The common thread in all of these campaigns is the link between achieving behaviour change and enhancing social good.

Social marketers need to make sure that those who are targeted with social marketing programmes are actively involved in the process. The improvements to individual and social wellbeing at the heart of social marketing can only be achieved if voluntary behaviour change takes place.

DIF: Moderate

9. What is the link between opportunity and unethical behaviour?

ANS:
Opportunity is a favourable set of conditions that limit barriers or provide rewards. A marketing employee who takes advantage of an opportunity to act unethically and is rewarded or suffers no penalty may repeat such acts as other opportunities arise. For example, a sales person who receives a bonus after using a deceptive sales presentation to increase sales is being rewarded and thus will probably continue the behaviour. Indeed, the opportunity to engage in unethical conduct is often a better predictor of unethical activities than are personal values. Beyond rewards and the absence of punishment, other elements in the business environment may create opportunities. Professional codes of conduct and ethics-related corporate policy also influence opportunity by prescribing what behaviours are acceptable, as will be explained later. The larger the rewards and the milder the punishment for unethical conduct, the greater the likelihood that unethical behaviour will occur.

DIF: Moderate

10. What are the differences between individual and organisational ethical choices?

ANS:
Ethical choices in marketing are most often made jointly, in work groups and committees, or in conversations and discussions with colleagues. Marketing employees resolve ethical issues based not only on what they have learned from their own backgrounds but also on what they learn from others in the organisation.

The outcome of this learning process depends on the strength of each individual's personal values, opportunities for unethical behaviour, and exposure to others who behave ethically or unethically.

Organisational (corporate) culture is a set of values, beliefs, goals, norms and rituals that members of an organisation share. These values also help shape employees' satisfaction with their employer, which may affect the quality of the service they provide to customers. At least 92 per cent of surveyed employees who see trust, respect and honesty applied frequently in their organisations express satisfaction with their employers. A company's culture may be expressed formally through codes of conduct, memos, manuals, dress codes and ceremonies, but it is also conveyed informally through work habits, extracurricular activities and anecdotes. An organisation's culture gives its members meaning, and suggests rules for how to behave and deal with problems within the organisation.

DIF: Easy

MULTIPLE CHOICE

1. Which of the following statements about social responsibility is correct?
a. Social responsibility dimensions do not include philanthropic concerns.
b. Social responsibility does not deal with the total effect of all marketing decisions on society.
c. Social responsibility refers to a company's obligation to maximise its positive impact and minimise its negative impact on society.
d. Social responsibility dimensions do not include economic concerns.
e. Social responsibility refers to principles and standards that define acceptable conduct in marketing as determined by various stakeholders.

ANS: C

2. Socially responsible business practices have provided all of the following benefits *except:*
a. creating goodwill toward the organisation.
b. attracting employees.
c. reducing marketing costs.
d. generating publicity for the firm.
e. positively impacting local communities.

ANS: C

3. The adoption of a strategic focus for fulfilling the economic, legal, ethical, and philanthropic social responsibilities expected by stakeholders is called:
a. marketing citizenship.
b. social responsibility.
c. stakeholders.
d. cause-related marketing.
e. strategic philanthropy.

ANS: A

4. Any constituent who has a claim in some aspect of a company's products, operations, markets, industry, or outcomes is known as a(n):
a. shareholder.
b. customer.
c. employee.
d. manager.
e. stakeholder.

ANS: E

5. Which of the following is *not* a dimension of social responsibility and marketing citizenship?
a. Economic
b. Ethical
c. Legal
d. Technological
e. Philanthropic

ANS: D PTS: 1 DIF: Difficult
REF: Social responsibility

6. Which of the following is *not* one of the four dimensions of social responsibility presented in your text?
a. Consumerism
b. Philanthropic
c. Ethical
d. Economic
e. Legal

ANS: A

7. All companies have a responsibility to ____ so they can provide a return on investment to their owners and investors, create jobs for the community, and contribute goods and services to the economy.
a. offer the lowest price
b. be profitable
c. obey their customers
d. provide the largest selection possible
e. pay employees more than minimum wage

ANS: B

8. Sometimes business must find a balance between society's demand for social responsibility and investors' desires for profits. This is an example of a(n) ____ responsibility.
a. Ethical
b. Legal
c. Cost
d. philanthropic
e. economic

ANS: E

9. According to the text, marketing ethics refers to principles and standards that define:
a. improper behaviour in marketing.
b. acceptable conduct in society.
c. improper behaviour in business.
d. acceptable conduct in marketing.
e. acceptable conduct in general.

ANS: D

10. A business that contributes resources to the community to improve the quality of life is taking on a(n) ____ responsibility.
a. Ethical
b. Legal

c. Cost
d. philanthropic
e. economic

ANS: D

11. At the top of the pyramid of social responsibility for business are ____ responsibilities.
a. ethical
b. legal
c. Cost
d. philanthropic
e. Economic

ANS: D

12. The practice of linking a firm's product marketing to a particular social cause on an ongoing or short-term basis is known as:
a. economic responsibility.
b. social responsibility.
c. ethical marketing.
d. cause-related marketing.
e. corporate benevolence.

ANS: D

13. Who are the primary recipients of the benefits of strategic philanthropy?
a. Employees and investors
b. Companies and society
c. Primary stakeholders
d. Managers and companies
e. Society and communities

ANS: B

14. Which of the following is a primary difference between cause-related marketing and strategic philanthropy?
a. Cause-related marketing is short term only while strategic philanthropy is an ongoing approach that lasts for years or even decades.
b. Strategic philanthropy fulfills a firm's primary social responsibilities while cause-related marketing does not.
c. Cause-related marketing is unlikely to have a positive effect on society while strategic philanthropy always benefits society.
d. Strategic philanthropy can take on both a financial and nonfinancial format while cause-related marketing only involves financial contributions.
e. Customers are likely to feel good about themselves when supporting a cause-related marketing campaign but are unlikely to notice strategic philanthropy.

ANS: D

15. Products that may do harm to the natural environment are inconsistent with:
a. green marketing.
b. the marketing concept.
c. consumerism.
d. strategic philanthropy.
e. the marketing mix.

ANS: A

16. All of the following are goals of green marketing *except:*
a. making the work force match the population in terms of diversity.
b. eliminating the concept of waste.
c. reinventing the concept of a product.
d. making prices reflect the cost.
e. making environmentalism profitable.

ANS: A

17. As far as prices are concerned, environmentalists believe prices should:
a. be based on the cost of materials used to manufacture the product.
b. reflect the direct cost as well as the cost of air, water, and soil used.
c. be determined by the supply and demand of products in the marketplace.
d. include a large tax to defray the costs of environmental compliance.
e. be based on the renewability of the resources used to make the product.

ANS: B

18. Consumerism is:
a. the efforts of independent individuals, groups, and organisations to protect the rights of consumers.
b. A European convention.
c. marketers' efforts to contribute to the satisfaction and growth of the communities in which they operate.
d. the right to be informed.
e. the specific development, pricing, promotion, and distribution of products that do not harm the environment.

ANS: A

19. Various stakeholders and ____ determine the acceptable standards of conduct involving ethics.
a. the organisations' ethical climate
b. the government
c. various self-regulating bodies
d. governmental agencies
e. the industry leaders' ethics

ANS: B

20. Ethical standards for acceptable conduct for a company should:
a. be clearly dictated by top management and enforced by all management staff.
b. consider only the point of view of the customers and the employees.
c. reflect the desires of the company's employees for a quality working environment.
d. be based on company, industry, government, customer, and society viewpoints.
e. be derived from federal, state, and local laws and regulatory agencies.

ANS: D

21. A marketing ethics issue likely exists when:
a. company members disagree about a marketing decision.
b. an activity does not benefit the organisation but benefits the environment.
c. an activity results in increased prices for the consumer.
d. a consumer is dissatisfied with a marketing decision.
e. an individual or organisation must choose from among several actions that must be

evaluated as right or wrong.

ANS: E

22. An ethical issue is:
a. likely to arise when an employee's moral philosophy is consistent with the organisation's expectations of the employee's behaviour.
b. an identifiable problem, situation, or opportunity requiring an individual to choose from among several actions that must be evaluated as right or wrong.
c. most often found in personal selling situations.
d. easily resolved by consulting written laws and regulations.
e. characterised by a blatant disregard for human rights and equality.

ANS: B PTS: 1 DIF: Easy
REF: Marketing ethics

23. Product-related ethical issues arise when marketers:
a. provide consumers with inadequate information about how a product is priced.
b. force channel intermediaries to behave in a specific manner.
c. bribe salespeople to push one product over another.
d. fail to disclose information to consumers about the risks associated with using a product.
e. manufacture a product that is very similar to a competing product.

ANS: D

24. All of the following are factors that influence the ethical decision-making process *except:*
a. opportunity.
b. individual factors.
c. organisational culture.
d. organisational pressure.
e. salary or wages.

ANS: E

25. Ethical choices in business situations are *most* often made:
a. by top managers.
b. by front-line employees.
c. jointly in work groups and committees.
d. in consultation with family, friends, and coworkers.
e. individually.

ANS: C

TRUE/FALSE

1. An organisation's obligation to maximise its positive impact and minimise its negative impact on society is known as social accountability.

ANS: F

2. Marketing citizenship refers to an organisation's obligation to maximise its positive impact and minimise its negative impact on society.

ANS: F

3. Marketing ethics refers to principles and standards that define acceptable conduct in marketing.

ANS: T

4. Cause-related marketing refers to the specific development, pricing, promotion, and distribution of products that do not harm the natural environment.

ANS: F

5. Strategic philanthropy involves linking a firm's products to a particular social cause on a sort-term basis.

ANS: F

6. *Green marketing* refers to the packaging of products in green containers that blend in with the environment.

ANS: F

7. Marketers' contributions of resources to community causes such as education, recreation, and others illustrate social responsibility on a community-relations level.

ANS: T

8. It is easy to distinguish between legal and ethical issues.

ANS: F

9. An ethical issue is an identifiable problem, situation, or opportunity requiring an individual to choose from among several actions that must be evaluated as right or wrong.

ANS: T

10. Three important factors that influence ethical decisions in marketing are individual factors, organisational factors, and opportunity.

ANS: T

11. The more a person is exposed to unethical activity in the organisational environment, the more likely it is that he or she will behave unethically.

ANS: T

12. It is possible to improve ethical behaviour in an organisation by eliminating unethical persons and improving the organisation's ethical standards.

ANS: T

13. Expecting ethical business behaviour reflects our culture.

ANS: T

14. Codes of conduct (ethics) are formalised rules and standards that describe what the company expects of its employees in terms of ethical behaviour.

ANS: T

15. Codes of conduct (ethics) must be detailed enough to take every situation into account.

ANS: F PTS: 1 DIF: Moderate
REF: Marketing ethics

16. Marketing ethics and social responsibility mean the same thing.

ANS: F

17. Marketing ethics concerns the impact of an organisation's decisions on society, whereas social responsibility relates to individual decisions.

ANS: F

18. If other persons within an organisation approve of an activity and the activity is legal but not customary in the industry, the activity is probably both ethical and socially responsible.

ANS: F

19. If an ethical (or social responsibility) issue can withstand open discussion and result in agreements or limited debate, it is not really an ethical (or social responsibility) issue.

ANS: F

20. Any time an activity causes managers or consumers to feel manipulated or cheated, a marketing ethics issue exists, regardless of the legality of that activity.

ANS: T

21. A marketer's failure to inform customers about changes in the quality of its products does not constitute an ethical issue.

ANS: F

22. Top management sets the ethical tone for the entire organisation.

ANS: T

23. People learn values and principles through socialisation by family members, social groups, religion, and formal education.

ANS: T

24. Marketing ethics relates to individual and group evaluations about what is right or wrong in a particular marketing decision-making situation; social responsibility deals with the total impact of marketing decisions on society.

ANS: T

25. There is no evidence that being socially responsible and ethical is worthwhile.

ANS: F