THE ROLE OF MORAL OBLIGATIONS TO STAKEHOLDERS IN ETHICAL MARKETING DECISION MAKING

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This paper describes a framework for analyzing the ethical component of marketing management decision situations. The framework is based on three premises: 1) that marketing decision makers need to be aware of the variety of stakeholders to whom they have obligations; 2) that marketing decision makers need to be aware of and understand the nature of the obligations to those stakeholders; and 3) that these obligations will inevitably come into conflict and must be resolved based on the values and ethical philosophies of the organization and individual decision makers. The authors argue that better awareness of stakeholders and obligations will improve the ethical component of marketing decision making. The framework builds upon two progressive examples of corporate ethical philosophies (Procter & Gamble and Johnson & Johnson) and the American Marketing Association Code of Ethics. The use of the framework is illustrated through analyses of exaggeration and unsubstantiated claims in consumer and industrial promotion.

INTRODUCTION

The increased interest in business ethics in the last two decades may be explained in part by the pressing needs faced by practicing managers who are confronted almost daily with a variety of ethical dilemmas. The marketing manager who turns to the literature for help will find a sometimes confusing array of normative and descriptive models. These theories can help the practitioner understand complexities and may give him/her some tools to address ethical conundrums. More likely, however, is that the manager will come away confused or overwhelmed by the theoretical and practical complexities.

The inconsistent, uneven resolution of ethical dilemmas is at least partially attributable to the confusing signals and lack of guidance the manager gets from sources external and internal to the organization. Different theories of ethics do not always point toward a consistent answer in a given marketing decision making situation. Indeed, the application of more than one theory often leads to conflicting conclusions. For example, an economics-based utilitarian approach might imply that a certain action is ethical, while a rule-based approach may result in a contradictory recommendation. This reality is often disquieting for the marketing professional.

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The marketing manager who turns to his or her organization for help is unlikely to fare much better. Matthews (1988) reports that most firms do not really attempt to handle ethical issues at all. A majority of the Fortune 500 firms interviewed gave their employees very little direction on ethical issues and did not have a formal code of conduct. Most firms have only general policies to guide management; few are useful or used (see Delaney and Sockell, 1992; Dean, 1992).

Studies of codes of ethics yield a variety of findings. When formal ethical codes do exist, Robin, et al. (1989) found they had little impact on decisions and were usually "...not ethical statements, but dictates or rules that either prohibited or demanded specific behaviors" (p. 71). Stevens (1994) argues that little is known about how these codes are communicated to managers, whether they are accepted, and, most important, whether they affect employee/corporate behavior. Murphy (1995) found that most companies have recently revised codes or other ethics statements that do contain sanctions, but they are not widely communicated and do not have extensive pertinent industry information. When taken in sum, managers find a bewildering, sometimes conflicting array of opinions and evidence in the marketing and business ethics literature.

If the marketing manager turns to professional associations s/he will find the American Marketing Association Code of Ethics. The A.M.A. Code does help alleviate one of what O'Boyle and Dawson (1992) identify as "the two main obstacles--ignorance and conflict--that block the pathway to ethically proper conduct" (p. 921). The Code, if used, should serve to inform marketing managers. O'Boyle and Dawson argue that to resolve conflict, at least four other ethical principles must be introduced. The O'Boyle and Dawson "instructions for marketers," while a significant contribution, still requires that the decision maker deal with complex ethical principles and that the organization have someone readily available to assume the role of "hero or champion" (adjudicator) in conflicts.

The framework presented below is intended to accomplish similar results in a more direct and user-friendly manner. The framework uses the parlance of marketing, highlights conflicts the decision maker faces, and is clear about to whom the decision maker has responsibilities and the nature of those responsibilities. No framework can completely eliminate the potential for conflict between mangers with rule-based (Rawls, 1971 and Ross, 1930) and consequentialist philosophies (Mill, 1861). Rather, the objective of the framework is to insure that stakeholders and the key issue of the nature of the moral obligations to those stakeholders are given important consideration in marketing decision making. The framework builds on the American Marketing Association's Code of Ethics and two of the better existing industry ethical philosophies. It attempts to provide a useful basis for marketing decision making at all levels of the organization. The framework acknowledges that, as O'Boyle and Dawson argue, conflict is inevitable. The premise of the framework is that managers will make more responsible decisions and resolve conflicts in a more enlightened, yet still expeditious way if they are sensitized to and reminded of salient obligations to important constituent groups.

Foundations of a Ethical Framework for the Marketing Decision Maker

This paper presumes that practicing managers bring a particular ethical perspective to decision making situations. Moreover, we argue that a training program, a proposed code of ethics, or some other consciousness-raising experience is unlikely to change the core set of values that is the foundation of an individual's ethical perspective. Consequently, the marketing profession would benefit from a framework that can accommodate these multiple ethical perspectives. Such a framework should have two basic dimensions. It should include the specification of the relevant stakeholders to whom decision makers have responsibilities and identify the universal moral obligations from which these responsibilities emanate.

Scholars in marketing and other disciplines have struggled with the problem of creating such a framework from many different perspectives (see Boomer, Gratto, Gavender, and Tuttle, 1987; Ferrell and Gresham, 1985; Fritzsche, 1991; Kavathatzopoulos, 1994; McDonald and Pak, 1996; Stead, Worrell, and Stead, 1990; and Wong and Beckman, 1992).[1] These frameworks have been useful in raising questions and as building blocks for marketing ethics practice. Yet, as argued above, practitioners cannot help but find this array confusing

1 Other models and frameworks that may be of interest to the reader include Ferrell, Gresham and Fraedrich (1989); Fritzsche (1985); Guy (1990); Hunt and Vitell (1986); Laczniak (1983); O'Boyle and Dawson (1992); Robin and Reidenbach (1988); Singhapakdi and Vitell (1993).

and usually relatively difficult to apply to real decision making situations.

Putting Ethics Into Practice: The Procter & Gamble and Johnson & Johnson Philosophies

Consider two very laudable and progressive examples of well-articulated corporate ethical philosophies--those of Procter & Gamble and Johnson & Johnson. Procter & Gamble's corporate ethical philosophy is described in the company publication entitled "Beliefs into Action: A Tradition of Responsibility at Procter & Gamble." This publication specifically identifies five stakeholder groups and responsibilities to guide interactions with each group. The Procter & Gamble ethical philosophy identifies the concept of specific company responsibilities to particular groups with which the firm interacts (see Table 1). This approach is not only relevant to the practice of its business, but also flexible enough to be adapted to any level of the organization.

The second and perhaps more renowned ethical philosophy emerges from Johnson & Johnson's Credo (Nash, 1988). Written by General Robert Wood Johnson over forty years ago, the Credo identifies specific responsibilities for four broad constituent groups. It has guided the actions of J & J through many crises such as the Tylenol recalls of 1982 and 1986. Similarities exist between the P & G ethical philosophy and the J & J Credo. Each, in its own way, enumerates responsibilities to select constituencies the firm serves. As a living document, the J & J Credo has undergone some minor modification in its forty-plus years. The most current version is presented in Table 2.

In reviewing these documents, it is soon clear that neither identifies the moral obligations from which these company responsibilities emanate. Moreover, neither philosophy offers insight concerning how to weigh tradeoffs between apparently conflicting obligations such as *support good works and charities* and *make a sound profit.* The framework to be proposed below provides a vehicle for identifying and addressing these conflicts.

The Obligations by Stakeholders Matrix[2]

The Obligations by Stakeholders Matrix builds on these two similar company philosophies by clarifying the nature of the obligations a marketing manager has to the range of constituent groups that may be impacted by his/her decisions. In any decision situation, ethical decision making should be facilitated by the clear enumeration of specific responsibilities to specific constituent groups. The advantage of such a framework is that it allows individual managers with diverse sets of core values to address dilemmas using a common approach. This assures that the organization will make its best effort to carry out its obligations to all relevant stakeholder groups.

These constituent groups and responsibilities can be simultaneously considered when they are cast in the form of a two-dimensional matrix. The vertical dimension of this matrix enumerates stakeholder groups and includes consumers (final and industrial), channel members, competitors/industry, relevant professional groups (e.g., advertising), the general public, other employees of the firm, and shareholders of the firm. Most of these groups can be readily identified in the P & G and J & J models.

A more difficult problem is identifying a manageable but comprehensive set of general moral obligations. In a seminal work, Ross (1930) identified six duties or obligations that he considered *prima facie*. These duties were fidelity, gratitude, justice, beneficence, self-improvement, and non-maleficence. Three general obligations were formed from this set. Two--improvement (or beneficence) and do not harm (or non-malfeasance)--were taken directly from Ross, while fairness resulted from a combination of fidelity, gratitude, and justice. This is also consistent with Guy's (1990) ten core values (where improvement corresponds with Guy's pursuit of excellence; do no harm corresponds with caring and respect for others; and fairness corresponds with honesty, accountability, keeping promises, loyalty, and fairness).

2 See Bol, Crespy, Stearns and Walton (1991) for a detailed discussion and other applications of the Matrix.

Table 1
Procter & Gamble's Ethical Philosophy

Constituent Groups	*Company Responsibilities to Each Group*
Customers	- To provide products with superior benefits - To listen and respond to customer opinions - To ensure products are safe for intended use and anticipate accidental misuse
Suppliers *and* Channel Members	- To strive for fair and open business relationships - To help business partners improve performance - To reject illegal or deceptive activities anywhere in the world
Employees	- To provide a safe work place - To show concern for the well-being of all employees - To create opportunities for individual achievement, creativity and personal reward
Shareholders	- To provide a fair annual return to the owners - To build for the future to maintain growth - To safeguard the environment
Society	- To encourage employees to participate in community activities - To be a good neighbor in communities in which business is done

Table 2
Johnson and Johnson—Our Credo

-We believe our first responsibility is to the doctors, nurses and patients, to mothers and all others who use our products and services.
-In meeting their needs everything we do must be of high quality.
-We must constantly strive to reduce our costs in order to maintain reasonable prices.
-Customers' orders must be serviced promptly and accurately.
-Our suppliers and distributors must have an opportunity to make a fair profit.
-We are responsible to our employees, the men and women who work with us throughout the world.
-Everyone must be considered as an individual.
-We must respect their dignity and recognize their merit.
-They must have a sense of security in their jobs.
-Compensation must be fair and adequate, and working conditions clean, orderly and safe.
-Employees must feel free to make suggestions and complaints.
-There must be equal opportunity for employment, development and advancement for those qualified.
-We must provide competent management, and their actions must be just and ethical.
-We are responsible for the communities in which we live and work and to the world community as well.
-We must be good citizens--support good works and charities and bear our fair share of taxes.
-We must encourage civic improvement and better health and education.
-We must maintain good order on the property we are privileged to use, protecting the environment and natural resources.
-Our final responsibility is to our stockholders.
-Business must make a sound profit.
-We must experiment with new ideas.
-Research must be carried on, innovative programs developed and mistakes paid for.
-New equipment must be purchased, new facilities provided and new products launched.
-Reserves must be provided for adverse times.
When we operate according to these principles the stockholders should realize a fair return.

The other major foundation for the framework's three moral obligations is the American Marketing Association's Code of Ethics. The AMA code includes: the obligation to "serve and satisfy all relevant publics" (improve); the necessity to produce "safe" products without "coercion in the channel" (do no harm); and, the obligations to be "honest, equitable, fair with equitable adjustment and/or redress" and with full "disclosure" (fairness). The resulting complete Obligations by Stakeholders Matrix is shown in detail in Table 3.

Discussion

This matrix represents a moral checklist of things which should be done by management. For example, consider the "do no harm to final consumers" column (see Table 3). In order to insure that no harm is being done to the final customer, the manager must be able to document that these six responsibilities have been met. This implies that the manager has reviewed product safety issues, the adequacy of instructions and warnings against misuse, and, if the product is currently on the market, monitors customer usage so that problems might be identified and customers informed.

Use of the matrix does assume acceptance of the moral obligations by the marketing decision maker. In that sense, it is normative. The matrix does not, however, require the manager to adhere to a particular ethical philosophy. Rule-based (deontological) decision makers may come to different conclusions than consequentialist (teleological) decision makers. The manager will still make a decision within her own ethical philosophy, but he or she must consider the moral obligations and relevant groups in the given situation. The framework, therefore, is *not* normative with respect to any ethical philosophy.

The manager should proceed through the matrix and make cell by cell judgments as to the degree to which each set of outcomes has been achieved. Any cell not applicable to the situation should be ignored. When this process is complete, several problem cells may have been identified. A problem cell is one in which one or more specific outcomes have not been met. For example, no safety testing may have been performed or no warnings included with a product. The result of such an oversight might be injury or death. While this is obviously a very important problem cell, all problem cells will not be equally important. The manager must prioritize these problem cells and take remedial actions accordingly. In this example, additional product safety tests must be undertaken and adequate warnings written. If this defective product is already on the market, a total product recall may be necessary.

Finding solutions for the highest priority problem cells may preclude solutions for less important cells. In the above example, meeting obligations not to harm customers obviously is costly and important. This obligation, however, takes precedence over the obligation to "improve" stockholders. The manager should continue this process until each problem cell has been resolved or until conflicts preclude resolution.

This approach gives the manager a comprehensive checklist of stakeholders and specific responsibilities to serve as a point of departure for ethical analyses. The resulting framework does not try to alter the existing philosophy or set of values the manager brings to the decision. Rather, its purpose is to *remind* the manager of moral obligations to decision constituents. The manager must still make decisions within company guidelines and his or her own conscience, but, it is hoped, with improved awareness of the moral requirements of the situation.

The Framework in Practice

The General Case. Perhaps the most enlightening way to demonstrate the value of this form of analysis is through examples. The most important function of a salesperson or an advertisement is building relationships with qualified customers in order to stimulate demand for the firm's products. Sales messages from these sources are integral parts of this effort. These messages are collections of facts, promises, and speculations about the effectiveness, relative superiority, and safety of the product. A thorny current marketing ethical issue is the use of deceptive or misleading promotion. Some level of

Table 3
The Obligations By Stakeholders Matrix

IMPROVEMENT	**DO NO HARM**	**FAIRNESS**
	FINAL CUSTOMERS	
PROVIDE SUFFICIENT AND TIMELY INFORMATION FOR DECISION MAKING	DOCUMENT THE PRODUCT'S SAFETY IN REPRESENTATIVE USE SITUATIONS	ADDRESS CUSTOMER PROBLEMS IN A TIMELY AND FAIR WAY
PROVIDE PRODUCTS WITH DESIRED BENEFITS THAT CONSISTENTLY MEET CUSTOMER EXPECTATIONS	PROVIDE CLEAR AND ADEQUATE USAGE INSTRUCTIONS	PROVIDE TRUTHFUL AND COMPLETE INFORMATION IN A CULTURALLY SENSITIVE WAY
MODIFY THE PRODUCT AS NECESSARY TO INCREASE CUSTOMER SATISFACTION	PROVIDE CLEAR AND ADEQUATE WARNINGS AGAINST MISUSE	AVOID THE USE OF ANY QUESTIONABLE SALES TACTICS BY THE FIRM OR CHANNEL MEMBER
	MONITOR CUSTOMER REACTIONS TO AND SATISFACTION WITH THE PRODUCT	STRESS HONESTY IN ALL DEALINGS WITH THE CUSTOMER
	IDENTIFY SPECIFIC CUSTOMER USAGE PROBLEMS AS THEY DEVELOP AFTER THE SALE/PROVIDE HELP WHEN APPROPRIATE	EXTEND USEFUL LIFE OF PRODUCT THROUGH SERVICE AND REPLACEMENT PARTS
	INFORM ALL PREVIOUS CUSTOMERS ABOUT THE NATURE OF THESE PROBLEMS	
	INDUSTRIAL CUSTOMERS (IN ADDITION TO THE OBLIGATIONS LISTED UNDER "FINAL CUSTOMER")	
HELP CUSTOMER'S FIRM ACHIEVE ITS OBJECTIVES	RESPECT AND ABIDE BY THE BUYING POLICIES OF OUR CUSTOMERS	APPLY COMPANY POLICIES CONSISTENTLY TO ALL CUSTOMERS
BE AN ADVOCATE FOR THE CUSTOMER WHEN PROBLEMS ARISE WITH OUR FIRM	MAKE REALISTIC PROMISES AND STRIVE TO KEEP THEM	

IMPROVEMENT	DO NO HARM	FAIRNESS
	CHANNEL MEMBERS	
HELP CHANNEL MEMBERS ESTABLISH A PROFITABLE RELATIONSHIP WITH OUR FIRM	MONITOR SATISFACTION WITH OUR BUSINESS RELATIONSHIP	ADDRESS CONCERNS IN A TIMELY AND OBJECTIVE MANNER
ENSURE CHANNEL MEMBERS HAVE THE NECESSARY SKILLS TO SELL AND SERVICE OUR PRODUCT	MONITOR PURCHASE REQUIREMENTS CLOSELY/ AVOID OVERSELLING	STRESS HONESTY IN ALL DEALINGS WITH CHANNEL MEMBERS
KEEP CHANNEL MEMBERS INFORMED ABOUT CHANGES THAT AFFECT OUR RELATIONSHIP	USE COERCIVE POWER AS A LAST RESORT	AVOID THE USE OF QUESTIONABLE SALES TACTICS
	BUILD AND MAINTAIN CHANNEL LOYALTY	APPLY COMPANY POLICIES CONSISTENTLY FOR ALL CUSTOMERS
	RESPECT AND ABIDE BY THE BUYING POLICIES OF CHANNEL MEMBERS	TREAT ALL CHANNEL MEMBERS IN A NON-DISCRIMINATORY WAY
		SHOW CONSIDERATION FOR THE BUSINESS PROBLEMS OF OUR CHANNEL MEMBERS
	INDUSTRY/COMPETITION	
MAINTAIN/ELEVATE THE STANDING OF THE INDUSTRY	USE APPROPRIATE PROCEDURES TO ACQUIRE INFORMATION ABOUT COMPETITORS	AVOID THE USE OF QUESTIONABLE SALES OR PROMOTION TACTICS
PROVIDE SOLUTIONS FOR INDUSTRY-WIDE PROBLEMS		AVOID DISPARAGING COMPETITORS WITHOUT AN OBJECTIVE BASIS
BE A GOOD ROLE MODEL FOR THE INDUSTRY		
FACILITATE INDUSTRY GROWTH THROUGH VIGOROUS COMPETITION		

IMPROVEMENT	DO NO HARM	FAIRNESS
	THE PROFESSION	
ADHERE TO PROFESSIONAL STANDARDS OF CONDUCT	AVOID REINFORCING NEGATIVE STEREOTYPES OF THE PROFESSION	SUPPORT PROFESSIONAL IDEALS
STRIVE TO IMPROVE THE IMAGE OF THE PROFESSION		
ENCOURAGE COLLEAGUES TO FOLLOW PROFESSIONAL STANDARDS OF CONDUCT		
	GENERAL PUBLIC	
MAINTAIN/ELEVATE THE PHYSICAL ENVIRONMENT	ENCOURAGE RESPONSIBLE CONSUMPTION	AVOID DENIGRATING OR EXPLOITING ANY GROUP OR CLASS OF PEOPLE
MAINTAIN/ELEVATE THE GENERAL HEALTH AND WELFARE OF SOCIETY	MINIMIZE ECONOMIC AND SOCIAL COSTS OF CONSUMPTION	SEEK OUT WAYS TO MAKE THE PRODUCT AVAILABLE TO THOSE IN NEED
SUPPORT SOCIAL AND COMMUNITY GROUPS	REFLECT POSITIVE SOCIAL VALUES IN ALL ACTIONS	LIMIT DISTRIBUTION TO THOSE AUTHORIZED TO USE THE PRODUCT
	FIND WAYS TO REDUCE THE NEGATIVE ENVIRON-MENTAL EFFECTS OF THE PRODUCT	
	EMPLOYEES	
PROVIDE A GOOD ROLE MODEL	PROVIDE SAFE WORKING CONDITIONS	FOLLOW FAIR HIRING PRACTICES
TREAT ALL EMPLOYEES WITH RESPECT	ESTABLISH CHALLENGING, BUT REASONABLE, PERFORM-ANCE EXPECTATIONS	RECOGNIZE ACCOMPLISH-MENTS AND CONTRIBU-TIONS OF EMPLOYEES
PROVIDE EFFECTIVE TRAINING	MAINTAIN CONFIDENTIALITY IN ALL INTERPERSONAL DEALINGS	STRESS HONESTY IN ALL DEALINGS WITH EMPLOYEES
STRESS THE IMPORTANCE OF FOLLOWING COMPANY POLICIES AND THE LAW		APPLY COMPANY POLICIES CONSISTENTLY TO ALL EMPLOYEES
HELP EMPLOYEES SOLVE THEIR JOB-RELATED PERSONAL PROBLEMS		

IMPROVEMENT	DO NO HARM	FAIRNESS
	COMPANY/SHAREHOLDERS	
PROTECT INVESTMENT BY MEETING SALES AND PROFIT GOALS	USE COMPANY ASSETS APPROPRIATELY	INFORM MANAGEMENT OF VIOLATIONS OF COMPANY POLICIES OR LAWS
ADHERE TO ALL RELEVANT COMPANY POLICIES	KEEP SENSITIVE COMPANY INFORMATION CONFIDENTIAL	SHOW LOYALTY TO THE COMPANY
SUGGEST IMPROVEMENTS IN COMPANY POLICIES AND PROCEDURES	SUBMIT ACCURATE INFORMATION/REPORTS	AVOID CRITICIZING THE COMPANY IN PUBLIC FORUMS
ENCOURAGE OTHERS TO RESPECT COMPANY POLICIES		

exaggeration, use of unsubstantiated claims, and superlatives often is included in these messages.

Many sales and advertising professionals have no ethical concerns with these practices. They would cite the following legal, competitive, and buyer behavior arguments in support of this position. First, all commercial speech used by salespeople and advertisers has broad First Amendment protection. Therefore, anyone has a legal right to use exaggeration, opinion, or unsubstantiated claims in his/her message. Second, since many firms use these practices, it is arguably a competitive necessity for other firms to do so. Lastly, buyers are very familiar with promotion and tend to discount such information in their decisions. Even if such information is believed, it rarely has negative consequences.

Other marketing professionals are more concerned about the ethics of such tactics. This perspective sees the impact on the buyer in a more sinister light. These practices may not be just harmless exaggeration. Representations about service ("Our service is second to none."), safety ("Anyone can use our product safely with only a few hours of training."), or warnings about potential product misuse ("Don't worry about all those warnings, we put them there to keep our lawyers happy.") may be followed to the detriment of the buyer. Such harm to the buyer may, in turn, create problems for channel members, the profession of sales and advertising, and ultimately, the offending firm itself. Table 4 presents some of the conflicts and problems associated with exaggeration or the use of unsubstantiated claims in advertising.

An inspection of Table 4 reveals several cells where the intersection of stakeholders and obligations identifies areas worthy of concern for the marketing manager. The *Improvement* column indicates that only the firm may be improved in this particular situation. This occurs when the firm enjoys a short term sales gain following the use of an exaggerated or unsubstantiated claim.

Many potential harms may ensue as evidenced in the *Do No Harm* column. As noted earlier, the consumer may suffer injury or loss because of reduced concern about safety, or reduced concern about proper training, leading to product misuse. Channel members serving these consumers may bear liability for consumer injury or loss or may be called upon to fill the training or service gaps left open by the firm, particularly when claims create unrealistic expectations about support for the product within the channel of distribution (e.g., warranty/guarantee/service). To the extent that the firm gains sales by using these promotion tactics, it may be at the expense of individual competitors. The entire profession may become subject to increasing levels of cynicism about product promotions. Further, public perception of the industry may be harmed by the specter of rivals fighting over trivial unsupported differences, causing them to be less attentive to advertising. This leads to the rather interesting

Table 4
Obligations by Stakeholders Matrix: Use of Exaggeration, Deception, or Unsubstantiated Claims in Advertising

	Improvement	Do No Harm	Fairness
Consumers		Reduced concern about safety Potentially untruthful information about product performance or features	Incomplete information about product performance or features/or potentially untruthful information
Channel Members		Creates unrealistic expectations about channel support	Incomplete information about product performance or features/or potentially untruthful information
Industry/ Competitors		Public perception of industry is lowered	Denegration of competitive products without adequate proof
The Profession		Increasing cynicism about sales and advertising	
General Public		Less confidence in and less attentive to sales and advertising information	
Employees			
Company/ Shareholders	Potential short term sales gain from use of puffery claims	Focuses on superficial product differences to the exclusion of meaningful objective differences	

conclusion that the firm, as a member of the industry, may suffer long term harm. This harm is caused, and may be increased by, a management preoccupation with superficial product differences.

Fairness may be a concern even when no harm can be documented. The fairness concept may be extended to consumers, channel members and competitors. Giving consumers subjective information about a product's performance or features which is interpreted incorrectly may be deemed unfair. Similar conclusions may be drawn about misinforming channel members or creating additional obligations for them. The same issue can be raised when a competitive product is denigrated with inadequate proof. The importance of these concerns will vary with the situation. Obviously use of the framework will not completely eliminate these practices. The framework can, however, inform and enlighten the manager who may not consider **all** the types of obligations he or she has and the impact of such a practice on **all** stakeholder groups.

Cat Litter. The manufacturer of a brand of cat litter provides an example of precisely this type of unsubstantiated claim. The manufacturer claimed in an advertisement that its brand "stays fresher longer" (Kelly, 1992). In fact, this firm had no objective data to support this claim. What does the matrix tell us about the situation? To the extent that cat litter consumers understand and believe the new claim, the firm may gain a short-term sales advantage. If this occurs, then three problem cells should be considered. They are: 1) harm to competitors because of lost sales, 2) fairness to the consumer because of the use of unsubstantiated claims, and 3) fairness to the competitor because of denigration without support. The principal concern is with the injured competitor and, in this situation, a solution was readily available. The competitor complained to the National Advertising Division of the Council of Better Business Bureaus and received a judgment from them. The conclusion to this, and probably many puffery situations, is that the potential for great harm is minimal. This is not always the case, however, as the following example shows.

Persantine- Platelet Adhesion Inhibitor. Another example is the drug Persantine, a platelet adhesion inhibitor approved for use by the FDA for the treatment of embolisms following cardiac valve replacement surgery. Dr. Gordon Schiff (1990) complained to the editor of the *Journal of the American Medical Association* about a Persantine advertisement that ran in the *Journal*. The top third of the advertisement shows three illustrations depicting a general vascular incident in which an embolism appears to be forming, then disappears, presumably showing the effect of Persantine. The headline over these illustrations proclaims "Prevent The Event." In his letter, Dr. Schiff pointed out that while the body of the advertisement verbally indicates that Persantine is to be administered only after cardiac valve replacement surgery, the illustration suggests otherwise. He stated further that Persantine is commonly prescribed for general vascular problems, even though "substantial evidence" shows the drug is not effective in these uses. He asked the editor to withdraw the advertisement, and asked the manufacturer, Boehringer Ingelheim, to clarify this misleading information in a future issue.

A spokesperson for Boehringer Ingelheim, Dr. Kathryn Jason (1990), saw the issue quite differently. In her rejoinder to Dr. Schiff, she stated that the three illustrations were not meant as a literal depiction of the approved use of the drug. She stated further that "it is common practice in medical advertising to make use of an illustration of the organ or body system with which the drug is associated." In other words, exaggeration is normal practice in the industry.[3] The matrix in Table 5 highlights key issues for the decision maker in this situation.

Five problem cells are apparent. The patient may be put at serious risk when the proper medication is not provided. The physician, a channel member in this case, also bears significant risk in the form of losing a medical malpractice judgment. Furthermore, damage to his/her medical reputation and/or self esteem may result. Other concerns are the professional and competitive effects. Competitive drug firms marketing appropriate medication lose sales opportunities and may see advantage in using similar tactics. As more medical advertisements use this approach, more physicians will lose faith in advertisements as a source of reliable information. Therefore, the advertising industry has a vested interest in curbing this practice. These potential problems more than counterbalance the improvement in the form of sales gains to the firm by use of such practices.

Concluding Comment

Marketing managers will perceive the ethical dimensions of their decisions in very different ways. Some will fail to see any ethical concerns at all. Others will have many concerns. The majority will fall between these extremes. This situation rarely is resolved even when firms like Procter &

3 See Wilkes, Doblin, and Shapiro (1992) for a discussion of pharmaceutical advertising practices in medical journals.

Table 5
Obligations by Stakeholders Matrix: Persantine

	Improvement	Do No Harm	Fairness
Consumers		Patient is given medication that will not work--denied medication that may work Serious medical consequences may follow	
Channel Members		Failure to prescribe appropriate medication increases risk of malpractice suits	
Industry/ Competitors		Drug firms marketing appropriate medications lose sales	
The Profession		More medical ads follow this approach; medical community loses faith in such forms of promotion ⇑	
General Public		‖ ‖	
Employees		‖	
Company/ Shareholders	Increases sales due to inappropriate promotion		

Gamble and Johnson & Johnson provide strong codes of conduct and other forms of organizational support.

Many existing frameworks focus on stakeholders. Few are explicit about moral obligations and the roots and nature of those obligations. A focus on stakeholders and general moral obligations brings a new perspective to this issue. As seen in the examples, matrix entries can be quickly "fleshed out" when management asks "To whom do we have obligations and what are the natures of these obligations in this situation?"

Using the proposed framework will not identify a single course of action that is most appropriate; clearly, that is not its purpose. Rather, the purpose is to encourage individual marketing managers to structure their decisions from a common perspective--a common set of constituents and obligations. This forces the decision maker to confront such questions as: "Is this obligation to this group so significant that additional management action is required?" If marketing managers still see the issues raised in this paper differently (and some will), at least the matrix approach provides a basis to establish a dialogue to explore and resolve these differences.

Marketing managers who use the framework bring to their professional lives a simple, intuitively appealing, analytical tool that is consistent with enlightened corporate expectations. They are equipped with a checklist to remind themselves of who is relevant and possibly impacted by their decisions and the nature of the obligations they have to these groups.

The use of this framework does not guarantee ethical behavior, nor does it predict or explain the incidence of unethical behavior that may occur in marketing. It does offer, however, a means of more clearly framing an ethical issue so that an individual marketing manager might more easily bring to bear his/her personal philosophy to the problem. Moreover, the framework permits a common perspective for all in the firm to view and understand the nature of ethical conflict and its resolution in marketing decision making.

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