

INVESTIGATING THE RELATIONSHIP BETWEEN CORPORATE VALUES AND PRACTICES OF MARKETING ORGANIZATIONS AND INTERNET ETHICS: AN EXPLORATORY STUDY

VICTORIA BUSH, *University of Mississippi*

LINDA FERRELL, *University of Wyoming*

ALAN BUSH, *University of Memphis*

O.C. FERRELL, *Colorado State University*

While marketing on the Internet continues to grow at a rapid rate, there has been much criticism, controversy and debate over how organizations use or misuse this new medium. Concurrently, many organizations have recognized the importance of ethical decision-making in their corporate value system. Do these corporate values and ethical practices have any impact on marketers' perceptions toward Internet ethics and/or regulation? This study attempts to answer this question by surveying a sample of advertising and marketing practitioners (n = 292). Results show that, although there is concern about the ethical and regulatory issues surrounding the Internet, little evidence exists that these concerns have been incorporated into the overall value system and practices of organizations. Implications for practitioners and discussion of future research avenues are provided.

INTRODUCTION

With Internet usage by consumers and organizations growing, companies are finding market opportunities online. Because of this rapid growth, issues such as privacy, unsolicited e-mail, transaction security, Internet fraud, and copyright violations are major concerns for businesses using the Internet for marketing purposes. Consumers' use of credit cards, shopping cards, and coupons involves giving up a certain degree of anonymity in the shopping process. Shopping on the Internet, however, allows businesses to track consumers on a far more personal level, from their online purchases to the web sites they favor (Caudill and Murphy 2000). "New technologies have changed the way we work with one another. We're expected to do more, do it faster, and we're also working more independently. This increases the risk of unethical and illegal actions" (Ethikos 1998).

While most research has focused on the ethical consequences of consumer Internet usage, researchers have also called for more information on the business community's perceptions of Internet usage (Bush, Bush and Harris 1998). Relevant to the business community, ethical decision-making models and empirical research supporting these models confirm that the ethical climate of the organization has a major impact on employees' and marketers' behavior (Jones 1991). Thus, given the increase in Internet usage in organizations, it would be of interest to determine whether or not there is a relationship between the corporate values and practices of the organization and employees' concern about the ethical and regulatory issues surrounding marketing on the Internet.

The purpose of this study is to explore and determine if there is a relationship between corporate ethical values/practices and perceptions toward Internet ethical and regulatory issues. Since Internet ethics is a relatively under-researched area of Internet marketing, we attempt to explore this area using a traditional model of ethical decision-making (e.g.,

Ferrell and Gresham 1985) for our conceptual foundation. A sample of 292 marketing executives was asked to provide their perceptions toward these concepts as well as toward Internet regulation. Specific demographic variables and usage patterns are also investigated.

BACKGROUND

Businesses have a specific interest in the Internet due to its rapid growth. Current estimates of World Wide Web users in the U.S. are over 166 million (Nielsen-Netratings.com 2002). According to the Census Bureau of the Department of Commerce, U.S. retail e-commerce sales over the Internet were approximately \$36 billion for the year 2001. Retail e-commerce sales reached \$10.2 billion just for the second quarter of 2002, up 24 percent from the previous year's second quarter (Census Bureau 2002). Thus, with its goal of attracting and retaining customers, marketing has accelerated its activities on the Web to take advantage of this new medium's phenomenal growth.

Internet activity gives marketers a unique way to gain more information about their customers so they can better refine their strategies to meet customers' needs. For example, as prospects visit Web sites, they leave a trail of information that includes e-mail addresses and information about their lifestyles and interests (Koprowski 1995). Although marketers may view this tracking activity as an efficient way to monitor and gather information about customers, others view this activity as invasion of privacy (E-Center for Business Ethics 2003; NUA Internet Surveys 2002). As a result, researchers, regulators and public interest groups have begun to identify these issues regarding the Internet (Bush, Venable and Bush 2000; O'Leary 2000).

In a study conducted by the Ethics Officers Association (2000), respondents in the business community were asked to state serious ethical issues they see emerging in the 21st century. The most serious issue noted was the increased availability of offensive/dangerous material on the Internet (76 percent). Other concerns relative to technology and the Internet included the invasion of privacy by businesses (75 percent), the loss of person to person

contact (65 percent), the accumulation of personal data in computer databases (64 percent), the displacement of workers by technology (60 percent) and government efforts to limit freedom of speech on the Internet (50 percent). More recently, concern has also arisen regarding surveillance of the Internet to monitor potential terrorist activity (Nolle 2002).

Consumers have voiced similar concerns about Internet usage (Hershel and Andrews 1997). Issues such as transaction security, privacy, marketing to children, fraud, and pornography have made consumers wary and uncertain toward this new medium (Bush, Bush and Harris 1998; Hershel and Andrews 1997; Koprowski 1995; O'Leary 2000). In fact, many users have become reluctant to provide information or even to purchase products over the Internet because of these concerns (Hershel and Andrews 1997; Sevcik 2001).

Internet Regulatory Concerns

Although many of the previously discussed concerns are quite valid, the question is whether or not the Internet can ever be regulated for public good. The Internet differs from traditional outlets such as television, print, and radio. The barriers of time and distance and point of distribution are minimized in terms of the marketer's ability to selectively obtain information including video, text, and sound (Cronin 1994). Further, the Internet has historically been "nurtured" by the federal government because "federal funding gave birth to the Internet" (Sevcik 2001) in the first place. Thus, the Internet has been exempt from many regulations due to this "hands-off" perspective (Sevcik 2001). Product familiarity, age and information breadth significantly influence information acquisition on the Internet (Akhter and Alam 2001). As a result, Congress has attempted to pass major Internet regulation bills such as the Communications Decency Act in 1996. However, that act has been declared unconstitutional due to freedom of speech. The U.S. Children's Online Privacy Protection Act (COPPA) went into effect in 2000. That law prohibits websites and Internet providers from seeking personal information from children under age thirteen without parental consent (Ferrell, Fraederich and Ferrell 2002).

Another area of growing concern is "identity theft," which occurs when criminals obtain personal information that allows them to impersonate someone else and use their credit to obtain financial accounts and make purchases. Because of the Internet's relative anonymity and speed, it fosters legal and illegal access to databases containing Social Security numbers, drivers' license numbers, dates of birth, mothers' maiden names, and other information that can be used to establish a credit card or bank account in another person's name in order to make transactions. According to the National Fraud Center, arrests for identity theft fraud have increased to nearly 10,000 a year, with losses from such fraud reaching \$745 million. The Federal Trade Commission said complaints about identity theft doubled in 2002, with victims reporting hijacked credit cards, drained bank accounts and tarnished reputations (Jesdanum 2003).

Concern about the ability to regulate the Internet creates important ethical concerns for both businesses and consumers. It appears that the Internet industry has been content to sit back and let the courts decide upon the constitutionality of Internet regulation – much to their favor. So, "while decent Internet businesses may decry their unsavory peers, they also want no regulation that might somehow interfere with their own activities. They speak in favor of the first amendment and parental responsibility, and against Internet filth, yet resist censorship or self-regulation" (O'Leary 2000). Thus, regulation of the Internet continues to be an issue that may or may not be solved by government or self-regulation alone.

The challenge for Internet marketers is two-fold. First, marketers face the challenge of how to successfully incorporate the Internet into their overall marketing strategy. Second, they must determine how to use this new medium in an ethically responsible manner. Thus, the key question posed in this study is how do existing corporate values and ethical practices impact marketers' perceptions toward Internet ethical and regulatory issues?

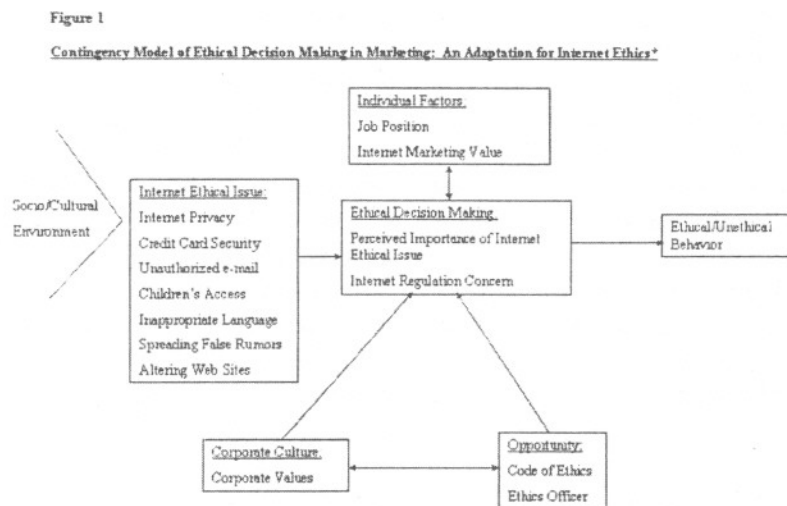
CONCEPTUAL FOUNDATION

Researchers have found that certain components of the organization have been shown to influence individuals' ethical behavior within the organization (Ferrell and Gresham 1985, Hunt, Wood and Chonko 1989). These components include the socio-cultural environment, organizational culture, the behavior of significant others in the organization, the opportunity for ethical/unethical behavior (e.g., the presence or absence of codes of ethics, reward systems, etc.), and individual factors.

Organizational culture "influences thoughts and feelings and guides behavior. It manifests itself in norms, rituals, ceremonies, legends, and the organizational choice of heroes and heroines" (Trevino 1986). Organizational culture was addressed in the Ferrell and Gresham (1985) model of ethical decision making through a description of the broad impact of opportunity (codes, policies, and rewards) and the impact of significant others on ethical decision-making (refer to Figure 1). According to Ferrell and Gresham (1985), significant others in the organization have the greatest impact upon ethical decision making. Parallel to significant others in the Ferrell and Gresham (1985) model, Trevino (1986) acknowledged the impact of referent others on ethical decision-making. Social relationships must be incorporated into models predicting ethical behaviors in marketing (Broekemier and Seshadri 2000). Normative structure, cognitive moral development, obedience to authority, and responsibility were also found by Trevino (1986) to influence ethical decision making in the organization.

Opportunity. Empirical research has addressed the existence of several relevant ethical practices (e.g., opportunities) of organizations and their effect on ethical decision-making within the organization. These practices include formal codes of ethics, organizational policies, and the existence of an ethics officer(s). Findings suggest varying assumptions as to the degree of impact that these practices have upon individual ethical decisions. In general, organizations seem to be interested in the value of formal policies and codes of ethics. The percentage of organizations

FIGURE 1
Contingency Model of Ethical Decision Making in Marketing: An Adaption for Internet Ethics*



* Adapted from: Ferrell and Gresham (1985)

with formal codes of ethics has grown significantly in the past decade. The Ethics Resource Center found that 79 percent of employees report that their firm has a written standard of ethical conduct - such as codes of ethics, policy statements on ethics, or guidelines on proper business conduct (Ethics Resource Center 2000).

The Ethics Resource Center reports that nearly two-thirds of employees believed that their supervisors, top management, and coworkers were adding pressures to compromise their organization's ethics standards. About 60 percent of employees stated they

do not report the misconduct they observe because of a fear of retaliation by management and dissatisfaction with the organization's response (Ethics Resource Center 2000). Hence, it appears that the focus of ethics codes in organizations is more toward the protection of the firm, than the development of an ethical culture of the firm (Beneish and Chatov 1993; Lefebvre and Singh 1992). For example, some codes of ethics are directed at activities and elements with legal implications such as insider trading, disclosure of intellectual property, and product liability. The 2002 Sarbanes-Oxley Act requires codes of ethics for financial and accounting

professionals. These existing codes of ethics could have a limited impact on ethical issues regarding the Internet.

In addition to codes of ethics, the opportunity component of ethical decision-making has recently begun to include ethics officers. As one of the newest professionals in organizations, an ethics officer is an individual who ensures that ethics is a corporate priority and is integrated throughout the organization (Ethics Officers Association 2002). The Ethics Officers Association reports that membership has increased dramatically from just 12 in 1992 to over 800 in 2002, representing both profit and nonprofit organizations in 30 different types of industries. Research has shown that the existence of ethics officers may have a significant impact on the organization's image and level of ethical decision making by employees (Morf, Schumacher and Vitell 1999). However, it is uncertain as to whether the existence of such officers has any impact on the perceived ethical issues surrounding Internet marketing.

Corporate Values. Research has found that ethical values presented in the workplace are positively related to ethics outcomes. Values such as honesty, respect, and trust, when they are evident within the organization, result in employees feeling less pressure to compromise ethics, less observance of misconduct, more organizational satisfaction, and a feeling of greater satisfaction with the organization's response to observing misconduct – as well as a feeling of greater value to the organization (Ethics Resource Center 2000). Thus, these sources within the organization are the dominant force in influencing ethical behavior. In the marketing context, for example, marketers can profile buyers with such comprehensive data that a new business model is emerging where buyers are evaluated based on their economic value to the organization. The concern is that organizations may be developing a new customer stratification system based on wealth – which may be viewed as ethical or unethical depending on the organization's values (Brady 2000).

The underpinning for whether or not to employ such marketing strategies may be the corporate ethical

values of the organization (Hunt, Wood and Chonko 1989). These values establish norms for all ethical behavior. Researchers have demonstrated that widely shared ethical values of an organization are related to organizational performance (Ferrell, Maignon and Loe 2003). Corporate ethical values have also been shown to influence organizational commitment. Therefore, it has been suggested by researchers in marketing ethics that top managers define, evaluate, and communicate the ethical values underlying policy and implementation (Hunt, Wood and Chonko 1989).

To create and support such an ethical climate, Hunt and Vitell (1986) noted the importance of the cultural environment of the organization through the evaluation of the impact of the external environment upon the individual. This category of external environment also took into consideration the industry environment and the organizational environment. Hunt and Vitell acknowledged the work of Newstrom and Ruch (1985) in noting the importance of upper management in influencing ethical behavior and Brenner and Molander's (1977) work determining the significance of organizational norms and climate in influencing ethical behavior. Jones' (1991) synthesis model of ethical decision making recognized the cultural environment as a contributory factor stemming from the original work of Ferrell and Gresham (1985) and Hunt and Vitell (1986).

Individual Factors. Researchers in marketing ethics have acknowledged the importance of characteristics that the individual brings to the organization in terms of ethical decision-making (Ferrell and Gresham 1985, Hunt and Vitell 1986, Jones 1991). Individual employees bring their own moral philosophies to the work environment. These philosophies, while beyond the scope of this study, are learned via an individual's socialization, e.g., family, social groups, and education.

It is argued here that one's career choice can be a result of this socialization process. Thus, for example, whether or not a person has been socialized and educated in the medical field could be related to his/her moral philosophy within that field. Similarly, an individual's educational and social background may influence the type of profession he or she

chooses. Thus, the position of an employee in an organization could be viewed as an individual factor that may influence perceptions toward ethical/unethical behavior. For this study, we investigate whether or not an individual's position or job title within the organization results in significant differences regarding perceived importance of Internet ethical issues and/or regulation concern.

Another individual factor that is relevant to the present study is the individual's attitude toward Internet marketing. If individuals perceive this new medium as a valuable asset in marketing, does this perception have any bearing on Internet ethical issues or regulation concern? In other words, does perceived importance of Internet ethical issues and/or regulation concerns vary between those who value the Internet as a strategic tool and others not interested in the Internet? This individual factor may shed some light on how this new medium fits into the overall marketing strategy of an organization (Bush, Bush and Harris 1998) as well as how it may or may not fit into the ethical framework of an organization. Figure 1 is an adaptation of the Ferrell and Gresham (1985) ethical decision-making model as it pertains to Internet marketing.

RESEARCH QUESTIONS

To summarize, the key question relevant to this study is whether or not the cultural environment of the organization (e.g., corporate value system) and its ethical practices are related to marketing executives' perceptions toward the ethics and regulation of the Internet. Is the identification of and concern for Internet ethical/unethical issues associated with a climate that supports corporate ethical values and practices? If there is support for this relationship, then overall corporate ethical values and practices should provide a foundation for Internet ethics. If not, new strategies and policies toward ethical marketing on the Internet may be needed. Thus, Internet ethics may become a subject area to define and implement policies that are consistent with the ethical climate of the organization. More specifically, we asked the following research questions:

- RQ1: Is there a relationship between corporate ethical values and marketers' perceived importance of Internet ethical issues?
- RQ2: Is there a relationship between corporate ethical values and marketers' perceptions toward Internet regulation?
- RQ3: Is there a relationship between corporate ethical practices (e.g., codes of ethics, ethics officers) and marketers' perceived importance of Internet ethical issues?
- RQ4: Do perceptions toward Internet ethical issues and regulation vary with the type of position held in the organization?
- RQ5: Do these perceptions vary with the level of perceived value of the Internet as a marketing tool?

METHODOLOGY

This study's main objective is to assess corporate values/practices and perceived ethicality of issues surrounding the Internet among a sample of marketing organizations. A national mailing list of advertising agency (e.g., agency president, account supervisors/executives) and client organization decision makers (e.g., product managers, marketing VPs, etc.) was obtained for this investigation.

Measures

All items, factor loadings, and reliability scores are displayed in Table 1. Corporate values were measured using Hunt, Wood and Chonko's (1989) Corporate Ethical Values scale. This measure corresponds to the influence of significant others in the Ferrell and Gresham (Ferrell and Gresham 1985) model. According to Hunt et al. (1989), this measure captures "three broad-based perceptions: (1) the extent to which employees perceive that managers are acting ethically in their organizations, (2) the extent to which employees perceive that managers are concerned about the issues of ethics in their organization, and (3) the extent to which employee

TABLE 1
Scale Items, Factor Loadings, and Reliability

Scale Items	Factor Loading	Reliability
<i>Corporate Values (6-point scale, 1=strongly disagree, 6=strongly agree)</i>		
		.82
1. Managers in my company often engage in behaviors that I consider to be unethical.*	.74	
2. In order to succeed in my company, it is often necessary to compromise one's ethics.*	.74	
3. Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated.	.78	
4. If a manager in my company is discovered to have engaged in unethical behavior that results primarily in personal gain (rather than corporate), he or she will be promptly reprimanded.	.75	
5. If a manager in my company is discovered to have engaged in unethical behavior that results primarily in corporate gain (rather than person gain), he or she will be promptly reprimanded.	.82	
<i>Internet Ethical Issues (7-point scale, 1=extremely important issue, 7=unimportant issues)</i>		
		.94
1. Invading the privacy of consumers by using the Web for promotional purposes	.67	
2. Issues of security with credit card transaction in purchasing products.	.92	
3. The unauthorized use of e-mail addresses for promotion.	.85	
4. Children's access to purchasing products without parental knowledge.	.93	
5. Inappropriate language and/or visual pictures in promotional websites.	.84	
6. Starting false rumors about a competitor through the Internet.	.89	
7. Copying and/or altering product information websites.	.91	
<i>Internet Regulation Concern (6-point scale, 1-strongly disagree, 6=strongly agree)</i>		
		.62
1. The Internet as a new medium for marketing has introduced potential ethical concerns.	.72	
2. Lack of regulation on the Internet has resulted in frequent ethical abuse.	.84	
3. The Internet should be regulated to ensure ethical marketing.	.65	
4. Companies should have or develop a code of ethics for Internet marketing.	.52	
<i>Internet Marketing Value (6-point scale, 1=strongly disagree, 6=strongly agree)</i>		
		.86
1. My company has incorporated the Internet into its marketing strategy.	.88	
2. My company considers Internet marketing to be a valuable asset to its overall marketing efforts.	.93	
3. Marketing on the Internet gives my company a competitive advantage.	.85	

*Reverse coded.

perceive that ethical (unethical) behavior is rewarded (punished) in their organization" (p. 84).

This research does not attempt to determine the inherently multidimensional aspects of values and there is no attempt to measure the correctness of an ethical value system that could influence ethical conduct. The approach here is to measure employee perceptions of managers' ethical conduct and the organization's reaction to (un)ethical behavior. The assumption is that underlying values such as honesty, respect, and trust are the foundation for the perceptions about ethical behavior in the organization. Since values are multidimensional, it is beyond the scope of this research to link specific values to ethical issues.

To assess the opportunity component of the ethical decision-making model, questions regarding the formalization of ethics within the organization were included. Respondents were asked their extent of agreement on a six-point scale (where 1 = strongly disagree and 6 = strongly agree) about the existence of a code of ethics and/or an ethics officer within their organization.

Based on previous research, initial interviews with Internet experts, and a focus group of Internet users and marketers, seven ethical issues were identified and used in this study. These issues correspond to the ethical issue component of the Ferrell and Gresham model (1985) that is the link between the socio/cultural environment and individual ethical decision-making. Specific Internet ethical issues were privacy, transaction security, unauthorized use of e-mail, children's access, inappropriate language, spreading false rumors, and altering product information (see Table 1). In an attempt to explore the influence of these issues on individual ethical decision-making, respondents were asked to rate these issues on a scale from one being extremely important to seven being unimportant. All items loaded on one factor and the reliability of this scale (e.g., Internet Ethical Issues) achieved a coefficient alpha of .94 (see Table 1).

Questions regarding regulation of the Internet were generated for this study as another assessment of

individual ethical decision-making towards Internet marketing. Based on previous literature and interviews with Internet experts in the field, six statements were generated that asked the respondents to agree or disagree on a scale from 1 (strongly disagree) to 6 (strongly agree). Exploratory factor analysis of this scale revealed one factor (e.g., Internet Regulation Concern). Two items were deleted due to their low loadings. This scale contained four items dealing with perceptions about ethical abuses, regulation, and developing an Internet code of ethics (see Table 1). The scale achieved satisfactory reliability with an alpha of .62.

Individual factors related to the ethical decision-making and Internet marketing were also measured. Based on the focus group and previous work conducted by Duncan and Everett (1993), three items were adapted/generated to assess the respondents' perceptions of Internet marketing as a strategic tool within their organization. These items asked respondents' level of agreement (based on a scale of 1 = strongly disagree to 6 = strongly agree) toward whether or not their organizations had incorporated the Internet into their overall marketing strategy, if their company considers the Internet as a valuable asset, and the degree to which they perceive it to be a competitive advantage. The reliability for this scale, Internet Marketing Value, was .86 (refer to Table 1). Respondents were also asked to give their job position as another measure of the individual factors that can influence individual decision-making in the Ferrell and Gresham (1985) model.

Sample

In an attempt to reach a broad spectrum of companies in the marketing community, a sample of 1,250 persons was selected from a commercial mailing list of advertising agencies and client organizations. Accounting for 127 invalid addresses in the mail-out, the resultant response rate was 26 percent (292 out of 1,123).

Approximately 48 percent of the respondents (n = 121) work for advertising agencies while 57 percent (n = 159) are employed by client organizations. Respondents have experience marketing in various

industries (e.g., consumer products, 18.6 percent; consumer services, 9.5 percent; business-to-business products, 31.2 percent; business-to-business services, 5.5 percent). Job titles of respondents include: president (13.0 percent), marketing VP/director (34.9 percent), account supervisor/executive (17.1 percent), communications/information manager (19.2 percent), and Internet/new media manager (6.5 percent). Respondents work for organizations that are located in 40 states across the U.S.

RESULTS

Correlations for the variables of interest are presented in Table 2. A few significant correlations immediately stand out from our research. A significant relationship exists between corporate values and the existence of a code of ethics $r = .241, p \leq .01$ and an ethics officer $r = .212, p \leq .01$. These results support previous studies on corporate values' impact on ethics in the organization (Hunt, Wood and Chonko 1989). In the present study, we investigate whether or not these values and practices are associated with Internet ethical issues and regulation concern.

Our first research question (RQ1) asked, is there a relationship between corporate ethical values and marketers' perceived importance of Internet ethical issues? As shown in Table 2, no significant relationship was found $r = .104, p > .05$. Similar results were found for the second research question (RQ2). Here, we asked, is there a relationship between corporate values and Internet regulation concern? Again, no significant correlation was revealed $r = .067, p > .05$.

Our third research question (RQ3) addressed whether or not there is a relationship between certain corporate ethical practices (e.g., codes of ethics, ethics officers) and perceived importance of Internet ethical issues. No significant relationship was found between the existence of a code of ethics and perceived importance of Internet ethical issues $r = -.104, p > .05$. However, a significant *negative* relationship was found between the existence of an ethics officer and Internet ethical issue concern $r = -.172, p \leq .01$. Thus, it appears that an ethics

officer in the organization may result in *less* concern by employees over ethical issues surrounding the Internet.

The fourth research question (RQ4) involved assessing any differences in perceptions toward perceived importance of Internet ethical issues and/or regulation based on position held within the organization. The results are reported in Table 3. A one-way analysis of variance with post hoc tests (e.g., Tukey) for differences between each mean based on position within the organization was conducted. As Table 3 reveals, the only significant difference on Internet regulation concern is between the positions of Marketing VP/Director and Communication/Information Manager. Here, Marketing VP/Directors reported a significantly higher mean response (mean = 16.4) than Communication/Information Managers (mean = 14.4). It appears that those with job titles that may deal with the Internet more on a regular basis are less concerned with regulation.

Our final research question (RQ5) asked whether or not these relationships varied with the perceived value of the Internet as a marketing tool. Here, we divided the sample based on a median split of the summated three-item, six-point Internet marketing value scale. Those respondents who fell below the median (median = 13) for the scale were classified as perceiving a low level of value for Internet marketing. Those who fell at or above the median were classified as perceiving a high level of value for Internet marketing. The mean results and t-tests are presented in Table 4. As the table reveals, no significant differences were found concerning Internet ethical issues or regulation.

DISCUSSION AND IMPLICATIONS

The results of our exploratory study reveal some interesting and somewhat surprising findings. First, we found no *direct* relationship between corporate values and perceived importance of Internet ethical issues and/or Internet regulation concern. However, we did find a significant *negative* relationship between one of the ethical practices (e.g., existence of an ethics officer) of organizations and perceived importance of Internet ethical issues. Thus, it appears that if an ethics officer is present in the organization,

TABLE 2
Correlation Matrix

	CORPVAL	CODE	OFFICER	ISSUES	REGUL
Corporate Values (CORPVAL)	1.0				
Code of Ethics (CODE)	.241**	1.0			
Ethics Officer (OFFICER)	.212**	.529**	1.0		
Internet Ethical Issues (ISSUES)	.104	-.104	-.172*	1.0	
Internet Reg. Concern (REGUL)	.067	.047	.022	.027	1.0

** $p \leq .01$

TABLE 3
Mean Comparisons of Perceived Importance of Internet
Ethical Issues and Regulation based on Position Within the Organization

	Position:					
	(1) President/CEO	(2) Marketing VP/Dir.	(3) AccountSuper /Exec.	(4) Comm/InfoMa nager	(5) Internet/New Media Mgr.	Contrast Signif.
Internet Ethical Issues ^a	30.3	28.9	32.3	27.3	28.9	
Internet Regulation Concern ^b	15.4	16.4*	15.8	14.4*	15.5	(2,4)

* $p < .05$

^aHigher mean values=more perceived importance

^bHigher mean values=greater perceived concern

TABLE 4
Comparison of Mean Responses Based on Perceived Value of the Internet a Strategic Marketing Tool

	Mean Low Value	Mean High Value	T-Values	Significance
Internet Ethical Issues	30.22	27.91	1.24	.213
Internet Regulation Concern	15.74	15.61	.28	.78

there is *less* importance given to Internet ethical issues. This finding may be the primary reason why no relationship was found between corporate ethical values and perceived importance of Internet ethical issues and/or Internet regulation concern. It appears that structural elements (e.g., ethics officers) of an organization may have a stronger impact on Internet ethical issues than the cultural elements (e.g., corporate values) of an organization. In other words, if someone in the organization is in a position that

monitors all ethical issues of the organization, then perhaps employees feel that Internet ethics is already accounted for by such an individual.

Our results do, however, support the link between corporate culture and ethical practices of the organization. The only *positive* relationship found in this study was between corporate values and the existence of a code of ethics and ethics officer. This finding corroborates previous research on the ethical

climate of an organization and its ethical practices (Hunt, Wood and Chonko 1989). Although our findings demonstrate that general ethical values are linked to the structural elements of an organization such as a code of ethics and an ethics officer, Internet ethical issues appear to fall outside the domain of what employees perceive to be traditional *corporate value* issues. In fact, the negative relationship between the existence of an ethics officer and perceived importance of Internet ethical issues is intriguing. It appears that *less* concern about Internet marketing ethics may relate to the formalization of ethics within the organization. Organizations with strong ethics initiatives may be able to minimize employee concern regarding Internet ethics due to policies, programs and procedures developed to deal with these ethical issues in general.

The primary implication from our study is that perceptions about the importance of Internet ethical issues appear to be more from an *individual* - not organizational - perspective. Even though his medium may or may not have been incorporated into the overall marketing strategy of an organization, the ethical nature of the Internet still remains a personal issue. Because of its newness, perceptions concerning regulation may be mixed in terms of whether or not a corporation should attempt self-regulation of the Internet or if some other party (e.g., government, better business bureau) should be responsible. Indeed, it appears that Communication/Information managers are less positive toward regulation than Marketing VPs/Directors. Communication/Information managers may be dealing with the complexities of the Internet on a more regular basis. In contrast, Marketing VPs/Directors are significantly more disposed toward Internet regulation (see Table 3). However, these individuals may not be as familiar with the complex nature of the Internet.

It is important to recognize that there may be much diversity in individual personal morals, ethical issue awareness and a collective agreement on organizational ethics. If business ethics issues in the organization are identified and communicated to employees, it can create a level of ethical issue awareness. Ethical issue awareness is a cognitive state of concern about an issue, which indicates

involvement in making choices (Ferrell, Fraedrich and Ferrell 2002). Ethical issues may not reach the critical awareness level if management fails to identify and educate employees about new issues. Organizations may have a well-intended ethical culture and value system, but without employee awareness of *Internet* ethical issues, there may be limited association between corporate values and Internet marketing issues.

From an individual perspective, there appears to be a genuine concern about use/abuse of the Internet. In one study 45 percent of U.S. workers admit to engaging in an unethical or illegal act related to the use of new technology over the past year (Ethikos 1998). Results of this study show, however, that these concerns have not been incorporated into the ethical climate (e.g., corporate value system) of the organization and that employees may be uncertain toward their behavior on the Internet.

The objective of this study was to examine the extent to which corporate ethical values and practices were associated with Internet ethical issues and regulation. Our findings indicate that new emerging ethical issues such as Internet ethics may not be effectively addressed through general corporate ethical values. Perhaps there has been an assumption that previous marketing ethics considerations easily apply to this new medium when, in fact, they may not. Individual moral values may not be the only necessary variable in good organizational ethical decision-making. Specific technical legal and ethical issues must be addressed to gain ethical awareness. Corporate ethical values must also address specific subject matter issues such as Internet marketing issues.

Research is needed to further determine the relationship between individual moral values, perceived marketing Internet ethical issues and corporate value systems. It is possible that self-regulatory initiatives such as BBBOnLine and TRUSTe will sensitize both individuals and corporate ethics programs to current Internet marketing ethics issues. Our findings suggest the need for continued longitudinal research that links corporate ethical values and programs to Internet ethics.

This research would encourage others to use different measures of corporate values applied to the Internet ethical issues identified in this study. It would also be important to examine corporate codes of ethics and ethics training programs within marketing organizations to determine the extent to which they address Internet ethical issues. In addition, data collection from a variety of functional areas in the organization, including MIS and Webmasters could provide insights. This research has demonstrated the subject matter of specific ethical issues are not always associated with general ethical values in an organization.

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