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## **Should multinationals adapt their corporate marketing ethics policies to local contexts? A review, a decision-making process and a research agenda**

### Abstract

Should multinational firms (MNCs) adapt their marketing ethics policies to the various local contexts? Firstly the article acknowledges a perceived unsatisfying situation from the ethical point of view and also the lack of adequate concepts or tools able to help managers answering the question. Then it reports on previous research analyzing the marketing's complex relation between efficiency and ethics in culturally different contexts. These review and analysis induce the author to advocate a multi-step approach to adjust locally corporate codes and policies of marketing ethics. A decision-making process is therefore suggested for newly established MNCs' local managers. Finally the need for a complementary applied research agenda is suggested in order to help with the suggested decision-making process.

### Key words

*Marketing, ethics, culture, corporate, local context, adaptation, codes, multinationals*

## ***Introduction***

This article lies at crossroads of marketing ethics and intercultural ethics; it deals with the problems of multinationals (MNCs) “going abroad”. It examines their corporate codes of ethics and derived marketing ethics policies and rules.

As an academic field, marketing ethics belongs to business ethics: For Richard T. George (2005) “business ethics cover[s] the ethical foundations of business, of private property, and of various economic systems. [...] Most attention [is] focused on the corporation - its structure and activities, including all the functional areas of business, including marketing, finance, management, and production”. Marketing ethics in turn is generally referred to (AMA) as “dealing with moral codes, values, and standards to determine whether marketing actions are good or evil, right or wrong”.

Besides, MNCs operate in various cultural environments: “When problems transcend cultural boundaries, an ethical basis for common action can be constructed through cross-cultural dialogue. Such dialogue is important because it enables people from different cultures to work together on problems of mutual concern” (Evanoff 2004): This is what intercultural ethics is about.

Accordingly this article shows a path to multinationals wondering if they must adapt (or not) their corporate code of ethics and/or their subsequent marketing ethics policies when opening a new branch “abroad”, i.e. in a culturally different environment.

The first part of this article defines the problems: It lays out the context in which these questions are raised. Next two sections briefly describe the general marketing ethics paradigm and discuss the local culture vs. marketing ethics issue. Then is proposed a set of three crucial marketing ethics dimensions for MNCs’ decision making and choice: Business efficiency, social responsibility and moral intention.

The second part checks practical questions (should the codes of ethics be adapted or just operational marketing ethics rules?), suggests a methodology (a dialogical and integrative process) and designs a multi-step process in order to reach decisions. The last section advocates a complementary research agenda.

### ***Context and recognition of a problematic situation***

There is a growing consensus among researchers and professionals that multinationals' (MNC) *global* marketing policies should adapt to local cultures. As Willer (2006) illustrates it in its intercultural marketing approach of Indonesian consumers, "localized international marketing initiatives ensure sustainable strategic triumphs within the Southeast Asian market sphere where people are proud of national customs, ethnic roots and religious beliefs. The world simply seems to have become more similar, but differences ensure that international marketing continues to be challenging. It is therefore appropriate to reflect on the ever-more crucial role international marketing plays, the dilemma how to balance the need to leverage global strengths with the need to recognize local differences". As Robertson (1992) explains, local and global are not mutually exclusive. On the contrary, local must be taken to mean one facet of global. Robertson suggests substituting the basic expression cultural globalization with "glocalization", a portmanteau word connecting globalization and localization. The expression "glocalization" is a term that was invented in order to emphasize that the globalization of a product is more likely to be a success when the product or service is adapted specifically to the locality or culture in which it is marketed. The term first appeared in the Harvard Business Review (Ohmae 1989, 1995). McDonald's example is impressive: The increasing presence of McDonald's restaurants worldwide is an example of globalization, whereas the restaurant chain's menu changes in an attempt to appeal to local palates are an example of localization. More and more multinational companies (MNCs) do adapt locally. As another example, De Mooij and Hofstede (2002) report that "in 2000, Coca-Cola decided to get closer to local markets because of declining profitability" and Coca-Cola's CEO was quoted as saying (2000) "Local sensitivity had become absolutely essential to success".

At the opposite of this visible academic and professional growing consensus, there is nothing consensual for what might be called "marketing ethics glocalization". And meanwhile MNCs are steadily criticized by public opinions on ethical grounds. A general reproach pinpoints the worsening lack of ethics of executives worldwide: "A W.S.J./NBC poll found that 57% of general public believed that standards & values of corporate leaders & executives had dropped in the last 20 years" - reported by O.C. Ferrell in a 2003 NAI Executive Round Table Seminar. One frequently reported reproach deals with the fact that MNCs do not

respect local cultures (Ramonet 1997). Cultural respect is one crucial issue but certainly not the only one as this article will show.

Then what is true for marketing *efficiency*, is it also true for marketing *ethics* policies: Does marketing ethics deserve or even need “glocalization”?

It seems legitimate to raise these questions as they remain by far unsolved: a careful review of literature on marketing ethics has left the researcher with a frustrating feeling of a gap between the large amount of research done in the field of intercultural marketing ethics (mainly behavioural research) and unmatched, perceived or expressed, needs of CEOs and marketing managers “going abroad”. A convergent opinion comes from Aurifeille and Quester (2003) stating that “past research has been unable to provide managers with direct and useful advice on how to deal with the problems associated with different ethical standards prevailing in international markets.”

The adaptation issue is acute. Multinational companies (MNCs) market their products and services in very diverse cultural environments. Having developed a corporate code of ethics and marketing ethics policies, they will have to face again the ethical issue each time they enter a new market. The triangular and problematic relation between local marketing practices, local culture and corporate ethics has been strongly established by many authors over the past forty years... and left open. At the end of this long period, it is especially fair to stress the contribution of Robert Bartels (1967) in his seminal article *A Model for Ethics in Marketing*. As early as 1967, Robert Bartels characterized the situation in terms still relevant today: “Conflicts [...] have increased as the growing volume of international business has multiplied the frequency of cross-cultural marketing situations”. More recently Tsalikis and Fritzsche (1989) stated that “more and more companies are expanding into foreign markets, and the problems of cross-cultural ethics are becoming more prevalent”. Finally, thirty-six years after Bartels, in its annual report, Business for Social Responsibility (2003) recognized a more or less unchanged challenging situation: “For companies with multinational operations, the successful communication of a consistent set of values to thousands of employees based in countries with differing legal systems, cultures, and ethical priorities is a particularly challenging endeavour. Companies often report that as their operations grow internationally, promoting and maintaining a unified organizational culture becomes increasingly difficult”.

Though “adapt or not” is not a new issue –but a difficult one- it has obviously not yet been solved satisfactorily, especially for marketing activities, and hence not translated in a generally accepted professional practice. In that respect it must be acknowledged that professional accountants (IFAC 2006) are ahead of marketers and have proposed the following problem position and rules to solve it: “To what extent should the code [of ethics] be adapted to foreign cultures? To make the code apply uniformly and to make compliance with domestic laws and regulations possible everywhere, local adaptation is encouraged. Two stipulations apply. First, any adaptation must not stray from the overall corporate vision and values, and second, adaptations require prior approval from management to ensure consistency.”

One may also recognize that some professional prescriptions have come from organizations like the Ethics Resource Centre (ERC)<sup>1</sup>. This Organization proposes a guide to “Globalizing a Code of Ethics” (ERC 2004) where five steps are stated:

1. Translation of the code
2. Examples, policies and procedures relevant to the local business climate
3. Adaptation of training and communications
4. Local access to anonymous help line
5. Incorporation of international perspectives in central ethics committee/taskforce.

In section 2, it is made clear that “in addition to translating the code, policies, procedures and most of all examples relevant to the local operating environment are necessary for the code to be applicable abroad. For example, labour standards may be an issue in one country, bribery in another and environmental concerns in a third”.

However explicit reference to the diversity and importance of foreign cultures appears to be very limited, as illustrated here: [One should keep] “in mind the global context when drafting an original code in English. For example, a reference to doughnuts (*sic*) might not translate as well as pastries and convey the same meaning in many languages and cultures.” (ERC 2004)

It follows from what precedes that MNCs still need a complete set of detailed alternatives for a more rational choice, and a decision-making process. This is what this article proposes.

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<sup>1</sup> <http://www.ethics.org>

*Should multinationals adapt their corporate marketing ethics policies to local contexts? A review, a decision-making process and a research agenda*

### ***The general marketing ethics paradigm***

Company heads and marketing managers need to be guided with respect to ethical thinking and implementation. What does it mean? In its broadest sense, ethics means reflection on good and evil (and justice) and its goal is to identify which actions are morally good (Lopes 2003). Ethical issues cover norms and values that govern or should govern relations among individuals. Ethical norms (unlike legal norms) are not imposed by force, but rather appeal to a feeling of responsibility to an entity other than oneself, such as God, society, humanity or an impartial observer. “The deontological ethical attitude consists in an (economic) agent voluntarily submitting to the transcendence and universality of a rule that he has created himself by adopting it for himself.” (Dupuy 1999)

Moral doctrines have often been grouped into two main categories: *consequentialist* doctrines and *deontological* doctrines.

Consequentialist doctrines, including *utilitarianism*<sup>2</sup>, subordinate what is right to what is projected as good. An action is just or moral if it contributes to maximizing the happiness (i.e., utility) of the greatest number. Actions are evaluated in terms of their consequences. The well-being of the largest number of people is the fundamental value in utilitarianism.

In contrast, *deontologists* (of whom the primary example is Kant) give absolute priority to the right over the good. The fact that an action’s consequences contribute to the general good can never legitimate it. An action must be good in itself, and moral norms and principles must be complied with for themselves. Here, right has precedence over fact, and freedom and rationality come first. People must be respected as individuals and not in accordance with a cost-benefit analysis of either individual or collective scope. According to such doctrines, actions concerning other people in society must be judged according to the respect that they show for people’s independence and freedom of choice.

However, a *third* important approach was suggested by John Rawls (1971). While his *A Theory of Justice* begins in a Kantian vein, he cannot bring himself to abstract his system of ethical thought from social reality and inequalities even if they can be justified. His Second Principle of Justice can be summarized as “economic and social inequalities are only justified if they benefit all of society, especially its most disadvantaged members.” Rawls’

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<sup>2</sup> Utilitarianism was originally proposed in 19th century England by Jeremy Bentham, John Stuart Mill and others. The word “teleological” is also frequently used for consequentialist, though its origins go back to Aristotle and the Stochastics.



contribution should be rated of prime importance when only considering the impact of marketing – not only luxury goods: e.g. branded clothes for teens - on social climates and conflicts in communities and families.

When it comes to apply general principles to marketing situations, there are clearly many areas where relations and oppositions among issues and principles can be identified. Guillon (2003) showed the structural link between R&D and marketing, as well as the inter-relations between the promises made to consumers, production cost, target market and price. His “strategic marketing rectangle” describes what “internal tension” must be managed and solved in order to optimize the whole: Production costs must be lower than the price acceptable to consumers for the benefits promised. This is the problem facing R&D and production. Communication has to show that the product’s value, i.e. “what customers are willing to pay” (Porter1986) exceeds its offered price. This is the challenge facing marketing. When times are difficult, this tension might be solved, at worst, by violating general moral principles. For example, there could be inappropriate and dangerous tampering with the product’s formula to reduce production costs, or fraudulent promises could be made about the benefits delivered by the product in order to increase firstly perceived value, then sales or price, and therefore profit.

As strong as the link between R&D and marketing, there is a link between marketing and sales: Beyond positioning and operational marketing policies, also beyond product/communication-centred potential ethical conflicts, “Marketing Ethics”, in its broadest sense, also examine the salespersons behavioural dilemmas. These were described with details by Joe Lefkowitz (2006) in four paradigms: Opportunity to prevent harm, temptations, role conflict and values conflict.

1. The opportunity to prevent harm: possessing foreknowledge of someone to be harmed or wronged by a third party.
2. Temptation: contemplating a self-serving action that would be unjust, deceitful or potentially cause harm to another.
3. Role conflict: having competing obligations or responsibilities to two or more persons or other entities such that fulfilling one entails failing to meet the other(s).
4. Values conflict: facing conflicting and relatively equally important personal values so that expressing one entails denying the other(s) expression.

Then one may easily convince himself that an ethical dimension *is* linked to *every* marketing and sales decision: Corruption and bribery are obvious unethical events, but also conflicting interests for marketers, salesmen and their supervisors, disrespect for consumers' or citizens' dignity or autonomy, price discrimination (gouging or dumping) on the softer side, these are samples of issues in the domain of marketing ethics.

As a partial conclusion, it is stressed that general principles stated above apply universally, e.g. "well-being of the largest number of people" and/or "respect for people's independence and freedom of choice" and/or "caring for social inequalities and justice": As a consequence, there are *also* universal ethical principles for establishing "right" marketing policies beyond cultural differences.

However the role of local culture as a moderator of these principles' universality will be now recognized.

### ***Local culture and marketing ethics***

Culture is difficult to define. Kroeber and Kluckhohn (1967), quoted by Srnka (2004), proposed a comprehensive definition for the term culture after they composed a compendium of 164 other definitions: "Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols constituting the distinctive achievement of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached *values*; culture systems may, on the one hand, be considered as products of action, on the other as conditioning elements of further action." Hofstede (1980) adds: "The complex system of collective values supplements the individual and the universal mental programming of humans". In the sense of collective mental programming, the term culture is primarily applied to national groups. Yet, it represents a complex phenomenon, which cannot be reduced to national identity only (Schlegelmilch 1989).

Culture, although difficult to define, is essentially linked to ethics. When underlining the word *values* in their definition of *culture*, Kroeber and Kluckhohn or Hofstede link it to *ethics*. When six years later Rokeach (1973) asserts that values are "conceptions of the desirable" and "represent the core of any culture", he confirms the strong link between both concepts.

Numerous studies have confirmed the significant differences between individuals from different cultures regarding the dimensions of *ethical perceptions* and *moral reasoning* (for a rather large sample of those, cf. Srnka 2004, pp.19-20).

Techniques of observation and measurement of managers' ethics have been well established through the use of scenarios (See Fig. 1) putting managers in realistic situations of ethical conflict. Hunt and Vitell (1986) have proposed them as suitable vehicles for investigating ethical decision-making and suggested that the same scenarios could be used on different populations. Regarding the operationalization of the various morality dimensions, the reader is referred to Vitell and Hunt (1990) or Reidenbach and Robin (1988; 1990). Further, the

Fig. 1 - Marketing ethics scenarios  
*Attia et al (1999)*

*B.1. Scenario 1: over-eager salesperson*

A young man, recently hired as a salesman for a local retail store, has been working very hard to favourably impress his boss with his selling ability. At times, this young man, anxious for an order, has been a little over-eager. To get the order, he exaggerates the value of the item or withholds relevant information concerning the product he is trying to sell. No fraud or deceit is intended by his actions, he is simply over-eager.

*Action:* The owner of the retail store is aware of this salesman's actions, but has done nothing to stop such practice.

*B.2. Scenario 2: failure to honour a warranty*

A person bought a new car from a franchised automobile dealership in the local area. Eight months after the car was purchased, he began having problems with the transmission. He took the car back to the dealer, and some minor adjustments were made. During the next few months he continually had a similar problem with the transmission slipping. Each time the dealer made only minor adjustments on the car. Again, during the 13th month after the car had been bought, the man returned to the dealer because the transmission still was not functioning properly. At this time, the transmission was completely overhauled.

*Action:* Since the warranty was for only one year (12 months from the date of purchase), the dealer charged the full price for parts and labour.

comprehensive work by Vitell and Ho (1997) offers a detailed overview and discussion of scales measuring the various dimensions of ethical decision making. Srnka (2004) states that a "qualitative approach might [...] provide for relevant new insights into the decision process and influences from the various cultural environments.

Here are added two references in the field of intercultural studies concerning marketing ethics: Attia *et al* (1999) and Karande *et al* (2000).

Attia *et al* have explored the cross-national nature of marketing ethics decisions in the Middle-Eastern context vs. American context. Incidentally, contrary to their hypothesized direction, some support was found to indicate that, in their own national environment, Middle-Eastern marketers are more likely to have higher corporate ethical values than American marketers.

In Karande *et al* (2000), differences in perceived moral intensity, ethical perception, and ethical intention of managers from the United States and Malaysia were investigated.

Four scenarios were used, including the two of Attia's, plus two other named: *Misleading the Appraiser* and *Withholding Information*. This time there was found that "the ethical perception and ethical intention of American managers are higher than those of Malaysian managers".

Indeed culture has been featured as a major factor in ethical decision-making in marketing-ethics theories. Two ethical decision making theories often referred to in the marketing-ethics literature, namely those of Ferrell and Gresham (1985) and Hunt and Vitell (1986) included culture as a key construct. Referring to the marketing context, Srnka (2004) describes the four levels of culture treated in the literature as follows: (1) Supraculture shared by nations with similar economic systems and development, ethnicity, religion, etc. (2) Macroculture shared by people of the same nationality, origin or country of residence. (3) Mesoculture shared by groups or communities, e.g., a professional group or industry, within a macroculture. (4) Microculture shared by smallest social collectivities, e.g., the organization, family or clan.

When implementing locally their codes of ethics and operational policies MNCs cannot ignore this situation. While the influences of the wider cultural environment are based on deeply rooted, fundamental values learned in early childhood, influences of the closer (organizational and professional) environment emanate from more superficial norms and rules relating to particular behaviours (Hofstede 1985). Besides it will be recognized below that the impact of corporate codes on actual behaviours is strong or weak depending on local cultures.

A significant operational contribution to the field of culture and ethics was made by Geert Hofstede when he developed his research on national dimensions of culture. Hofstede's works served later as a conceptual basis for designing intercultural studies in human relations (Schuler and Rogovsky 1998) or in marketing ethics (Vitell, Nwachukwu and Barnes 1993), for discussing results of studies (Attia *et al* 1999, Karande *et al* 2000) or for analyzing the cultural dimension of codes of ethics (Langlois and Schlegelmilch 1990). Hofstede's research, involving a data bank of 40 countries and 116,000 questionnaires, allowed him to assign an index value (between 0 and about 100) on each of the following four dimensions of national culture: *Individualism versus Collectivism*; *Large or Small Power Distance*; *Strong or Weak Uncertainty Avoidance*; *Masculinity versus Femininity* (Hofstede 1983). *Uncertainty Avoidance*, a measure of how a society deals with uncertainty, is perhaps the most relevant

when linking corporate codes of ethics and their local (national) application, as it is related to the propensity of a culture to establish laws and formal rules such as codes of ethics. The stronger formalization of rules reflected in the Australian and Canadian corporate codes of ethics, as compared to the Swedish codes, reflect the different uncertainty avoidance values in these countries (Langlois and Schlegelmilch 1990).

Hofstede's criticisms have come (e.g. Baskerville 2003) but Sondergaard (1994) in an analysis of 61 replications of his seminal study had found that there are remarkably few non-confirmations and that "by and large, Hofstede's findings were confirmed in the reviewed replication studies once some modifications with respect to perception of environment at the time of the research and known sample characteristics had been made."

### ***Three crucial dimensions for a relevant assessment of the decision to adapt codes and policies***

In the preceding paragraphs, it was assessed the triangular contextual link between marketing, ethics and culture. But in this context, the issue of adapting or not marketing ethics codes and policies needs a deeper insight into the most important stakes for MNCs. There follows three of them. When it comes to evaluate consequences, one may keep in mind the following three dimensions of the firm's marketing policies and philosophy: *Business efficiency*, *social responsibility* and *moral intention*. A first look at each of these issues will enlighten the decision to adapt or not to adapt:

*Business efficiency* – On the efficiency / ethics side of marketing, following 1967 Bartels' point of view, both consumers and company's staff are at stake. Obviously, on the efficiency side, acknowledging local consumers' ethics could oblige the company to adapt their products and commercial practices, in order to avoid market rejection for ethical incompatibility. But just as important is the management / efficiency / employee ethical issue. Local marketing and sales staff's ethical perceptions would lead them to agree or disagree with corporate organizational and commercial practices. One interesting example, in cultures where "it seems reasonable to consider family and [...] clan as important sources of influence with regard to ethical decisions" (Srnrka 2004), is the potential salesman' personal conflict between what is due, because of loyalty, "to long-standing customers, clients or suppliers" and what is due to the employer (Lefkowitz 2006).

*Social responsibility* – Viewed from the consequentialist standpoint on ethics, local marketing policies of major companies have a larger or smaller impact on various societal variables e.g. the general direct well-being of people (or the reverse: see the alleged responsibility of food companies for obesity). Social responsibility of companies is at stake through their marketing practices when societal variables as important as the people's health (Guillon 2006) or the country's social climate depend on the products sold or on the more or less aggressive communication style of advertising campaigns.

*Moral intention* - Beyond the issue of utilitarian social responsibility, “moral intention”, in the Kantian vein of the duty of respect for others, is a third dimension of growing importance: What do MNCs' marketers think of their responsibility as powerful communication agents of cultural colonization and consequently agents of modification (not to say destruction) of local minorities lifestyles and cultures through their lifestyle-related products development? The need to respect local people's culture should address –but rarely does- local short-term “consumer-oriented” marketing policies. Speaking of the power of international press groups, Ignacio Ramonet (1997) says: “There is a constant tug-of-war between the “absolute sovereignty of the consumer” and the will of the public, guaranteed by democracy”.

### ***Codes of ethics are cultural cornerstones: Should they be adjusted?***

Now that stakes and issues have been explained, it is possible to develop the constructive part of this article.

Firstly a theoretical approach on codes, their diversity and evolutions will give a useful insight into the problem: It is recalled that professional and industry environment are determinants of marketers' ethical decision making (Hunt and Vitell 1991). The closer cultural environment comprises microcultural factors (particularly formal and informal organizational rules/norms; rule/norm enforcement, as well as significant others) and mesocultural factors (i.e., professional and industry environment) described by Ferrell and Gresham (1985), Ferrell, Gresham and Fraedrich (1989), and Hunt and Vitell (1991). Norms – both formal and informal – may be enforced by rewards or punishments (in compensation and emotional categories). Among these norms, corporate codes of ethics are the keystone of the building.

Nearly all MNCs have a corporate code of ethics, e.g. “a statement setting down corporate principles, ethics, rules of conduct, codes of practice or company philosophy concerning responsibility to employees, shareholders, consumers, the environment, or any other aspects of society external to the company” (Langlois and Schlegelmilch 1990). Singh *et al* (2005) note that the “documents vary in length, breadth of topics covered and extent to which topics are covered”. Based on their analysis of Swedish, Canadian and Australian corporate codes of ethics, they suggest that a code can potentially be broken down into 64 items and 10 domains: (1) Conduct on behalf of the organization; (2) Conduct against the organization; (3) Integrity of books and records; (4) The basis of the code (legal, ethical, or both); (5) Specific laws cited; (6) Reference to government agencies; (7) Internal and external compliance/enforcement measures; (8) Codes mentioning enforcement/compliance procedures; (9) Penalties for non-compliance; (10) References to the need to maintain the corporation’s “good reputation”. It may be remarked that items (1.) and (10.) refer clearly to marketing practices, but other chapters may be also partially linked to marketing.

Most codes are *not* called codes of ethics: The word *ethical* itself is not often used in company documents that were reviewed. Instead, the word “responsibility” is often preferred in the sense of “responsibility to society as a whole.” *Ethical* is not used perhaps out of fear of not being understood (*ethical* is a word that is generally misunderstood) and of having a boomerang effect with respect to a sensitive issue on which large companies are often challenged.

Codes generally have a format and structure which is more complex than a single unified statement. Once they are a certain size, companies generally develop formal principles and basic policies, and adopt and publicize them. The principles and policies define the company’s purpose, mission and values, the corporate social responsibility (CSR), and specialized (including marketing) policies. These different aspects of corporate discourse are not always found in the same documents and may be covered by chapters in a range of documents intended for different readers. Depending on their business strategies, companies also set out formal commitments with respect to responsibility and ethics in more specialized documents, such as –in the food business- on food product marketing and health. The link between corporate and specialized codes is not always explicit. Specialized operational documents combined with a company’s general documents constitute an overall edifice proposed as the “Company’s ethics documentation” (Guillon 2006).



Among these specialized documents are obviously local adaptations (if any) of corporate documents. Addressing the globalization process of ethical codes and policies, the Ethics Resource Center (ERC 2004) suggested the following: “Some companies have found it effective to keep the code [of ethics] distinct from [operational ethics] policies, providing references as appropriate. This facilitates the development of local policies, while allowing the company to be unified by one set of values, one code and one way of doing business.”

To resolve the matter in question, a first valuable source of information is: *Do corporate codes of ethics differ when they originate from MNCs of different cultures?* The answer is definitely yes for it has been clearly established by several studies among which Langlois and Schlegelmilch (1990), Lefkowitz (2006) and Singh *et al* (2005).

Langlois and Schlegelmilch (1990) compared European and American corporate codes of ethics. They found that while most ethical issues transcend national barriers there were differences in the issues addressed by American and European (British, French and West German) codes. In particular they concluded that European companies emphasize employee responsiveness to company activities, while firms in the United States stress company responsiveness to employee requirements of fairness and equity.

Another approach to the differences between Europe and the United States was Lefkowitz' (2006) stating that for researchers “whose perspective is predominant in Europe, business ethics has less to do with individual decision-making and corruption than with systemic issues of fairness and social justice and the organization's representation of the core values of the world's moral community”: Less deontology, more of a utilitarian and Rawlsian approach...

Singh *et al* (2005) surveyed and analyzed the contents of 197 corporate codes of ethics (78 Australian, 80 Canadian and 39 Swedish). It was found that the contents of the Australian and Canadian codes were similar, reflecting the similar histories and cultures (as measured by Hofstede's dimensions) of these two countries. Further, the contents of the Swedish codes were found to be very different from the Australian and Canadian codes in some areas: The Swedish codes are less regulatory than the Australian and Canadian codes in respect to the codes mentioning enforcement procedures. The Swedish management style appears to be more one of participatory management, where employees are coached and coaxed into doing the “right thing”.



Then as a partial conclusion it may be hypothesized that a code of ethics imported “as is” in a culture with a different management style (e.g. less regulatory, or the reverse) is likely to disturb employees, provoke misunderstandings and frustrations in the first place and, in the end, have a group of valuable and well-disposed marketers and salesmen to leave the company. Then at least on business efficiency grounds, the adaptation policy would likely be more adequate, at least in the short term.

A second approach to the question would also be descriptive: *Do* MNCs adapt their codes when travelling abroad? Unfortunately, to our knowledge, no comprehensive or significant comparative study has been published yet on this subject. Hence this article’s conclusion advocates an adequately oriented research programme.

Of course there is room for a third approach grounded on principles more than on facts: “How sojourners should interact with people from their host cultures” (Evanoff 2006). For this question, it is typically suggested that individuals should either adapt themselves to the norms of their host cultures (“when in Rome do as the Romans do”) or maintain their own norms while respecting those of the host culture.

In a *universal ethics* approach, as suggested by Donaldson and Dunfee (1999a) the development of universal ethical standards is desirable: managers must reject any form of relativism and respect moral free space and cultural diversity. They argue that ethics requires a balance between the universal and the particular and when the balance is lost, the moral game is up (Donaldson & Dunfee 1999b). Their scheme categorizes most corporate codes of ethics as consistent norms, consistent in the sense that, while culturally specific, they conform to hypernorms and other legitimate norms. Say Singh *et al.*, “The need for standards which transcend differences in laws and cultures was also the driving force behind various attempts by international organizations to regulate the conduct of global corporations. The problem of differing standards is best exemplified by the fight against bribery.” This is typically the approach adopted by the Ethics Resource Centre (2004).

The opposite position is known as *cultural relativism*. For most authors, its ultimate effect would be to cut off debate both within and between cultures as to whether or not the norms actually adopted by a particular culture are worth endorsing (Evanoff 2004). “If the norms of a given culture are already regarded as “valid” (because a culture pronounces them so), the

implication is that individuals within that culture are denied the opportunity to question those norms. [...] Moreover, cultural relativism absolves us from any responsibility to act in solidarity with victims in other cultures who may suffer from oppression". Midgley (1988) criticizes the "moral isolationism" which occurs when we think that the norms of another culture cannot be criticized."

### ***A suggested decision-making process inspired from Evanoff's integrative approach***

Evanoff (2004) suggests a *dialogical process* raising the consciousness of the participants, precisely because they are exposed to a wider range of alternatives than those which exist in their own cultures. Figure 2 reproduced from Evanoff shows how this dialogical process, in

Fig. 2 (In Evanoff, 2006)	
Collectivism (Asia) vs. Individualism (the West)	
<b>I. Ethnocentric criticism</b>	
ASIA	THE WEST
(+) Collectivism is good	(+) Individualism is good
<b>II. Intracultural criticism</b>	
ASIA	THE WEST
(+) Cooperation is good	(+) Self-reliance is good
(-) Conformity is bad	(-) Self-indulgence is bad
<b>III. Cross-cultural criticism</b>	
ASIA	THE WEST
(+) Cooperation is better than self-indulgence	(+) Self-reliance is better than conformity
<b>IV. Integrative criticism</b>	
ASIA	THE WEST
(+) Cooperation and self-reliance are good	
(-) Conformity and self-indulgence are bad	
Fig. 1. Models of cross-cultural criticism.	

the case of the alleged opposition between Asian collectivism vs. Western individualism, leads to a new set of moral principles by a cooperative approach to *Integrative Criticism*.

Inspired from Evanoff's approach, a six-step decision-making process may be worked out and is proposed here for a MNC's delegate exporting his company's business, marketing and ethics policies and codes to another cultural environment. This six-step programme is suggested as a synthesis of the above-mentioned approaches:

#### ***1. Receiving Message from CEO – Moral intention***

The manager should first receive a clear message from his CEO recommending a certain attitude towards the new culture's respect or not; this was especially stressed in this article under the term "moral intention".

## *2. Acknowledging local values in relation to marketing ethical decision making – Analyzing local codes of ethics*

A large body of research in marketing ethics has focused on the understanding of *how* marketers decide to act in an ethical way or not, consciously or not. A review of these developments shows that culture is one determinant among others. Total models of ethical decision making in marketing were noticeably developed by Hunt and Vitell (1986; 1991), Ferrell and Gresham (1985), and Ferrell, Gresham, and Fraedrich (1989). The review of these earlier models and other contributions to marketing literature reveals that ethical decision making represents a fixed sequence of stages – comprising moral perception, reasoning (or evaluation), judgment, intention, behaviour, behavioural evaluation – and includes the underlying constructs attitudes and values. Modern research goes further, investigates the whole “affective-cognitive-behavioural” spectrum of ethical decision making and identifies the cultural factors influencing this process: Besides environmental factors, concurrent individual, situational, and issue-contingent factors are also considered.

Then the manager will be able to and should ascertain - through *ad hoc* studies (cf. scenarios studies) or through a mere review of literature or through a dialogical process with local people - what the marketing and commercial values of the new country are, the local level of “perceived moral intensity, ethical perception and ethical intention” (Karande 2000) in the local culture. Furthermore he will have to invest in a close comparative look at existing local codes of ethics, either in private or public organizations.

## *3. Acknowledging consumers’ and citizens’ local expectations*

Next the manager should ascertain what his future clients expect from his brands, products, advertising campaigns and salesmen’ behaviours from an ethical point of view. The fact that “The ethics of management-customer relations has not been integrated with the ethics of management-employee relations” was pinpointed 40 years ago (Bartels 1967) but seems to be still relevant according to a close review of the literature. It is herewith added that, strangely enough, marketing ethics research has almost always been company-focused – grounded on general or endogenously developed ethical principles – i.e. what companies and employees *do* or *should do* and almost never comparing with and/or taking into account the consumers’ and citizens’ *opinions* about what companies do or should do. This appears definitely as a curiosity when thinking of marketing (especially when ethical) as congenitally linked to consumers: Most known AIO or scenarios studies in the field of marketing ethics, even the

more emblematic and supposedly consumer-oriented (e.g. Nwachukwu *et al* on advertising strategies, 1997) rely on the survey of company or industry professionals' samples.

Public or Consumers-based surveys will bring additional legitimacy to research and results, all the more in cultural contexts differing from the company's originating culture. Only recently were studies designed in Europe on these grounds: CSR Europe (2000) or World Bank (2005) for the Polish environment. Objectives of the World Bank study were to ascertain:

- Consumers' expectations from entrepreneurs;
- Consumers' perception of entrepreneurs, including the consumers' evaluation of the compliance of entrepreneurs' activities with the social and environmental norms;
- Level of understanding of "ethical business issues" as seen by consumers differentiated by age, educational background, social and professional standing, family income per person, family size, place of residence;
- Consumers' attitudes towards the idea of "codes of best practice" in business and voluntary compliance of entrepreneurs with decisions of arbitration courts;
- Barriers for establishing consumers' trust in entrepreneurs.

#### *4. Reviewing competitors' ethical practices*

The manager should also have a detailed look at what his future competitors really do in order to decide in a realistic way what level of competitive ethical differentiation he would or could accept.

#### *5. Establishing a local marketing ethics strategy*

Then the manager would be in a position to ascertain what ethical conduct his company, product developers and marketers *should* have and therefore decide on the potential degree and orientation for adapting or not his ethics policies and codes. This does not mean he will abandon his company's corporate values. It only means he will have a consumer's and citizens' centred approach, only consistent with generally recognized marketing approach.

#### *6. Writing codes and policies efficient from the HR point of view*

The manager will finally invent the codes and rules to manage his staff consistently and obtain from his employees what he expects *should* be done. Hence he will have to

acknowledge *how* his own local employees behave. This by the way is not expected to be very different from what he previously learnt from the local society and clients' observation. Of course he should also discover if, in the host country, the organizational context has been shown to have a strong direct influence on specific ethical behaviours (Hunt and Vitell 1986; Jones 1991) or not. For example, studies dealing with organizational culture in US and Malaysian companies support the notion that there are differences between organizational cultures of US and Malaysian companies: Schlegelmilch and Robertson (1995) indicate that widespread use of codes of ethics in US organizations while Gupta and Sulaiman (1996) indicate low awareness and enforcement of codes of ethics in Malaysian organizations.

### ***Need for a complementary research agenda***

When summarizing this process, one understands what should now happen in marketing ethics research focussing on international business and MNCs' needs. What has already been done is a large amount of conceptual and behavioural research work on models of employees' ethical decision-making processes: This related *opus* will be of utmost interest for a MNC' local subsidiary... when knowing *what* to do.

To help with implementing the above-suggested decision-making process it is possible to suggest a complementary research agenda, entirely dedicated to the upstream decision-making needs of a local MNC's delegate, namely: "How to adapt my corporate codes and policies to the local environment, i.e. what marketing ethics *should* be implemented?"

Three topics are delineated for further research, which are all linked with the above-mentioned central issues, i.e. how to integrate corporate and local marketing ethics in a common code and/or policy:

#### ***1. Review of MNCs' current practices abroad***

As was previously noticed, a large public survey of marketing ethics MNCs' institutional tools abroad is missing. Specifically the study will aim at finding out how MNCs adapt or not their codes and policies in the field of marketing. It is of course acknowledged with Aurifeille and Quester (2003) quoting Newstrom and Ruch (1975) that "direct research of this complex

issue is often hampered by the difficulty in gathering objective data as few people are willing to divulge to researchers information that may prove incriminating”.

## *2. Conceptual approaches to the “moral intention” issue*

Moral intention was quoted in this article as one of the three major concerns of marketing policies and deals with respecting local lifestyles and cultures. It certainly is one of the most delicate issues for marketing since consumer goods are intrinsically culturally marked. One of the fifteen Caux Round Table (CRT) Principles for Business is “Respect local cultures” (Cavanagh 2004, p.20). It is nevertheless noticeable that among five global codes of conduct reviewed by Cavanagh, only CRT supports this principle. How to reconcile it with locally implemented marketing ethics policies is one of the major challenges for future research.

## *3. Conceptual and operational studies on “how to reconcile the company/principles centred and consumer-oriented marketing ethics approaches” (Bartels 1967)*

Finally a new set of studies needs to be designed with these objectives in mind, including mixed (professionals/public) samples of people to investigate, opposed to “professionals-only” samples. This will give the marketing ethics academic and professional fields the global legitimacy and utility they need.

## *Two conclusive remarks*

Firstly, this article raised an important and practical question for multinationals: Should they adapt their marketing ethics to culturally different business environments? The answer is: It depends on the result of a proposed six-step methodology to reach a decision.

These methodology and related decision-process start “at home” when defining a precise policy, called here “moral intention policy”, and designed to deal with the need or will to respect local cultures. This means an appropriate arbitration between *cultural relativism* and *universal ethics* and, for marketing ethics, the definition of practical rules about, for instance, bribery (professional concern) or advertising ethics (consumers concern).

However the decision process should necessarily come to an end locally, after collecting information on local ethics, codes, competitors, consumers, and after integrating them in an original, local, marketing and sales ethics strategy.

A second conclusive remark is about research orientations and the need for a comparative survey of marketing ethics MNCs' institutional tools and practices: Field corporate studies are complex because no corporation likes to let their ethical practice unveiled and analyzed. It is all the more true when these would be comparative studies. Anyhow, marketing and sales are the showrooms of MNCs' business ethics, at home and especially abroad. Then, if necessary, how could it be done? It is eventually suggested here that an academic context will gather all necessary conditions of trust and deontology to make the task feasible.

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