Social Marketing and Social Contracts:  
Applying Integrative Social Contracts Theory to Ethical 
Issues in Social Marketing 

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The practice of social marketing is generally founded on good intentions. Nonetheless, in seeking to do good, social marketers can face many ethical issues. Indeed, as later discussed, in some respects there may be greater scope for unethical practice in social marketing than in for-profit marketing by business. This chapter illustrates the range of ethical issues arising in social marketing and examines the potential of normative marketing ethics to inform decisions about these issues. More specifically, it explores the possible application of social contract theory to social marketing.

Social marketers can confront many of the same ethical issues as commercial marketers. Accordingly, the broader topic of ethics in marketing is introduced in the next section, followed by a more focused discussion of ethics in social marketing. Having considered the potential of the major approaches to ethical issues from the marketing ethics literature, more specific attention is given to social contract theory in the next section. Social contract theory is gaining increased recognition within business ethics, particularly in a specific formulation known as Integrative Social Contract Theory (Donaldson and Dunfee 1994; 1995). ISCT’s focus on communities and their norms makes this approach particularly appropriate to social marketing because it often involves competing claims of different communities. Following an overview of ISCT, the chapter discusses how the theory might be applied to a family planning social marketing campaign. The chapter concludes with a discussion of ISCT’s strengths and limitations in application to social marketing.
ETHICS IN MARKETING

Managers make decisions that have ethical content, be they decisions about human resources (e.g., redundancies), finance (e.g., recommending a takeover bid that is not in the interests of shareholders), or marketing (e.g., product safety). Marketing managers appear more likely to face ethical issues than managers in other business functions because of their boundary-spanning role (especially their involvement with multiple stakeholders) and their capacity for exercising economic power (through their involvement in sales transactions and their control of large promotional budgets).

Making decisions about these ethical issues is important, but often quite difficult. It is important because of possible negative consequences of unethical conduct, such as adverse publicity and harm to the organization’s reputation, lower employee morale, and possibly legal or regulatory sanctions. Conversely, there may be positive consequences of ethical conduct, such as improved employee morale or more favorable consumer sentiment. These arguments have prompted advocacy of the maxim ‘good ethics is good business.’ More important perhaps, at least from a non-consequentialist perspective, is the moral imperative to which all human beings are subject; we attempt to be ethical in our conduct because, quite simply, it is ‘the right thing to do’. Nonetheless, decision making about many ethical issues in marketing can be complex. Often, it is difficult to determine the morally right course of action. It is clear, however, that ethical considerations should be an integral part of marketing decision making.

Normative marketing ethics, as a subset of business ethics (itself a subset of the field of ethics), identifies moral principles and methods of moral reasoning that justify rules and judgements of what is morally right and wrong. It is prescriptive and primarily concerned with what marketing managers ought to do when making decisions with ethical content. Hence, it may provide marketers with guidance in managing ethical issues.
Ethical issues can arise in any part of the marketing program (Laczniak and Murphy 1993; Smith and Quelch 1993). In marketing research, there are issues of research integrity in data collection, analysis and interpretation, for example. In market selection, there are decisions made about who will not be targeted by marketing campaigns, such that some segments may be denied products and services (sometimes referred to as ‘redlining’). Product policy can include decisions about how safe a product will be. Pricing decisions can involve issues of fairness (e.g., the price of a life-saving drug). Channel decisions may involve the abuse of power by one channel intermediary in relation to another. Personal selling may present unscrupulous customers with opportunities for bribery requests. And advertising may be deceptive. Chonko and Hunt (1985) surveyed marketing practitioners, asking them to describe the job situation that poses the most difficult ethical problem. A ranking of the issues they identified is reported in Table 1. How are marketers to deal with such issues?

(See Table 1 at the end of the document)

At the most basic level, making marketing decisions with ethical content requires, first, that there be recognition of an ethical issue. This is believed to be prompted by “ethical sensitivity” (Hunt and Vitell 1993; Sparks and Hunt 1998). Next, from a deontological perspective, there needs to be an understanding of any moral duties associated with the ethical issue (e.g., promise-keeping) and, from a consequentialist perspective, an assessment of who (which ‘stakeholders’) could be affected (Hunt and Vitell 1993). Analysis is then required of the associated moral duties, including any conflicts of duties, and of how the stakeholders are affected and of the values relevant to the decision. Nash (1989) has suggested that questions to consider at this stage might include the following: How would you feel in their place (i.e., as the stakeholders)? How might others judge your action? What is your intention? To whom and to what do you give your loyalty as a person and as a member of the corporation? Will your position be as valid in the future? Under what conditions would you allow exceptions to your
stand? In practice, sources of guidance for this analysis might include the individual’s own values and ethical maxims, such as ‘do unto others as you would have them do unto you’ (the Golden Rule) and ‘when in doubt, don’t’ (Laczniak and Murphy 1993). The experience of others, ethical ‘vignettes’ (often acquired during ethics training), and organizational, industry or professional codes (e.g., the code of ethics of the American Marketing Association) may also provide guidance. For many issues, these sources may be sufficient, though it is quite possible that an individual’s values, for example, could be at odds with justified normative principles. Often, for more complex issues, marketing decision-makers may need to use marketing-specific heuristics or frameworks and possibly even apply general ethical theories.

Smith (1995) has proposed the consumer sovereignty test (CST) as a marketing-specific approach that managers can use to evaluate marketing decisions. Its purpose is to establish that consumers can exercise informed choice as a necessary but not sufficient basis for evaluating the ethics of marketing practices. Its domain is limited to corporate impacts on customers; therefore, the framework does not directly address marketing impacts on other stakeholders. The CST identifies an obligation of the marketer to take account of consumer capability, information and choice, even where there is an absence of market pressure to do so.

(See Figure 1 at the end of the document)

Figure 1 summarizes the test, including criteria for determining the adequacy of performance along each of the three dimensions of capability, information, and choice. So, for example, tobacco marketing is ethically problematic under two if not all three dimensions of the CST. Most people start smoking in their early teens and thus there is diminished consumer capability. Further, the addictive nature of tobacco diminishes consumer choice. Finally, although there is generally abundant information about the adverse health effects of smoking in developed countries, this is less true in LDCs where many tobacco companies are now focusing their marketing efforts. The CST is relatively robust and generally easily understood and justified to
marketing managers, but it has limitations. It is specific to company-customer conflicts and thus is not applicable to some marketing ethics issues (e.g., abuse of channel power, environmental impacts of products) and there may be uncertainty about the adequacy of performance on the CST dimensions. Also, it has potentially paternalistic consequences, particularly with marketing managers making judgements of consumer capability (see Smith 1995 for a more detailed discussion of the limitations of the CST).

Laczniak and Murphy (1993, pp. 49-51) incorporate a broad range of ethical theory by recommending the following questions for evaluations of the ethics of marketing practices:

- Does the contemplated action violate the law? (legal test).
- Is this action contrary to widely accepted moral obligations? (duties test).
- Does the proposed action violate any other special obligations that stem from the type of marketing organization at focus? (special obligations test).
- Is the intent of the contemplated action harmful? (motives test).
- Is it likely that any major damages to people or organizations will result from the contemplated action? (consequences test).
- Is there a satisfactory alternative action that produces equal or greater benefits to the parties affected than the proposed action? (utilitarian test).
- Does the contemplated action infringe upon property rights, privacy rights, or the inalienable rights of the consumer? (rights test).
- Does the proposed action leave another person or group less well off? Is this person or group already a member of a relatively underprivileged class? (justice test).

Answering any of the questions affirmatively suggests that the marketer’s decision could be unethical and therefore needs to be revised. However, as Laczniak and Murphy (1993) acknowledge, for many marketing practices there may well be conflicting responses to their
questions; for instance, perceived good consequences often conflict with widely accepted moral duties (e.g., a firm might defend its use of bribery to obtain an order on the basis that it is required for the firm to stay in business, though its action could be in conflict with a moral duty not to engage in bribery).

In many respects, this difficulty in applying multiple theories of moral philosophy is not surprising. Indeed, applying only one theory may often produce conflicting outcomes. For example, utilitarian analysis may require comparisons of different types of utilities that may well be incommensurate (e.g., jobs retained for workers that result in higher prices for consumers). Duties may be difficult to identify under deontological analysis and, if identified, may point to conflicting obligations. These and other widely acknowledged problems of the general ethical theories have often frustrated attempts by business ethicists to make definitive ethical evaluations of business practices. Robin and Reidenbach (1993) have gone so far as to suggest that the “grand narratives” of moral philosophy are unsuitable for adaptation to marketing and that the field needs to develop its own workable ethical philosophy.

One response to the problems in applying the general ethical theories to business ethics is the work on Integrative Social Contracts Theory (ISCT) by Donaldson and Dunfee (1994; 1995) and Dunfee, Smith, and Ross (1999). Before turning to ISCT, more specific attention to ethics in the practice of social marketing is required. Hence, the next section classifies the range of ethical issues found in social marketing, in relation to commercial marketing, and considers whether the approaches to marketing ethics discussed above may assist in managing the ethical issues faced by social marketers. It also includes discussion of why attention to ethical issues may be particularly important in social marketing.

**ETHICS AND SOCIAL MARKETING**

Andreasen (1994, p. 110), noting problems with prior definitions, defines social marketing as: “the adaptation of commercial marketing technologies to programs designed to
influence the voluntary behavior of target audiences to improve their personal welfare and that of the society of which they are a part.” He suggests that the differentiating characteristic of social marketing as opposed to, say, health education, is that it applies commercial marketing technology. This includes understanding and segmenting the target audience and utilizing the full complement of marketing mix elements, in contrast to many practitioners who only do social advertising but consider it to be social marketing.

Ethical conduct is a fundamental requisite of a profession. Social marketers consider themselves to be professionals and thus are expected to be ethical in the practice of their profession. Yet it may be argued that their ethical obligations may be greater than those of their professional counterparts in commercial marketing, for the following reasons:

1. As Andreasen (1994) and many others claim, there is much potential for social marketing to do good. Its aim is not to serve the practitioner’s self-interest, but to improve individual and/or societal welfare. Unethical conduct would reduce the likelihood of this outcome and discredit the field.

2. Because social good is generally the goal, many social marketers act in the public trust and unethical conduct is in violation of that trust.

3. Ethical concern of social marketers may have a humanizing effect that enhances their dealings with clients.

4. While there is the potential for social marketing to do great good, there is also the potential for it to do great harm. This may result through misuse of marketing technology (e.g., promotion of a behavior change that is actually harmful to the target audience) or through undesirable program aims (it is typically the social marketer who determines whether a program promotes the individual and societal welfare).

If social marketers do adapt commercial marketing technologies for their purposes and utilize all marketing mix elements, then potentially they may face many of the same ethical
issues as commercial marketers. This would include issues of deception in advertising for social
marketing campaigns, and other issues identified earlier, such as product safety and bribery.
However, some ethical issues in marketing may be more likely in the commercial context and
some may be more likely in the social marketing context, if not be unique to these contexts.
This is illustrated in Figure 2.

(See Figure 2 at the end of the document)

Laczniak and Murphy (1993, pp. 243-49) identify ethical issues common, though not
unique to the social marketing context (issues that largely fall within box 4 of Figure 2). They
suggest that there are generic ethical problems for marketers, stemming from the charges that
marketing may be unfair, manipulative, wasteful, play favorites and be intrusive. Questions
about unfairness in the social marketing context include: How much disclosure is sufficient
(e.g., advertising of a contraceptive that has side effects)? What is a reasonable level of fear
(e.g., safe-driving campaigns that may create anxieties about road safety)? Are sales tactics
appropriate (e.g., high-pressure selling)? Questions about inappropriate manipulation in the
social marketing context include: Is the idea or cause worthy (e.g., “drink milk”)? Will there be
unintended consequences or side effects (e.g., weight gain as a result of a smoking cessation
program)? Questions about wastefulness include: Should scarce resources be used to promote
offerings that are intrinsically valuable (e.g., nutrition campaigns)? How much should be spent
on reluctant consumers (e.g., seat belt campaigns)? The concern about marketing playing
favorites includes the exclusion effects of market segmentation. Social marketers make
decisions about which segments to target and, hence, who will not benefit from social marketing
programs (e.g., an anti-smoking campaign targeting better-educated people who are more likely
to quit). Finally, the charge that marketing is intrusive raises questions of taste or offensiveness
in social marketing campaigns (e.g., family planning campaigns that do not respect
religious/cultural traditions) and questions about how much information may be obtained in
research on target populations (e.g., research on sexual practices for AIDS prevention campaigns).

In addition, there are issues in social marketing that are much less likely to occur within commercial marketing (issues that fall within box 2 of Figure 2). There may be values conflicts among program partners or stakeholders (e.g., when a program involves social marketers from developed countries operating with agencies in developing countries). However, this type of problem is increasingly evident among strategic alliance partners in commercial marketing, particularly with globalization and the growth of relationship marketing. There may also be values conflicts among social marketers who agree on a program mission, but disagree on its implementation (e.g., should an Outward Bound organization, founded to provide developmental experiences for disadvantaged youth, also provide revenue-generating executive training?). Do the ends justify the means? Also in box 2 of Figure 2, and potentially unique to social marketing, are those issues that result from concerns about the informed consent of program participants. Some commercial marketing practices raise questions of informed consent (e.g., deceptive practices in marketing research or personal selling). However, social marketing may raise more profound concerns about challenges to individual autonomy, particularly in light of the goals of many social marketing programs and their potential to conflict with many target participants’ values and deeply-held beliefs.

Andreasen’s (1994) definition of social marketing, consistent with other definitions, states that it is an activity intended to improve the personal welfare of program participants and the welfare of society. Commercial marketing, in contrast, has as its purpose the creation and delivery of superior customer value as the basis for an organization to achieve its profit and other goals (Webster 1994). While there may be many exceptions, in commercial marketing the interests of the customer and the producer are typically closely aligned: provision of superior customer value by the firm (relative to competitors) leads to increased customer satisfaction
which, in turn, leads to increased sales and greater potential profits for the firm. Moreover, in competitive markets, customers have considerable choice.

As Rangan, Karim and Sandberg (1996, p. 42) observe, “conventional marketing methods are generally designed for situations in which benefits to the consumer from choosing the advertised product or service clearly outweigh the cost.” However, some social marketing situations entail significant costs to targeted participants and they may not be the primary beneficiaries: “With social marketing… the benefits are not always so concrete. They often accrue to society, sometimes over the long term. In fact, in some cases, the individuals, communities, or organizations targeted by the change effort may feel that the costs of change exceed the benefits” (Rangan, Karim and Sandberg 1996, p. 42). Figure 3 shows how Rangan, Karim, and Sandberg (1996, p. 44) classify social marketing initiatives according to the costs and benefits of behavior change.

(See Figure 3 at the end of the document)

Hence, a close alignment of interests is not always the case in social marketing. Conceivably, social marketers might attempt to influence the behavior of target individuals because it is in the best interests of society (at least in their opinion), though not necessarily in the best interests of the individuals targeted. In other words, the personal welfare of program participants and society’s best interests may conflict, as may potentially be the case with social marketing initiatives in Cell D of Figure 3. This is evident, for example, in some family planning programs, as later discussed. It is also conceivable, though perhaps much less likely, that social marketers may attempt behavior change that is beneficial to the program target but not the broader society, at least as currently organized (a criticism, however ill-founded from a Western perspective, of social marketing programs to promote education of women in traditional societies, such as Bangladesh).
Furthermore, consumer choice may be less apparent in the social marketing context. While marketing has often been subject to charges of manipulating consumers (e.g., Farmer 1967), these charges may be more warranted when applied to social marketing, where competition is limited and, in some respects, the social marketer is the only game in town. The good intent of social marketers may also lead to the use of more coercive tactics (e.g., fear appeals in advertising), relative to commercial marketing, with the practice rationalized by claiming that the ends justify the means. Social marketers may also be too ready to exploit suspect scientific findings to advance their case for behavior change. For example, recent campaigns against smoking in public places were often justified by relatively weak evidence of adverse health effects from passive smoking. This, in turn, may well have contributed to the intensified stigmatization of smokers and increasingly coercive methods used against smokers, such as smoking bans.

In light of these distinctions between commercial and social marketing, it seems possible that there may be ethical issues unique to the social marketing context. More specifically, issues can arise in social marketing (but not in commercial marketing) where the individual autonomy and best interests of the program target may be compromised by a program goal of serving the broader society.¹

In sum, most social marketing campaigns seek to influence behavior to benefit the target audience and the broader society. However, at its core, social marketing may challenge the autonomy of the individual who is the subject of a social marketing campaign. Further, some social marketing campaigns may be of benefit to the wider society, but benefits to the target individual may be less evident (and possibly vice-versa). Even where target individuals would give informed consent to social marketing campaigns and see benefits to themselves, there may be ethical issues arising in the development and execution of marketing programs. Hence, social marketers can be faced with many of the ethical issues found in commercial
marketing as well as a set of issues that may be more common if not unique to the social
marketing context.

Just like commercial marketers, social marketers may find that they can respond to many
of the ethical issues they encounter by recourse to their own values, ethical maxims or codes of
conduct (though, again, it should be noted that there is the possibility that the social marketer’s
values are erroneous). For example, a social marketer’s own belief in the importance of truth-
telling may lead easily to a decision to reject a proposal from an advertising agency that might
mislead the target audience by overstating possible positive consequences of a behavior change.
Similarly, recalling the Golden Rule might persuade a social marketer to adopt a less coercive
strategy or reference to the AMA Code of Conduct might remind the social marketer of the
obligation to disclose all substantial risks associated with product or service usage.

Social marketers might also turn to the Consumer Sovereignty Test. Given its
underlying rationale, its scope is more appropriately limited to customer-company conflicts in a
for-profit marketplace context. But the CST is a useful, if indirect reminder of the importance of
the informed consent of the target participants of social marketing programs. It asks: Can they
exercise informed choice?

However, again like commercial marketers, social marketers may find that these sources
provide insufficient guidance, especially for more complex issues. General ethical theories have
more potential perhaps, but they too have problems, as already noted. It is against this backdrop
that the social contract approach is introduced. This approach is gaining increased interest
within business ethics (including a special issue of Business Ethics Quarterly devoted to the
topic) and, in the formulation known as Integrative Social Contracts Theory, could be
particularly appropriate to some of the more difficult ethical issues in social marketing.

SOCIAL CONTRACTS
Origins of Social Contract Theory

Social contract theory originated with the major social changes in seventeenth and eighteenth century Europe and the search for a political philosophy legitimizing state authority. One of the earliest contributors was Thomas Hobbes (1588-1679). Hobbes’ Leviathan (1651) describes a “state of nature,” a world without a state, wherein people act to satisfy their desires, principally self preservation, and life would be “solitary, poor, nasty, brutish, and short” (Hampton 1992, p. 544). Under these conditions, Hobbes argues, people would agree to the only alternative of a state ruled by an absolute sovereign.

Hobbes was a major influence on John Locke (1632-1704). Locke’s Two Treatises of Government (1690) was published in justification of the Whig rebellion and revolution of 1688. He wished to defend the new regime by showing that the rebellion by Williamites (who put William of Orange on the English throne) had been legitimate and that the rebellion by Jacobites against King William was not (MacIntyre 1966). More fundamentally, Locke sought to identify a basis for the legitimacy of state authority. He proposed a philosophy providing a justification for the existence of the state and identified the reciprocal obligations of citizen and state. As MacIntyre (1966) observes, Locke’s doctrine of consent is the doctrine of every modern state that claims to be democratic, but which like every state wishes to coerce its citizens.

More common in the twentieth century are questions about the legitimacy of business than questions about the legitimacy of the state (Berger 1981). However, the marketing ethicist’s search for a basis for establishing that a new product is ‘good’ or an advertising campaign is ‘right’, is in some ways similar to Locke’s search for a basis for obedience to the state. More specifically, from the social marketing perspective, we might be interested in identifying a basis for establishing, for example, when and to what extent the use of coercive tactics by social marketers is justified.

Common to most social contract theories, is an agreement (typically hypothetical) among moral agents that warrants individual consent (e.g., to state authority) and a device or method
whereby such an agreement may be logically justified. Accordingly, the French philosopher Jean-Jacques Rousseau (1712-1778) identifies a pre-social condition, from which society develops. The Social Contract (1762) examines the problem of finding a form of social organization that provides the benefits of social life, but avoids its disorders. Rousseau's solution is for all individuals to agree to place themselves in common under the direction of the “general will” (Reath 1992, p. 1114).

Key to the revival of social contract theory is A Theory of Justice (1971) by John Rawls. He proposes the device of ‘a veil of ignorance’. Accordingly, Rawls asks what principles of justice autonomous agents would collectively agree on, were they not to be aware of their specific individual circumstances, such as sex, race, education, religion, and social class (Becker 1992, p. 1176). Thus, Rawls (1971, p. 136) identifies an “original position” so as “to set up a fair procedure so that any principles agreed to will be just... [and] nullify the effects of specific contingencies which put men at odds and tempt them to exploit social and natural circumstances to their own advantage.”

Social Contract Theory Applied to Business

Donaldson, the leading proponent of social contract theory applied to business ethics, has constructed a social contract for business (1982), illustrated its application to international business (1989), and (with Tom Dunfee) refined its content and developed a methodology for its application to many business contexts (Donaldson and Dunfee 1994; 1995). His social contract for business (SCB) is founded on consent, i.e. that corporations exist only through the cooperation and commitment of society. This suggests an implied agreement between the corporation and society. The simplest form of the contract is to specify what business needs from society and what, in turn, are its obligations to society. More specifically, Donaldson (1982, p. 42) argues that the contract should be viewed as existing between productive organizations (“where people cooperate to produce at least one specific product or service”) and individual members of society. He suggests society's obligations to productive organizations are: 1) to provide recognition to the firm as a
single agent, especially in the eyes of law; and, 2) to grant the authority to use or own land and
natural resources, and to hire employees.

Donaldson’s device for agreement (akin to Hobbes’ ‘state of nature’, Rousseau’s ‘pre-
social’ condition, and Rawls’ ‘original position’) is to imagine a society without the productive
organizations being analyzed. This he calls the “state of individual production” (1982, p. 44). In
keeping with the social contract tradition, his analysis requires: 1) a characterization of the
conditions existing in the state of individual production; 2) recognition of the problems solved by
the introduction of productive organizations; and 3) specification of the terms of the agreement or
social contract that individuals and productive organizations would agree to as a result of seeing
how the introduction of productive organizations benefits or harms society.

Donaldson suggests two principal classes of people would stand to benefit or be harmed by
the introduction of productive organizations: consumers and employees. The hypothetical
consumers of Donaldson’s state of individual production would benefit from enhanced satisfaction
of economic interests; by: 1) improved efficiency through maximizing advantages of
specialization, improving decision-making resources, and increasing the capacity to use or acquire
expensive technology and resources; 2) stabilized levels of output and channels of distribution; and
3) increased liability resources (1982, pp. 45-47). Benefits for employees would include increased
income potential and capacity for social contribution, diffused personal liability, and needs-oriented
personal income allocation (1982, pp. 47-49). These are the reasons why ordinary people,
economically interested and rational, would agree to productive organizations. In keeping with
Locke, Donaldson argues that the SCB would aim to minimize the prima facie drawbacks of the
introduction of productive organizations, as well as maximize the prima facie benefits, for both
consumers (e.g., minimize environmental impacts) and employees (e.g., minimize possible worker
alienation and loss of pride).
In sum, Donaldson (1982, p. 54) writes, “corporations considered as productive organizations exist to enhance the welfare of society through the satisfaction of consumer and worker interests, in a way which relies on exploiting corporations' special advantages and minimizing disadvantages. This is the moral foundation of the corporation…” (emphasis in the original). The performance of the corporation can thereby be assessed by a measure of how well it fulfills this social contract. However, the inevitable tradeoffs that must be made, especially between the interests of consumers and workers (lower prices or higher wages?) require that the contract must not violate certain minimum standards of justice; while welfare tradeoffs are permissible, organizational acts of injustice are not. Hence, at the minimum, productive organizations must “avoid deception or fraud… show respect for their workers as human beings, and… avoid any practice that systematically worsens the situation of a given group in society” (Donaldson 1982, p. 53).

Criticisms of Social Contract Theory

Some moral philosophers are critical of social contract theory. They note that no such contracts actually exist and, as hypothetical contracts, do not provide for meaningful consent and agreement. Hume (1711-76), for example, uses the analogy of the press-ganged seaman, asked when at sea to “consent” to service. As Becker (1992, p. 1172) puts it, in reference to Hume's analogy, “when we come to moral consciousness, the only viable option we have is to stay on board—at least for quite some time.” A hypothetical contract is not a contract at all—‘not worth the paper it is not written on’—to these critics.

Anticipating this criticism, Donaldson (1982, p. 40) writes: “There may never have been a pen and ink contract, but remarkably enough, thousands of people have acted as if there were” (emphasis in original). This did not satisfy Kultgen (1987), who suggests that it is necessary to “claim that the contract is a mere heuristic device or that it exists or that it could be made to exist.” Kultgen does not entirely dismiss the SCB, he sees the potential for an actual (“genuine”) social
contract for business, though this “would not be an unmixed blessing” (Kultgen 1987). Donaldson’s subsequent work on ISCT is partly in line with this suggestion, by incorporating the ‘microsocial contracts’ of actual communities, as later discussed.

**Social Contract Theory and Social Marketing**

Under Donaldson’s social contract for business, the legitimacy of the corporation rests on societal consent and is subject to the firm providing needed goods and services while conforming to certain minimum standards. A social contract approach might extend this formulation to include social marketing organizations. Social marketers might also be viewed as subject to a social contract, though perhaps with somewhat different terms to those applying to commercial organizations. For example, in return for providing unpaid services intended to improve the welfare of individuals and society as a whole, we might envisage greater scope for social marketers to use coercive tactics (e.g., fear appeals in advertising). However, rather than develop this hypothetical general social contract for social marketers, in the next section a more elaborate formulation of social contract theory is introduced.

There has been a growing recognition of the potential of social contract theory in business ethics. Frederick (1995, p. 270), for example, has referred to its “compelling theoretical significance.” Particularly noteworthy is the contractarian approach of Integrative Social Contracts Theory proposed by Donaldson and Dunfee (1994; 1995). ISCT utilises a social contract approach that typically operates at the level of specific situations or issues. In contrast to the abstraction of the basic social contract approach, it can more readily contribute to ethical evaluations of complex, real-life social marketing situations. Moreover, it focuses on communities and their norms and thus may be especially relevant to the ethical issues in social marketing that often involve competing claims of different communities.

**INTEGRATIVE SOCIAL CONTRACTS THEORY**

ISCT integrates two types of contracts. A hypothetical macrosocial contract provides the overall framework and is a heuristic device comparable to the classic social contracts of Locke, Hobbes, Rousseau and Rawls. In keeping with these philosophers, Donaldson and Dunfee (1994; 1995) view global humanity as seeking to design a binding, though unwritten agreement that establishes the parameters for ethics in economic relationships. Within this framework are actual, community-based microsocial contracts. These contextual, more narrowly prescribed social contracts reflect the norms used by specific communities in evaluating business ethics. Hence, ISCT (under certain conditions) gives normative status to the norms or ‘rules of behavior’ that govern everyday life in most communities. In order to justify consent on the part of the contractors, Donaldson and Dunfee (1994; 1995) limit themselves to two parsimonious assumptions and a minimalist global social contract, as follows.

Bounded Moral Rationality

First, it is assumed that the contractors are aware of, and concerned about, bounded moral rationality. In a similar way to bounded economic rationality, it is assumed that individual moral agents lack the information, time and emotional strength to make perfect judgments consistent with their moral preferences. Further, moral agents may not have developed clear preferences due to lack of time or understanding. The bounded moral rationality assumption also relates to the question of whether the global contractors would be able to agree to a comprehensive moral theory or set of principles specifying the parameters of ethics in economics. ISCT assumes (Donaldson and Dunfee 1995, p. 93) that the individual contractors would wish to retain the right to select their own values to the maximum extent possible and that they would “desire to participate in economic communities that reflect their personal and cultural values.” In so doing, the contractors would be recognizing bounded moral rationality as a limit on the ability of moral theorists to design a moral calculus applicable to all decision contexts for all of diverse humanity.
The Need for Community-Based Moral Fabric

The second assumption is that the global contractors would, in response to bounded moral rationality, recognize the need for a community-based moral fabric as a necessary condition for both the generation of wealth and for the maintenance of an environment conducive to a good and productive life. Without this moral fabric, which is the purpose of the global convention, there is the threat of social denigration into Hobbes’ “warre” of man against man. iv

In response to these core assumptions, Donaldson and Dunfee hypothesize that the global contractors would wish to set up an arrangement—the global social contract—that recognizes the key role of human relationships and groups (or “communities”) and that allows them the ability to confront the specific context in which moral judgments must be made before they are required to develop in detail the ethical rules for proper behavior. This arrangement would be a binding macrosocial contract, applicable to all on the basis of their assumed consent to these arrangements. Donaldson and Dunfee’s (1994) claim is that the global macrosocial contract derived is the only rational solution to the need for a moral fabric in the face of bounded moral rationality. Its four key terms are spelled out below.

1. Local economic communities may specify ethical norms for their members through microsocial contracts (the “moral free space” term). Communities are the core focus of the macrosocial contract. A community is defined in ISCT as “a self-defined, self-circumscribed group of people who interact in the context of shared tasks, values, or goals and who are capable of establishing norms of ethical behavior for themselves” (Donaldson and Dunfee 1994, p. 262). Corporations, subsidiaries, even departments or informal units within an organization, along with partnerships, professional groups, trade associations, and nation states may all be ISCT communities in the context of a given ethical decision. In focusing on communities, ISCT recognizes that norm-governed group activity is a critical component of economic life.
The idea of moral free space is consistent with the desire of the contractors to keep their options open. It also recognizes that communities are entitled to have differing norms. Acting within their own moral free space, each of these communities is allowed to generate indigenous “authentic” ethical norms. A norm is defined as authentic when it is supported by the attitudes and behavior of a substantial majority of the members of a community.

2. Norm-generating microsocial contracts must be grounded in informed consent buttressed by rights of exit and voice (the “protected informed consent” term). A major impact of ISCT is to establish that norms are obligatory for dissenting members of communities when an authentic norm has been identified and it satisfies the other requirements of ISCT given below. In keeping with classical social contract theory, the obligation stems from the consent given when one acts as a member of a community (perhaps by accepting the benefits of the community environment). However, ISCT imposes some additional requirements on the operation of the community. The community must respect the right of members to withdraw or exit from group membership. Thus, a dissenting member of a community who is quite distressed about a particular authentic norm may elect to leave the community.

Similarly, ISCT (at least as formulated by Dunfee, Smith and Ross 1999) emphasizes that an individual should have the opportunity to exercise voice within the community. Individuals desire the right to influence the development and evolution of norms, and, perhaps most importantly, to be able to influence changes in norms they find objectionable. In sum, so long as the requirements of community recognition of voice and exit are met, and a given norm is supported by the attitudes and behavior of a substantial majority of the membership of a community, it qualifies as an authentic norm.

Thus far in the exposition of ISCT, the only mechanism that would protect a dissenting individual from having an ethical obligation to comply with a distasteful norm is the right to leave the community or to try to change the norm. Beyond that it appears as though the “is” has
become the “ought” and that values and moral judgements are largely relative. To avoid excessive relativism, it is assumed in ISCT that the original contractors would wish to recognize a thin set of universal principles that would constrain the normative relativism of community moral free space. This is the role of the third term of the macrosocial contract.

3. In order to be obligatory, a microsocial contract norm must be compatible with hypernorms (the “hypernorms” term). Under ISCT, a hypernorm is a norm by which authentic norms are tested. The term “legitimate” is used to describe an authentic norm that has passed the hypernorm test. Hypernorms are defined as “principles so fundamental to human existence that ... we would expect them to be reflected in a convergence of religious, philosophical, and cultural beliefs” (Donaldson and Dunfee 1994, p. 265). This is a high standard for a set of universal principles and, presumably, their number and scope would be, as Walzer (1992) suggests, rather thin. This is appropriate when one considers the dominant role of hypernorms and their effect of constraining choice within local communities by overriding any and all inconsistent norms or standards. However, how does one ascertain the existence of particular hypernorms?

In support of the claim for the existence of hypernorms, one can point to studies finding similar methods of moral reasoning across cultures (Kohlberg 1968), and agreement concerning certain core principles across large samples of managers (Kanter 1991). Can examples be provided? Frederick (1991) studied six intergovernmental compacts (including the OECD Guidelines for Multinational Enterprises, the Helsinki Final Act, and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises) to identify principles common to the set. Similarly, one could look to the statements of global organizations as potential sources of hypernorms. The Principles for Business developed by the Caux Round Table (which meets annually in Caux, Switzerland), is a prime example; as is the document “Toward a Global Ethic,” produced by the Council for a Parliament of the World’s Religions. One might also look

Hypernorms do not provide a complete bounding of the moral free space of communities. The issue may still arise of conflict between two or more norms that are legitimate. This problem is addressed by the final term of the macrosocial contract.

4. In the case of conflicts among norms satisfying terms 1-3, priority must be established through the application of rules consistent with the spirit and letter of the macrosocial contract (the “priority rules” term). It will often be the case that multiple legitimate norms applicable to the same ethical judgment will come in conflict. This may happen when a transaction crosses two distinctly different communities, as is often the case in marketing and in social marketing in particular. To resolve problems of this type, ISCT specifies (Donaldson and Dunfee 1995, pp. 105-06) a loose set of six priority rules which are influenced by the concepts underlying principles of international conflicts of law and dispute resolution. They are derived from the basic assumptions and terms of the macrosocial contract and are as follows:

i) Transactions solely within a single community, which do not have significant adverse effects on other humans or communities, should be governed by the host community's norms;

ii) Community norms for resolving priority should be applied, so long as they do not have significant adverse effects on other humans or communities;

iii) The more extensive the community that is the source of the norm, the greater the priority which should be given to the norm;
iv) Norms essential to the maintenance of the economic environment in which the transaction occurs should have priority over norms potentially damaging to that environment;
v) Where multiple conflicting norms are involved, patterns of consistency among the alternative norms provide a basis for prioritization;
vi) Well-defined norms should ordinarily have priority over more general, less precise norms.

The more complex issues of marketing ethics may well involve conflicts of legitimate norms. Under ISCT, the priority rules are to be applied as a set, not in isolation, though the rules aren’t given priority themselves. For a given dilemma, several might be involved, loosely weighed without a strict calculus of relative value. In sum, Figure 4 shows how ISCT might be applied to an ethical issue involving multiple communities and multiple competing norms.

(See Figure 4 at the end of the document)

APPLYING ISCT TO THE PSI CASE

The classic (and best-selling) Harvard Business School social marketing case study, “Population Services International: The Social Marketing Project in Bangladesh” (Rangan 1985) can be used to illustrate the application of ISCT. This case raises a number of ethical issues for social marketers, including questions about the appropriateness of an intensive mass media campaign for family planning that conflicted with important religious and cultural values in Bangladesh. However, the analysis that follows will focus on the issue of whether individual autonomy and the best interests of the program target were compromised by a program goal of serving the broader society. The case does not contain all the data necessary for a fully developed analysis using ISCT. However, it can serve well as an illustration of how ISCT might be applied to this and other troubling ethical issues in social marketing, including issues that
may be more common if not unique to the social marketing context relative to commercial
marketing (i.e., box 2 of Figure 2).

**Population Services International**

PSI is a not-for-profit agency that was founded in 1970 with the fundamental objective of “disseminating family planning information and marketing birth control products to people who needed to avert births but did not know where to seek the information or products” (Rangan 1985, p. 2). Its programs were directed primarily at LDCs and described as a response to the “population explosion” in these countries. In 1976, PSI reached an agreement with the government of Bangladesh to conduct a family planning program in collaboration with USAID (United States Agency for International Development) and UNFPA (United Nations Fund for Population Activities). Its program involved the aggressive marketing of Raja brand condoms and Maya brand oral contraceptives direct to consumers at nominal prices via local retail outlets. This strategy was consistent with the beliefs of one of the two founders of PSI who said that “if contraceptive products such as pills and condoms are made the leading vehicles of family planning… the entire society would be better off” (Rangan 1985, p. 2). By 1983 (the case study decision point), PSI had become the second largest advertiser in Bangladesh. Promotional themes of “happy marriage” and “the confident choice of the prudent family” were repeatedly communicated through radio, press, billboards, and posters. Results for Maya were considered disappointing. Raja became the leading brand of condom available in Bangladesh, with a 59% volume market share. However, with unit sales of 50 million pieces, this was only equivalent to 500,000 CYPs (couple years protection); only ½ million couples were protected in a country with a fertile population of 20 million couples.

Rangan, Karim and Sandberg (1996) suggest that behavior change in social marketing programs is more difficult when the costs of change for the target participant are high (monetarily or in other ways, such as the difficulty of quitting smoking) and where personal
benefit is unclear or nonexistent (Cell D in Figure 3). Both of these obstacles are evident in the
PSI case and they point to possible conflicts of interest and a major ethical issue in the case. In
1983, Bangladesh was one of the poorest countries of the world, its health care and education
were very limited, and literacy levels were low. The large rural population (91% of a total
population of 100 million) was more disadvantaged than the urban population. Bangladeshi
people, particularly in rural areas, had good reasons not to practice family planning:

- Most parents counted on their children to support them in their old age; there was no
  pension or social security system;
- Many Bangladeshi children die before reaching adulthood, as a result of natural
  calamities and disease;
- Daughters require dowries at marriage, suggesting a need for at least as many sons as
  daughters;
- Large families provide sufficient labor for family farming;
- 85% were conservative Muslims, for whom family planning is inconsistent with
  religious beliefs (though research found only 6% cited religion as a reason for not
  adopting family planning).

As Rangan, Karim and Sandberg (1996) note, most of the citizens of Bangladesh at this
time did not understand the long-term benefits to the country of curbing population growth.
Given the limited economic resources of Bangladesh, reducing the rapid growth in population
would be prudent from the perspective of the society as a whole. The government had set the
goal of zero population growth by 1995. In this situation, PSI’s program was clearly consistent
with its founder’s belief that promoting contraceptive products could make the entire society
better off, but to what extent would it better the individual program participant? Would
Bangladeshi society gain at the individual’s expense? Moreover, were changes in behavior a
result of the free choice of target participants or more coercively achieved? Did the program compromise the autonomy of participants? Finally, society would only gain if the program succeeded; as Rangan Karim and Sandberg (1996, p. 43) observe:

“… a critical obstacle to implementation is that early adopters stand to lose… if only a few couples in Bangladesh chose to have smaller families, those couples would be at a disadvantage among their peers, and their would be no ensuing benefit to society. Schools would become less crowded, food more plentiful, and medical facilities widely available only if the society as a whole reduced its birthrate” (emphasis in original).

Notwithstanding the obstacles (and ethical issues), the Bangladesh family planning program is reported to be a success, with estimates of couples practising family planning in the 1990s ranging from 45-60%, a dramatic increase on the 4% of the 1980s. Rangan Karim and Sandberg (1996, p. 51), in reference to Figure 3, suggest that “the first thing marketers should do when they have a Cell D challenge on their hands is determine whether the initiative can be repositioned in Cell C… try to figure out whether there is some way to show the target community a more direct benefit.” In the PSI case, research showed that although Bangladeshi men were unable to see the long-term economic and quality-of-life benefits of family planning, women could (see Table 2). Women were receptive to family planning as a way of improving their health and that of their existing children and saw opportunities for better education and greater overall prosperity. However, men usually did the household shopping, they did not generally discuss personal issues such as family size with their wives, and women would be embarrassed to buy contraceptives in a public place.

(See Table 2 at the end of the document)

In the mid-1980s, a revised strategy was introduced whereby oral contraceptives would be promoted and made available to women through the country’s 100,000 Rural Medical
Practitioners. As important, a communications program was targeted at men (Rangan Karim and Sandberg, 1996, p. 51). This aimed “to break down cultural barriers” and “to encourage men to discuss family planning issues with their wives.” It included film ads shown at travelling cinema shows that “co-opted the men by portraying one of their peers discussing the subject with his wife and drawing the conclusion that he should be supportive of the idea” (Rangan Karim and Sandberg, 1996, p. 51).

**How ISCT Might Inform Ethical Evaluations of PSI**

ISCT can be applied to two decision points in the PSI case. First, the initial decision to develop a family planning social marketing program, as described in the case. Second, the later decision to adopt the revised strategy, as reported in Rangan Karim and Sandberg (1996). To better illustrate ISCT, analysis of the former is focused on the ethics of family planning without regard to program implementation. Program elements are given more attention in the analysis of the second decision.

In keeping with Figure 4, the conduct in question is morally permissible under ISCT if all four of the following conditions hold: 1) The conduct is consistent with an authentic norm of the communities involved. 2) The norms of all relevant communities have been considered. 3) The conduct in question does not violate a hypernorm. 4) Any conflict among communities’ norms is resolved via the priority rules.

In evaluating the PSI case, we might initially conclude that family planning was not an authentic norm of the Bangladeshi community. Evidence for this claim may come from the information in the case about cultural and religious values and family economics (i.e., the reasons not to practice family planning, listed above). However, ISCT requires that all relevant communities be considered. As well as the people of Bangladesh, we may also wish to consider the norms of the government of Bangladesh. While the case does not provide information on the norms of government officials, it might be reasonable to assume that their norms are supportive
of family planning, in light of the government’s stated goal of zero population growth and its backing of PSI’s program. USAID and UNFPA might also be treated as relevant communities with norms that endorse family planning.

Thus, we have multiple communities with conflicting norms. Under ISCT, authentic norms must be checked for legitimacy using the hypernorm test. If we specify the authentic community norms as referring to a belief in the appropriateness of family planning (ignoring, at this point, how the social marketing program might be executed) it seems reasonable to claim that there may not be a constraining hypernorm on a belief in either direction. Religious beliefs notwithstanding, it is difficult to imagine a hypernorm that would condemn uncoerced family planning in Bangladesh, particularly in light of welfare considerations. Hence, our analysis requires recourse to the priority rules.

Priority rules (iii) and (iv) would appear to be most relevant to our ethical evaluation. In accordance with the third priority rule, we might conclude that the norm of the more extensive community of Bangladeshi people takes precedence. However, the fourth priority rule (that gives preference to norms indispensable to the transaction environment relative to norms potentially damaging to that environment) might be interpreted to give precedence to the norm favoring family planning of the Bangladeshi government, USAID and UNFPA. We might conclude that family planning is essential to the maintenance of the economic environment of Bangladesh and giving priority to a norm that precludes family planning would be potentially damaging to that environment.

The outcome of this analysis suggests there is no clearly dominant norm. Our ethical judgement would be that either norm is legitimate and can be used to justify the decision to be made. In some respects, this is not an entirely satisfactory outcome. However, our analysis does point to the potential for further guidance on developing a social marketing program. More specifically, in making decisions about program implementation, which includes market
segmentation and targeting, we may wish to subdivide the Bangladeshi people and identify different relevant communities within this larger group. In addition, the hypernorm test referred specifically to uncoerced family planning, suggesting that decisions about program execution need to consider the extent to which its different elements might be coercive. These concerns become more evident in an ISCT analysis of the decision to adopt the revised strategy.

Inevitably, perhaps, analysis of the decision to adopt the revised strategy is much more speculative. In particular, less data are available on relevant community norms. However, some insight may be gleaned from the research results shown in Table 2, if they may be treated as representative and a possible basis for inferring community norms. These data suggest that when identifying all relevant communities, Bangladeshi men and women need to be treated separately and urban and rural Bangladeshis also need to be considered as separate communities.

The findings in Table 2 suggest that women may be more supportive of family planning as, indeed, PSI concluded. At least 50% of urban females associated family planning with assuring education for children and assuring food and clothing. At least 50% of rural females associated family planning with assuring food and clothing. Rural males, by contrast, overwhelmingly associated family planning with limiting family size (74% of respondents) and only a third or less identified any benefits of doing this (33% mentioned assuring food and clothing). Just over 50% of urban males associated family planning with assuring education for children, though close to 50% also associated it with limiting family size.

Again, inferring authentic community norms from these data is extremely speculative. Nonetheless, there may be sufficient basis for concluding that treating the Bangladeshi people as one community with an authentic norm opposed to family planning is inappropriate. It may be more appropriate to treat it as multiple communities with different norms on the appropriateness of family planning. Alternatively, depending on the ratio of males to females and urban to rural
males and females, the Bangladeshi people may be considered a single community that does not hold an authentic norm on the appropriateness of family planning (there is not a substantial majority that approves or disapproves).

This conclusion influences analysis of family planning program implementation and may also influence our analysis of the initial decision about developing a family planning social marketing program. More important, perhaps, when we consider the revised strategy, is the extent to which norms supportive of particular types of programs are in conflict with hypernorms. At one extreme, the coercive approach to family planning adopted by the Chinese government, requiring couples to have only one child, could well conflict with a likely hypernorm. This might be a putative hypernorm protecting individual liberty or a more narrowly crafted hypernorm. For example, Article 16 of the United Nations Universal Declaration of Human Rights gives men and women the right to marry and found a family. At the other extreme, making family planning products available to well-educated citizens who would freely choose to use them without being influenced by a heavy-handed communications campaign, would not appear likely to violate a hypernorm.\textsuperscript{vii}

In the PSI case, the approach adopted appears to fall somewhere between these two extremes, though again there are limitations to the data. Troubling elements include the use of saturation advertising and attempts to “co-opt” males (Rangan Karim and Sandberg, 1996, p. 51) in the face of good arguments not to adopt family planning. In the absence of necessary facts, no definitive ethical evaluation is offered. However, this analysis suggests possible causes for concern and, more broadly, points to the potential of ISCT as an approach to evaluating ethical issues in social marketing, particularly where communities have competing claims.

\textbf{DISCUSSION & CONCLUSIONS}
The Merits of ISCT Applied to Social Marketing

The ethics of the PSI social marketing program could well have been analysed using the more familiar deontological and teleological (or consequentialist) theories. The obligations of social marketers to their target audiences could have been identified, noting possible constraints on coercive tactics. Likewise, both good and bad potential consequences of the social marketing program could have been identified. It is unlikely that such an analysis of this complex case would produce a definitive ethical evaluation. Nonetheless, it would still have merit and provide insight on the ethical issues. Although ISCT may be viewed as an alternative approach, it is perhaps better considered as complementary. While for many of the more complex issues of marketing ethics definitive ethical evaluations can be elusive, we may come closer to this goal by benefiting from the insight of multiple theories. Moral judgement may be better informed overall; though, if possible, it is preferable to identify a method that provides a more compelling justification than the alternatives.

Dunfee, Smith and Ross (1999) applied ISCT to commercial bribery, illustrating its potential to better inform ethical judgements of this practice, when contrasted against the well-established standard ethical treatments of the issue. This approach was not possible in this chapter—there are few ethical evaluations of social marketing practices. However, the above illustration of ISCT applied to the PSI case, notwithstanding its more speculative elements, does point to some of ISCT’s strengths and limitations. Its strengths lie principally in its normative legitimization of the relevance of community (and professional) norms, the requirement to identify all relevant communities (or stakeholders), its reliance on a thin set of hypernorms (or universal standards), and its procedure for resolving conflicts in norms across communities. The latter strength makes it particularly appropriate to ethical issues where complexity results from multiple stakeholders (or communities). This is often found in cross-cultural and many other social marketing situations. Of course, ISCT has limitations.
Authentic and legitimate norms of communities are given normative status under ISCT as a result of how the macrosocial social contract is formulated and its underlying assumptions. It must be accepted that these assumptions and the contract terms derived are logically compelling. In applying ISCT, care must be exercised in identifying and defining all relevant communities. Moreover, there is not a definitive set of hypernorms. However, as in the PSI analysis, a case can be advanced for particular hypernorms that might challenge the legitimacy of community norms. Again as illustrated in the PSI analysis, priority rules may conflict and they do not have priority in themselves, suggesting the potential for an uncertain resolution. Finally, there may be uncertainty about the norms of communities, suggesting a need for empirical research. However, this, in turn, may raise questions about the permanence of norms. For example, did the intervention of the Rural Medical Practitioners, particularly in their educational role, change the norms of female Bangladeshis with regard to the appropriateness of family planning?

Conclusions

In conclusion, this paper has argued, first, that attention to ethical issues may be particularly important in social marketing, especially given its potential for both great good and great harm. Second, social marketers face many of the same ethical issues found in the commercial marketing context, but there may be some issues that are more common, if not unique to social marketing, particularly issues arising where the individual autonomy and best interests of the target are potentially compromised. Third, although heuristics such as the Consumer Sovereignty Test may be helpful in evaluating some ethical issues in social marketing, more comprehensive theories will often be required. However, there are widely acknowledged drawbacks to the standard ethical theories.

Fourth, social contract theory, particularly in the formulation of ISCT, may provide a complementary if not alternative approach that addresses some of the drawbacks of the
traditional theories. It gives recognition to community norms; provides a process for
determining their appropriateness (‘authenticity’ and ‘legitimacy’); proposes a method for
resolving differences in norms across communities; and while providing ‘moral free space’,
reduces the risk of moral relativism by bounding decisions by a core set of moral principles
(‘hypernorms’). Fifth, and finally, while it has limitations, ISCT may be particularly appropriate
to some of the more troubling issues in social marketing, especially issues that are cross-cultural
and, more generally, issues that result from differences in norms across communities.
Table 1: ETHICAL ISSUES IN MARKETING MANAGEMENT: SURVEY FINDINGS OF CHONKO AND HUNT (n = 281)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Issue (with illustrations)</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bribery (gifts from outside vendors, “money under the table,” payment of questionable commissions)</td>
<td>(15%)</td>
</tr>
<tr>
<td>2</td>
<td>Fairness (manipulation of others, unfairly placing corporate interests over family obligations, inducing customers to use services not needed, taking credit for work of others)</td>
<td>(14%)</td>
</tr>
<tr>
<td>3</td>
<td>Honesty (misrepresenting services and capabilities, lying to customers to obtain orders)</td>
<td>(12%)</td>
</tr>
<tr>
<td>3</td>
<td>Price (differential pricing, meeting competitive prices, charging higher prices than firms with similar products while claiming superiority)</td>
<td>(12%)</td>
</tr>
<tr>
<td>5</td>
<td>Product (products that do not benefit consumers, product and brand infringements, product safety, exaggerated performance claims)</td>
<td>(11%)</td>
</tr>
<tr>
<td>6</td>
<td>Personnel (hiring, firing, employee evaluation)</td>
<td>(10%)</td>
</tr>
<tr>
<td>7</td>
<td>Confidentiality (temptation to use or obtain classified, secret or competitive information)</td>
<td>(5%)</td>
</tr>
<tr>
<td>8</td>
<td>Advertising (misleading customers, crossing the line between puffery and misleading)</td>
<td>(4%)</td>
</tr>
<tr>
<td>9</td>
<td>Manipulation of Data (distortion; falsifying figures or misusing statistics or information, internally and externally)</td>
<td>(4%)</td>
</tr>
<tr>
<td>10</td>
<td>Purchasing (reciprocity in the selection of suppliers)</td>
<td>(3%)</td>
</tr>
</tbody>
</table>

* To be read: 15% of the 281 respondents referred to bribery in response to the open-ended question: “Would you please briefly describe the job situation that poses the most difficult ethical or moral problem for you?”

<table>
<thead>
<tr>
<th>Specific meanings mentioned</th>
<th>Female Rural</th>
<th>Female Urban</th>
<th>Male Rural</th>
<th>Male Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limit family size</td>
<td>48.9</td>
<td>53.1</td>
<td>73.7</td>
<td>48.9</td>
</tr>
<tr>
<td>Have small/happy family</td>
<td>16.4</td>
<td>30.3</td>
<td>12.2</td>
<td>36.0</td>
</tr>
<tr>
<td>Stop having children</td>
<td>48.4</td>
<td>31.4</td>
<td>16.9</td>
<td>13.7</td>
</tr>
<tr>
<td>Two children are enough</td>
<td>2.7</td>
<td>5.7</td>
<td>8.5</td>
<td>15.8</td>
</tr>
<tr>
<td>Space childbirth</td>
<td>5.5</td>
<td>6.3</td>
<td>-</td>
<td>3.6</td>
</tr>
<tr>
<td>Preserve health of mother</td>
<td>20.1</td>
<td>21.7</td>
<td>3.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Assure healthy children</td>
<td>2.7</td>
<td>1.1</td>
<td>4.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Assure good health for mother and children</td>
<td>8.2</td>
<td>6.9</td>
<td>-</td>
<td>3.6</td>
</tr>
<tr>
<td>Assure good health for all</td>
<td>3.7</td>
<td>3.4</td>
<td>8.9</td>
<td>12.9</td>
</tr>
<tr>
<td>Assure food and clothing</td>
<td>58.0</td>
<td>57.1</td>
<td>32.9</td>
<td>38.8</td>
</tr>
<tr>
<td>Less poverty</td>
<td>21.5</td>
<td>19.4</td>
<td>33.3</td>
<td>43.2</td>
</tr>
<tr>
<td>Live within means</td>
<td>8.7</td>
<td>9.7</td>
<td>12.7</td>
<td>9.4</td>
</tr>
<tr>
<td>Saving for future</td>
<td>8.7</td>
<td>15.4</td>
<td>9.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Avoid subdividing property among children</td>
<td>8.7</td>
<td>1.7</td>
<td>6.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Peace and happiness in the family</td>
<td>48.4</td>
<td>48.6</td>
<td>35.7</td>
<td>40.3</td>
</tr>
<tr>
<td>Happier family life</td>
<td>4.1</td>
<td>6.9</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td>Assure education for children</td>
<td>42.0</td>
<td>62.9</td>
<td>17.4</td>
<td>53.2</td>
</tr>
<tr>
<td>Rearing children properly</td>
<td>12.8</td>
<td>10.3</td>
<td>2.3</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Number interviewed: 219 175 213 139

1. *To be read*: 48.9% of the 219 interviewed, mentioned that “limit family size” was one of the meanings they got out of family planning communication.

### Figure 1: Consumer Sovereignty Test

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>ESTABLISHING ADEQUACY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer capability</strong></td>
<td>Vulnerability factors - age, education, income, etc.</td>
</tr>
<tr>
<td><strong>Information</strong></td>
<td>Sufficient to judge expectations at time of purchase will be fulfilled.</td>
</tr>
<tr>
<td>• Availability and quality</td>
<td></td>
</tr>
<tr>
<td><strong>Choice</strong></td>
<td>Level of competition Switching costs</td>
</tr>
<tr>
<td>• Opportunity to switch</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: Ethical Issues in Commercial versus Social Marketing

<table>
<thead>
<tr>
<th>Issue in Social Marketing</th>
<th>Issue in Commercial Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlikely</td>
<td>Unlikely</td>
</tr>
<tr>
<td>1</td>
<td>Issues outside marketing (e.g., insider trading)</td>
</tr>
<tr>
<td>2</td>
<td>E.g., profound violations of individual autonomy</td>
</tr>
<tr>
<td>3</td>
<td>E.g., price gouging</td>
</tr>
<tr>
<td>4</td>
<td>E.g., product safety</td>
</tr>
</tbody>
</table>
## Figure 3: Types of Social Marketing Initiatives

<table>
<thead>
<tr>
<th>Benefits of the Program</th>
<th>Tangible, personal</th>
<th>Intangible, societal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Costs</td>
<td></td>
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<tr>
<td>Cell A (e.g., persuading men to be examined for colon cancer)</td>
<td></td>
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<tr>
<td>High Costs</td>
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<tr>
<td>Cell B (e.g., recycling programs)</td>
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<tr>
<td>Cell C (e.g., smoking cessation program)</td>
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<tr>
<td>Cell D (e.g., reducing chlorofluorocarbon production)</td>
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</tbody>
</table>
Ethical evaluation required

Appropriate relevant communities identified

Multiple community norms identified and tested for authenticity

All norms screened for legitimacy under hypernorm test

Remaining legitimate norms screened for dominance under priority rules

Ethical judgment based on dominant legitimate norm

If no clearly dominant norm may base decision on any legitimate norm in moral free space

Priority Rules

i) adverse effects on others
ii) priority rules adopted as norms within communities
iii) relative size of communities
iv) indispensable to transaction environment
v) patterns of consistency across communities
vi) whether norm is well defined

REFERENCES


Webster, Frederick E., Jr. (1994), Market-Driven Management:Using the New Marketing Concept to Create a Customer-Oriented Company. New York: John Wiley and Sons.
ENDNOTES

i To some extent, Andreasen (1994) addresses the concern that social marketing programs may not be in the target individual’s best interests. He suggests that target participants should “embrace the values that permit the behavior to be considered for adoption” (p. 112). However, his purpose, apparently, is not to claim autonomy on the part of the program participant; rather, it is to argue that social marketers should not attempt campaigns that require major shifts in target participants’ values and that would likely be unsuccessful for this reason.

ii This exchange characteristic of the social contract approach makes it particularly appealing as a way of thinking about ethics in marketing, a field that often treats exchange as a paradigm for marketing thought and practice.

iii This section draws substantially upon Dunfee, Smith and Ross (1999). Readers seeking a more detailed exposition of the theory should turn to this source and to Donaldson and Dunfee (1994, 1995, 1999).

iv In addition to these express assumptions, there appears to be an implicit assumption in the creation of the hypothetical contract of ISCT (Dunfee, Smith, and Ross 1999). The global contractors must also recognize the importance of organizations and relationships in business. Individuals must work as part of organizations and they must interact with others in order to carry on the functions of economic life. In turn, those organizations and relationships are based upon implicit understandings concerning the proper bounds of behavior.

v An important consideration in applying ISCT is how relevant communities are defined and who defines them. Potentially, social marketers might attempt to define relevant communities in ways that favor their preferred outcome of the analysis (i.e., they engage in a form of gerrymandering). Under ISCT theory, communities are self-defined, though this might...
present problems in implementation of the theory and we may well worry about the notion of communities being manipulated by marketers and others.

\*\* Note, however, that these study results did not show that a substantial proportion of women, at least at the time surveyed, associated family planning with improving their own health or that of their children, apparently an important rationale for the revised strategy (Rangan, Karim and Sandberg 1996).