

## INTERNATIONAL MARKETING ETHICS: CHALLENGES IN DEVELOPING GLOBAL CODE OF ETHICS

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### ABSTRACT

The dramatic advances in technology, decreased restrictions on transportation and financial flows has facilitated the rapid growth of international business in the last decade. While global marketing poses several challenges in designing and developing marketing strategies, it has also created new challenges in dealing with ethical/unethical issues. Several studies examined the pervasiveness of unethical marketing practices in different cultures (Armstrong 1992; Dubinsky et al. 1991) and concluded that the pervasiveness of unethical behavior in international marketing arena creates an urgent need for a common global code of conduct. The ethical/unethical issues have brought the role of multinational corporations to the forefront. Multinational corporations are faced with a choice between designing a code of conduct uniform across all the subsidiaries in different nations or develop individual code suited for each country. The purpose of this paper is to evaluate the two choices - global code of ethics and individualized code of ethics. We will examine the pertinent literature in discussing the challenges in developing code of ethics in an international marketing arena.

Global code of ethics is a result of the perspective developed by Levitt (1983) in his envision of "globalization of markets." According to this perspective, the world is one market segment and believes in the concept that people around the world are more similar than different. A case can certainly be made for this claim by citing the examples of several multinational corporations that are successfully marketing products around the world without major revisions in either the product or the promotion (Coca-Cola, Pepsi, Levis, Walt Disney). Global ethical codes uses a similar rationale in suggesting that individual morals that guide their ethical decision making tend to be similar in any nation. This certainly was the prevailing mode of thinking in developing a code of ethics for the MNCs. The major advantage for such a global code of marketing ethics appear to be the consistency in the firms' actions when dealing with different ethical dilemmas (Frederick 1991).

While many researchers examined the issue of developing a global code of ethics, the debate continues exist about the extent to which an universal code of ethics can be developed. Laczniak and Murphy (1991) discusses two major factors that are critical to this development - cultural relativism and corporate strategic planning process. Cultural relativism refers to the acceptance of host country values and ethics by the MNC. This has been come under much scrutiny from other researchers (e.g. Donaldson 1992). It has been argued that MNCs should be aware of the "convenient relativism" where anything can be excused (e.g. child labor, sale of harmful products) in the name of cultural variety.

In spite of the challenges and differences in the cultures and the values several MNCs have attempted to develop a global code of ethics. However these frameworks essentially recognizes the 'core values' of the organization that will be followed in every nation. 'Peripheral values' are the ones that can be adjusted according to the culture. Laczniak and Murphy (1991) suggested that developing a global code of ethics should take into consideration the Sullivan principles originally developed for American corporations operating in South Africa. Frederick (1991) discussed six major agreements in international trade that attempted to lay specific guidelines for the formulation of multinational code of conduct. The literature review reveals that MNCs continue to face ethical dilemmas in the global arena thus requiring framework for conducting business ethically, a framework that can provide guidelines for decision making when faced with ethical dilemmas in marketing.

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