

**CHAPTER
4**

Ethics and Social Responsibility

Part 1: Content Review

Matching

Write the letter for the correct term for each definition on the line provided.

- _____ 1. Electronic messages sent in bulk to people who did not give a company permission to e-mail them.
- _____ 2. Document that dictates how business should be conducted.
- _____ 3. System to track contact information and other information for current and potential customers.
- _____ 4. Belief that a company’s marketing approach should consider the benefit to and betterment of society as a whole.
- _____ 5. Offers information and resources about environmental protection, sustainable business practices, and environmental law.
- _____ 6. Professional organization that sets the standards for ethical behavior in the marketing industry.
- _____ 7. Federal law stating that advertising must be truthful and nondeceptive, advertisers must have evidence to back up their claims, and advertisements cannot be unfair.
- _____ 8. Type of marketing in which a for-profit business and a nonprofit organization or charity work together for mutual benefit.
- _____ 9. Set of moral values that guide a person’s behavior.
- _____ 10. Overstating the features and benefits of products or services or making false claims about them.

Terms

- A. American Marketing Association (AMA)
- B. cause marketing
- C. code of ethics
- D. customer relationship management (CRM)
- E. Environmental Protection Agency (EPA)
- F. ethics
- G. false advertising
- H. Federal Trade Commission Act
- I. socially responsible marketing
- J. spam

Completion

Fill in the blanks with the term that best completes each sentence.

Terms

- | | | |
|---------------------------------------|-----------------|-----------------------|
| business ethics | goodwill | recycling |
| code of conduct | green marketing | social responsibility |
| corporate social responsibility (CSR) | morals | workplace bullying |
| | philanthropy | |

- 1. The advantage a business has due to its good reputation is _____.
- 2. _____ is promoting the welfare of others, usually through donating time, property, or money.

3. The rules for professional conduct and integrity in all areas of business are _____.
4. _____ refers to the actions a business takes to further social good.
5. Behaving with sensitivity to social, environmental, and economic issues is _____.
6. _____ is the repeated mistreatment by a person of another person using verbal abuse, threats, or any other action that prevents a person from doing his or her job without fear.
7. Reprocessing resources so they can be used again is _____.
8. Producing and promoting products using methods and practices that emphasize environmental conservation is _____.
9. _____ is (are) an individual's ideas of what is right and wrong.
10. A _____ identifies the manner in which employees should behave while at work or when representing the company.

True or False

Decide whether each statement is true or false. If the statement is true, write *True* on the line provided. If the statement is false, write *False* and rewrite the statement to make it true.

1. Ethics help people determine the most appropriate behavior for situations in both their personal and professional lives.

2. Customers willingly purchase from companies they trust and perceive to act ethically.

3. The advertising efforts of a business should not intentionally mislead customers.

4. It is unethical but not illegal for businesses to engage in unfair pricing practices.

5. High-pressure selling is not illegal, but many customers perceive it as unethical.

6. A socially responsible business makes an effort to conduct business locally and use local resources whenever possible.

Name _____

7. Cause marketing demonstrates a company's commitment to ethical, but not social, issues.

8. The goal of a code of conduct is to establish a value system for the company that enables employees to make sound ethical decisions.

9. Membership in professional organizations is a way companies can promote their ethical behavior.

10. Customers should not expect a company to keep their information confidential.

Part 2: Concept Review

Ethics

Write your response to each of the following statements or questions in the space provided. Use complete sentences.

1. What does the term *ethics* mean to you?

2. When have you had to adhere to a code of conduct or code of ethics? Why do you think the code was put in place?

3. Why are ethics important in marketing?

4. Recall a time you saw an advertisement you thought was unethical. What was the product and how was it advertised? Why did you think the advertisement was unethical?

5. What is your opinion of a business that engages in unfair pricing practices?

Social Responsibility

The following statements describe actions by various businesses. Determine whether the actions are socially responsible. Justify your answers using complete sentences.

1. Bright Morning Greeting Cards uses recycled paper for its greeting cards.

2. A local supermarket suggests that customers round up their bills to the nearest dollar so the additional amount can be donated to a local homeless shelter. The store will match each donation.

3. Avon, Aveda, and other cosmetic companies do *not* test their products on animals.

Name _____

4. Newman's Own, a manufacturer of pasta sauces and other food products, contributes all after-tax profits to charity.

5. A company has profitable sales and pays its employees fairly. It does *not* contribute to any charities or involve its employees in any community activities.

Part 3: Marketing Math

Cause Marketing

Cause marketing is a type of marketing in which a for-profit business and a nonprofit organization or charity work together for mutual benefit. In the following scenario, the city food pantry partnered with a local restaurant to raise money for food baskets to be distributed during the holiday season. The restaurant decided to donate 30 percent of its sales each Wednesday evening during October and November to the food pantry to help with the cost of the food baskets.

The following table shows the Wednesday sales each week. Calculate the amount the restaurant has agreed to donate. Then, calculate the total the amount of money donated to the food pantry. Round your answer to the nearest cent. Write your answers in the *Donation Amount* column of the table.

		Total Daily Sales	Donation Amount
1.	Wednesday #1	\$573.65	
2.	Wednesday #2	\$894.52	
3.	Wednesday #3	\$781.35	
4.	Wednesday #4	\$698.90	
5.	Wednesday #5	\$745.27	
6.	Wednesday #6	\$777.82	
7.	Wednesday #7	\$710.04	
8.	Wednesday #8	\$839.53	
9.	Wednesday #9	\$981.15	
10.	Total		

Part 4: Be Your Own Leader

Social and Ethical Responsibility

1. Identify four local companies with which you are familiar that you believe are socially and ethically responsible. Provide an example of each company's actions that demonstrate social or ethical responsibility.

A. Name of Company _____

Example:

Is this an example of social or ethical responsibility?

B. Name of Company _____

Example:

Is this an example of social or ethical responsibility?

C. Name of Company _____

Example:

Is this an example of social or ethical responsibility?

Name _____

D. Name of Company _____

Example:

Is this an example of social or ethical responsibility?

2. Describe the ways in which you believe each of the companies you identified above make a difference in the community.

Company A:

Company B:

Company C:

Company D:

- 3. Think about a company in your community that you believe is *not* socially or ethically responsible. Describe the company and what you would do if you managed it to make it more socially or ethically responsible.

- 4. Write a summary of what you learned about the social and ethical responsibilities of businesses.

- 5. Describe how, as a leader, you would act socially and ethically responsible in your future marketing career.
