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O.C. Ferrell and Linda Ferrell

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A Macromarketing Ethics Framework: Stakeholder Orientation and Distributive Justice

O.C. Ferrell and Linda Ferrell

This article develops a framework for macromarketing ethics. Macromarketing ethics is concerned with the economic and social impact of the fair distribution of products and other resources through the marketing system. The framework is based on organizational culture, stakeholder orientation, and distributive justice. This work is grounded on research that positions stakeholder orientation as an operational approach to address the issues and concerns of participants, and other parties of interest, in the marketing system. Distributive justice is defended as a normative philosophy to provide principles that can contribute to an organizational culture supportive of macromarketing ethics.

Keywords: *stakeholders; stakeholder orientation; macromarketing ethics; distributive justice; marketing ethics; organizational culture; stakeholder culture*

Marketing ethics is an important part of social responsibility that should be examined at the systemic or macromarketing level of analysis. Rittenburg and Parthasarathy (1997) provide a defense for ethical considerations in defining success or failure of policy regarding macromarketing. If marketing ethics research is to have a meaningful impact on such policies, the choice of methods, units of analysis, and philosophical perspectives should be major considerations. The ideal marketing system would be one that is fair. Distributive justice (DJ) has been suggested as fairness of processes and outcomes according to a principle or normative philosophy for macromarketing policy evaluation (Laczniak and Murphy 2006; Vann and Erdogan 1995). Stakeholders are considered the key unit of analysis in evaluating the consequences of normative ethical decisions on marketing (Hunt and Vitell 2006).

An important concern is the development of an organizational culture that is more accepting of a stakeholder orientation, therefore indirectly to the principles of DJ. Macromarketing ethics starts with an organizational culture of values and norms for behavior that influences the decision making of

organizational members. Culture is also expressed informally by relationships, activities, and symbols. This macromarketing ethics analysis links organizational culture to stakeholder orientation and DJ in an attempt to improve researchers' understanding of macromarketing ethics.

Stakeholder orientation is widely accepted as a construct to understand how an organization should relate to entities that are affected by or have an interest in some aspect of a company's products, operations, market, industry, or outcomes (Maignan and Ferrell 2004). The degree to which a firm understands and addresses stakeholder demands and concerns can be referred to as stakeholder orientation.

Justice as it is applied to marketing ethics involves evaluations of fairness or the disposition to deal with the perceived injustices of others (Vallentyne, forthcoming). Justice is fair treatment and due reward in accordance with ethical and legal standards. DJ is concerned with fairness of the goals, processes, and outcomes. The benefits derived and equity of rewards are key concerns in DJ (Rawls 1971). Possibly any system that consistently apportions outcomes, if known to all participants, could qualify as fair.

There is an opportunity for firms to create an ethical organizational culture, adopt a stakeholder orientation, and use the normative principle of DJ to address specific stakeholder concerns (Laczniak and Murphy 2006). Stakeholder orientation requires decisions about the importance of various stakeholders and their interface with the organization. DJ and stakeholder orientation can be used at both the micro and macro levels. At the micro level, there would be a "just market system" created one company at a time. At the macro level, the collective actions of ethical and socially responsible organizations would create a just economic and social environment.

The purpose of this article is to provide a more detailed understanding of the potential relationship of organizational culture, stakeholder orientation, and DJ principles in the extant marketing system. This article develops a framework to integrate stakeholder orientation and DJ into an operational context that could be used for theory development and

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empirical testing in marketing ethics. The complexity and alternative views of DJ are provided to illustrate the various approaches to examine goals, processes, and outcomes. A grounded description of stakeholder orientation is provided as a foundation for implementing DJ principles.

STAKEHOLDER FOUNDATION FOR MACROMARKETING ETHICS

The management literature pioneered the concept of stakeholders as those entitled to have a “stake,” claim, or in some way a legitimate interest in some aspect of the organization’s operations and outcomes (Freeman 1984). From a marketing context, stakeholders include customers, suppliers, shareholders, regulators, employees, and communities. The stakeholder perspective was introduced as a framework to provide an explanation and defense of social responsibility and ethics to include entities beyond shareholders or owners. Stakeholder theory is based and grounded on the normative assumption that “all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no prima facie priority of one set of interests over another” (Mitchell, Agle, and Wood 1997, 866). The stakeholder framework recognizes the intrinsic value of all stakeholders from an ethical perspective and acknowledges the utilitarian need for firms to serve the interests of different stakeholders to secure their support (Donaldson and Preston 1995).

Marketing is being viewed as operating at the center of business functions with the application of specialized skills and knowledge with value co-created with the consumers to build relationships (Vargo and Lusch 2004). Marketing requires cooperation and mutual support among a number of social groups. Even if various groups are not necessary for the success of marketing, the fact that their interests are affected by the firm’s activities creates moral significance (Goodpaster and Atkinson 1992). From a strategic perspective, there may be moral fiduciary responsibilities, but it is wrong to ignore stakeholders who are third parties (or secondary stakeholders). The moral relationships of third parties are as important as fiduciary responsibilities with shareholders (Goodpaster and Atkinson 1992).

While stakeholders can be affected by organizational outcomes, the stakeholder framework recognizes that stakeholders provide resources that are more or less critical to a firm’s long-term success (Hill and Jones 1992). Three critical elements in assessing a stakeholder’s influence are power, legitimacy, and urgency of issues (Mitchell, Agle, and Wood 1997). Power refers to the ability to exercise one’s will over others (Schaefer 2002). Legitimacy relates to accepted values, norms, and patterns of behavior that define the stakeholders who have a claim or interest in the marketing system. Urgency stimulates the time-sensitive nature of stakeholder

activities and communication. Power and legitimacy are independent, but urgency is the catalyst that places issues into a dynamic cycle of discussion, debate, and possibly conflict resolution (Maignan and Ferrell 2004). More contentious entities may seek restitution through formal institutional methods. DJ linked to stakeholder orientation gives voice and credibility to the “legitimacy” of less powerful stakeholders (Maignan, Ferrell, and Ferrell 2005). For example, local communities may create and enforce sanctions that limit building and create open spaces, minimizing population density and supporting environmental restoration. Concerned parents may lobby regulators to require businesses to withdraw advertising that is considered to have a negative impact on children.

The leading alternative to the stakeholder framework to develop an approach to ethics and social responsibility is the shareholder model founded in classic economic precepts, focusing on the goal of maximizing wealth for investors and owners. Managers act only as agents for shareholders, whose primary responsibility is increasing the value of shareholders’ stock or investments. The shareholder model has dominated business education and practice of business during the past century.

Agency theory holds that agents act as fiduciaries for shareholders. Fiduciaries are persons placed in positions of trust who use due care and loyalty in acting on behalf of the best interests of the organization. Agency theory is more of a scientific approach, with some of its assumptions void of ethical content, and it fails to deal with most ethical considerations (Bowie and Freeman 1992). On the other hand, Milton Friedman (1962) stated that it was the managers’ obligation to maximize shareholder wealth from a moral perspective, placing an ethical dimension on agency theory.

Even with the business ethics scandals of the twenty-first century, Friedman suggests that although those individuals guilty of unethical conduct should be held accountable, the market is a better deterrent than regulatory stakeholders in preventing firms from engaging in wrong doing (*Business Wire* 2002). Thus, Friedman would diminish equality in stakeholders and place employees, communities, and other stakeholders’ interests in the realm of market forces.

While there may not be agreement on the importance and legitimacy of various stakeholders, there is an understanding that stakeholders exist and that there should be an ethical focus on their interests and concerns. If ethical considerations are expanded to all stakeholders, then there is a need to acknowledge, monitor, and incorporate the concerns of all legitimate stakeholders. This could mean active communication, cooperation, and the use of normative ethical frameworks, such as DJ, to resolve issues and conflicts and to develop responsible conduct. Stakeholder orientation provides a positive orientation to engage stakeholders, and it could be possible to apply a normative perspective to focus on ethical considerations.

Stakeholder Orientation

Although the concept of a firm developing a stakeholder orientation has evolved (e.g., Berman et al. 1999), there has been limited research given to a formal conceptualization or the decisions necessary to create an organizational stakeholder orientation. To some extent, the idea of a stakeholder orientation has been an abstract generalization of the need to focus on some important entities that have interaction with the corporation. The current literature conceptualizes stakeholder orientation as (1) a way of thinking resulting from the corporate culture (Greenley and Foxall 1996) or (2) a set of organizational behaviors aimed at fulfilling stakeholder demands (Berman et al. 1999; Logdson and Yuthas 1997).

Based on current thinking, the degree to which an organization understands, addresses, and integrates stakeholder concerns into strategic planning and implementation of operations can be referred to as a stakeholder orientation (Maignan and Ferrell 2004). A stakeholder orientation must address stakeholder issues because it is a proactive response system that facilitates the communication of information about the nature and concerns of relevant stakeholders. Stakeholder issues are the organizational activities and resulting consequences that are of concern to one or more stakeholder communities (Maignan and Ferrell 2004). Not all stakeholder issues have an ethical dimension, but some typical ethical issues include product quality, environmental issues, intellectual property rights, privacy issues, stealth or guerilla marketing, and vulnerable markets. Unless these issues are addressed through stakeholder engagement, the marketing system will have the potential to destroy consumer confidence, trust, and general welfare. The well-being of all stakeholders can be diminished both domestically and globally if there is misconduct and failure to address the rights of others. When Turner Broadcasting's Cartoon Network engaged in a stealth marketing campaign in Boston, they did not consider the implications on stakeholders. Nearly 400 LED displays were dropped in Boston to promote the series *Aqua Teen Hunger Force*. Although the promotion ran with no repercussions in nine other major U.S. cities, in Boston residents called police to report what they thought was a terrorist attack (MacMillan and Walters 2007). "In a post-9/11 world, what kind of moron would think that it's a good idea to scatter stuff around places like Boston and other big cities with batteries attached to it" (CNN anchor Jack Cafferty, in Gibbons 2007). This bomb scare fiasco cost Turner Broadcasting \$2 million and a great deal of respect from many stakeholders (Byron and Kelley 2007). Many of the issues related to developing relationships and interacting with stakeholders deal with ethical and social responsibility issues. Therefore, a stakeholder orientation can be a part of a proactive response system to improve marketing ethics and the overall image of the marketing profession.

Stakeholder Culture

Based on Homburg and Pflesser (2000), it has been proposed that a stakeholder culture can be developed through three integrated components: (1) shared values, (2) behavioral norms, and (3) artifacts (Maignan and Ferrell 2004). Values provide normative assumptions guiding decision making. Values, as noted in the American Marketing Association (2007) Code of Ethics, include honesty, responsibility, fairness, respect, openness, and citizenship. Behavioral norms include expected behaviors in a particular context. Behavioral norms could be defined as guiding policies for gifts and gratuities, expense reimbursement, conflict of interest, environmental decisions, and workplace ethics. Artifacts are real, tangible, and visible objects, including verbal communication, that result from values and norms. Artifacts include codes of ethics, policy manuals, videos, and digital retrieval systems that provide information to make decisions. Artifacts preserve the history of the organization and help new organizational members learn and maintain the corporate culture.

Based on Kohli and Jaworski (1990), three types of stakeholder behaviors necessary to implement a stakeholder orientation include: (1) the organization-wide generation of information useful in addressing stakeholder issues, (2) sharing this information with key decision makers in the organization, and (3) the organization-wide responsiveness to this information to develop strategies, policies, and implementation (Maignan and Ferrell 2004). Norms and artifacts are strongly linked to behaviors, while values are not directly linked to behaviors (Homburg and Pflesser 2000). Norms are especially important for ethical treatment of stakeholders because norms prescribe required behaviors and expectations in specific situations. Norms provide direction and guidance for decisions and actions (Bates and Harvey 1975; Katz and Kahn 1978). While norms have authoritative power to direct behavior, artifacts have symbolic power that can be used to build commitment and provide evidence of rewards or punishment for ethical or unethical conduct.

Empirical evidence suggests that values encourage a team orientation, openness, and ethical conduct on which concrete stakeholder norms and artifacts can flourish (Maignan, Hult, and Ferrell 2007). This empirical research confirms that norms and artifacts directly lead to stakeholder orientation. In addition, these findings reveal that stakeholder orientation behaviors are positively linked with market and financial performance, reputation, and employee commitment (Maignan, Hult, and Ferrell 2007).

This suggests that a stakeholder culture builds a solid organizational foundation for marketing ethics and social responsibility. Organizations with concerns for stakeholder interests monitor and gain awareness of stakeholder concerns and needs, this awareness shapes internal programs, risk management, and social cause involvement. Home Depot validates all environmental claims from each and

every supplier to the company. A stakeholder orientation made Home Depot aware that customers were concerned with sourcing, green marketing, recycled materials, and other environmental and social issues. This foundation can be operational, and its success will depend on the values and normative philosophies that are adopted by the organization. Stakeholder orientation can provide normative guidance for marketing ethics if the values are embedded with normative principles. Hunt and Vitell (2006) developed the general theory of marketing ethics, which suggests normative ethical theory can be linked to a positive ethical theory and outcomes.

Laczniak and Murphy developed a set of normative perspectives for ethical and socially responsible marketing. One of their basic perspectives was that “the adoption of a stakeholder orientation is essential to the advancement and maintenance of ethical decision making in all marketing operations.” They go on to say that “failing the acceptance of a stakeholder approach results in the default position that marketing activities exist to maximize shareholder return, subject only to obeying the law” (2006, 167). Therefore, stakeholder orientation offers the hope of mitigating injury to stakeholders who suffer “collateral damage” from unethical decision making.

Based on the Hunt and Vitell (2006) theory of marketing ethics, ethical decisions are based on deontological norms and evaluations and on teleological norms and evaluations. Deontological norms depend on hypernorms and local norms of integrative social contracts theory (Donaldson and Dunfee 1994; Dunfee, Smith, and Ross 1999). DJ is an example of deontological norms because of principles that give permission and principles that forbid certain conduct. Teleological evaluations focus more on (1) consequences of the act for stakeholder groups, (2) the probability that each consequence will occur to each stakeholder group, (3) desirability or undesirability of each consequence, and (4) the importance of each stakeholder group (Hunt and Vitell 2006).

While some decision makers may use only deontology or teleological norms, the Hunt and Vitell theory provides strong support for stakeholder orientation. Stakeholder orientation embedded in the culture of the organization may be the only way to implement deontological values and norms based on the Hunt and Vitell theory. Teleological evaluation requires the determination of the importance of the stakeholder and the probability, desirability, or undesirability of the consequences.

DJ AND MACROMARKETING ETHICS

While many normative principles are available to provide the foundation for stakeholder orientation, DJ has been suggested as an essential ethical precept for enlightened marketing ethics. DJ is most appropriate for macro and systematic marketing consequences directed toward “at-risk” segments

of consumers (Laczniak and Murphy 2006). An important part of the definition of marketing is the target market selection and the distribution, pricing, promoting, and product elements to reach the selected market in a dynamic environment. Ethical decisions have to be made related to major stakeholders, including the supply chain members, consumers (especially vulnerable consumers), shareholders, employees, and other important externalities. “There is an obligation on the part of all marketing organizations to access the fairness of marketplace consequences flowing from their collective marketing processes” (Laczniak and Murphy 2006, 172). At the marketing system level, DJ has been suggested for achieving efficiency in marketing programs such as economic development (Vann and Erdogan 1995).

DJ Defined

DJ involves normative principles to determine fairness in the allocation of economic and social resources. Justice is defined as moral permissibility applied to the distribution of benefits and burdens (e.g., income, wealth, social structure, and legal systems; Vallentyne, forthcoming).

Justice is associated with legitimacy, fairness, comparative fairness, and “what we morally owe each other” (Vallentyne, forthcoming). Legitimacy is a special moral concern related to the permissibility of the activities of others. Legitimacy was previously considered a dimension of stakeholder power. For example, consumers concerned about their privacy have a legitimate moral concern as a stakeholder. Fairness relates to consumers’ right to get what they are entitled to receive. The ingredients in a product should be exactly as stated on the label. Comparative fairness requires consumers to get the same proportion of what they are due given the circumstances. Consumers should not pay different prices based on race, gender, or some other basis of discrimination unless this discrimination meets some principles of DJ. Justice is also what is exchanged as a matter of rights. Justice as “what we morally owe each other” based on rights is not an absolute principle or concept.

Finally, justice can be viewed as “what we owe each other” as long as it does not violate others rights (Vallentyne, forthcoming). A retailer can resell an unused, returned product as long as this transaction does not damage a third party who purchases the returned product. If the retailer is transparent, the fact that the goods have been returned will be reflected.

Expanded Views of Justice

Justice is usually broken down into DJ, procedural justice, and interactional justice. Procedural justice examines procedures or systems used in obtaining outcomes, and interactional justice in marketing relates to the treatment individuals receive from service providers. From a marketing

perspective, DJ examines equity, equality, and need (Seiders and Berry 1998). Justice is sometimes associated with the legal system (commutative, rectificatory justice) as it relates to punishment and compensation paid for damages. This concept of justice also relates to marketing ethics because rectificatory justice is one way ethical disputes about marketing conduct can be resolved. The civil legal process provides a way of paying compensation to consumers who have been wronged by unethical conduct. For example, the National Federation of the Blind filed a lawsuit against Target, claiming blind computer users should have audio descriptions of what is on the Internet pages (Parker 2006).

DJ falls into the Hunt and Vitell (2006) theory as deontologically examining the consequences of decisions related to the marketing system. Therefore, DJ is concerned with the fair allocation of products and other marketing outcomes in society. DJ could be the values that form the foundation of deontological norms for behavior in an organization for social responsibility. If organizations embrace DJ on a collaborative basis, then stakeholders and society should benefit.

It is of interest that DJ is a central theme in Judeo-Christian religious traditions. Eastern religions also have similar ethical principles (Rice 1999). DJ is a central concept in Catholic tradition and is closely linked to human dignity, the common good, and human rights as it relates to what members of society owe individuals. For example, everyone in society should have the right to health care, food, and shelter. A key Catholic document formally states that “the person is the source, the center and purpose of all economic and social life” (*Catechism of the Catholic Church* 1994, 582). Because DJ has a foundation based on most religions, traditions—the principles associated with this philosophy—have been embedded in the cultural values, norms, and artifacts of society. DJ policies that have been implemented through taxes, welfare systems, minimum wages, and other regulatory acts protect employees, communities, and consumers. The distribution of economic benefits and burdens can be affected by both government and the marketing decisions of organizations. It is much easier to implement DJ principles through government policy than to obtain a shared view of DJ at the organization level.

DIMENSIONS OF DJ

It is important to examine the complexity of DJ to understand current principles and value systems that are being used and to provide a framework for stakeholder orientation. DJ is important because it is concerned about fair allocation of resources among different stakeholders in society. It is important to examine various perspectives on DJ because it relates to goals, processes, and outcomes for the fair and just allocation of resources. For example, Rawls (1971) developed a DJ philosophy that claims matters of luck such as

social status should not influence the resources that are received by members of society. On the other hand, Nozick (1977) was more concerned about setting down rules that determine benefits received rather than outcomes. Other perspectives are concerned about the interaction of goals, processes, and outcomes (Maiese 2003). This research examines the dimensions of this philosophy, including strict egalitarianism, the difference principle, resource-based principles, libertarian principles, and feminist principles, to determine their fit with stakeholder orientation. These principles do not represent all dimensions of DJ but do represent major areas of thought considered important to macromarketing ethics.

Strict Egalitarianism

This theory advocates the principle that all members of a society should have exactly the same amount or level of goods and services. Strict egalitarianism is a simple principle of equality that should exist in some specified time frame. The principle is often justified by the fact that people are owed equal respect and by the fact that equality in resources is the best way to achieve this ideal (Rawls 1971). Pure equalitarianism is a comparative theory based on the relevant benefits of others. It is similar to the concept of perfect competition in economics and provides a similar foundation for the discussion of DJ.

Using strict egalitarianism in relating DJ to stakeholder orientation could be viewed as a “socialist variation” (Goodpaster and Atkinson 1992). A marketer would focus on the interests of all stakeholders, with all groups receiving the same offering or service. All consumers would be entitled to the same outcome or rewards. This socialist approach to distribution would be established in government policy.

At least two problems reside in this theory. The first problem, which can be called “the index problem,” arises because the goods and services specified need to be measured to be distributed according to patterns such as equality. The problem resides in finding a way to specify and measure levels. The second problem involves time frames. Strict egalitarianism identifies and requires a pattern but fails to specify when this pattern is required (Ackerman 1980).

Possibly more appropriate for macromarketing is the concept of prioritarianism, which holds the moral principle of increasing the benefits for those who have less (Vallentyne, forthcoming). Society has experimented with socialist approaches to society with mixed results. One perspective is the Rawls (1971) difference principle to maximize the minimum, which holds that the worst-off position should be made as well off as possible.

The Difference Principle

Although the difference principle is based on equalitarianism, this alternative principle permits inequalities in the

distribution of goods and services only if those inequalities benefit the worst-off members of society. This principle falls under Rawls's (1971, 5–6) proposed principles of justice:

1. Each person has an opportunity to a fully adequate set of equal basic rights, open to all participants; and in this scheme with equal opportunity guaranteed to bring fair value to all participants.
2. Social and economic inequalities are to satisfy two conditions: (a) They are to be attached to positions and offices open to all under conditions of fair equality of opportunity; and (b) they have to be to the greatest benefit of the least advantaged members of society.

The difference principle is unique because Rawls links the justice of outcomes to specific ethical principles. The difference principle could be used as a defense for social policy to support lower income individuals. For example, a health care program to cover all of the children in a society would assist in overcoming inequalities associated with class and income. The difference principle is connected to this discussion of stakeholder orientation in that it provides an ethical rationale for the problem of why organizations are obligated to consider claims of secondary stakeholders such as competitors, special interest groups, and vulnerable consumers such as children and the elderly.

Advocates of pure equalitarianism believe that inequalities are unacceptable even if they benefit the least advantaged. Utilitarians believe the difference principle does not maximize utility. Finally, the difference principle is criticized in that it ignores that some people deserve benefits based on their work and actions. Next is a brief examination of these alternate views of DJ.

Resource-Based Principles

Resource-based principles, which are also called resource egalitarianism, prescribe equality of resources. Resource theorists say that the difference principle is not “ambition-sensitive enough” (Stanford University 2007). They defend the idea that people should live with the consequences of their actions and choices. Ronald Dworkin (1981a, 1981b) developed the most prominent resource-based theory, proposing that people start with equal resources, but because of the different choices they make, they end up with unequal economic outcomes. Many resource theorists, including Dworkin, add to this system sensitivity to inequality in public welfare. Indeed, it is believed that inequality does not exist by people's choice. This dimension of DJ would support stakeholder orientation as a thoughtful process to consider less powerful stakeholders who have needs based on inequality in public welfare.

Libertarian Principles

Libertarianism is a simple DJ philosophy based on individual liberty and freedom from interference, especially from

the government. The key moral foundation is that an action is just if it does not damage others. This free enterprise philosophy focuses on self-ownership with (1) full rights and use of one's self and assets, (2) full compensation for all activities and private ownership, and (3) full rights to transfer rights and ownership to others by established business methods (Vallentyne, forthcoming). There is also the provision for protecting and enforcing rights and immunities to loss. This philosophy can be criticized as leaving a great opportunity for inequalities in the distribution of benefits and resources. The principle of DJ is not compatible with a stakeholder orientation as described in this analysis. According to Nozick (1977), an organization that acquires a holding is entitled to that holding without a specific distribution pattern to stakeholders. Therefore, this principle is more concerned with rules and processes than with outcomes. Stakeholder orientation would consider the concerns, interests, and outcomes that affect stakeholders.

Feminist Principles

Feminists offer many different positions on DJ. The unifying philosophy would require equal status for women. Feminist thought and macromarketing ethics come together around the moral imperative of concerns about marginalizing and disenfranchising women based on stereotyping, tokenism, and the psychodynamics of male–female relationships (Oakley 2000). Carol Gilligan (1982) defended a hypothesis that men consider ethical issues based on rules and individual rights to determine justice. On the other hand, women tend to resolve ethical issues using criteria that consider relationships and outcomes. Mill (1869/1885) mentioned the rejection of social class, equal opportunity in education, freedom in the marketplace, equal rights to hold property, rejection of the man as head of the household, and equal rights to political participation for women. In general, this philosophy gives equal rights and fairness in DJ for women. Regulation by government or other institutions should not prevent women from competing on equal terms with men, especially in education, in business, and within political institutions. Systems that result in women having less income and wealth would be considered oppressive. This DJ philosophy appears to be compatible with stakeholder orientation as it relates to equal status for women.

DISCUSSION

During the past twenty years, there has been more concern about ethical decision making in micromarketing decisions than macromarketing outcomes. This firm-level research in marketing ethics was important and examines marketing strategy and implementation at the organization level and specifically at the buyer–seller level of analysis. Micromarketing ethics research on the firm has increased in

the twenty-first century due to wide-spread and highly visible organizational misconduct and scandals such as Enron and WorldCom in the United States and Royal Ahold in Europe. Marketers were involved in activities including channel stuffing, inventory shifting strategies, deceptive sales techniques, fraud, and other schemes to inflate earnings. Misconduct related to employees, suppliers, and consumers created discussions about right and wrong and the appropriate legal consequences. Organizational ethics programs were developed in public corporations as ethics became more institutionalized by the Federal Sentencing Guidelines for Organizations, especially the 2004 amendment, and the Sarbanes-Oxley Act (2002).

There has been less concern about marketing ethics at the macromarketing level of analysis, especially the effects of marketing activities on stakeholders beyond the focus on employees, consumers, and shareholders. The concern over dangerous products, especially toys and food products, has taken a macromarketing focus as the marketing system has failed to protect consumers. Chinese-made toys have been recalled in mass quantities because of design problems and the use of lead paint. With 80 percent of U.S. toys made in China, both the U.S. and Chinese regulatory systems and the toy companies failed to protect the welfare of children (Palmeri 2007). Secondary stakeholders have been affected by these marketing activities and by issues related to economic development, environmental damage, vulnerable populations, corrupt political systems, discrimination, and globalization. There is a void in theory and research on ethical issues related to resource allocation and DJ in macromarketing.

This research addresses the void of theory and research on macromarketing ethics issues in this analysis. The scope, complexity, and even interconnectedness of DJ to a stakeholder orientation raises more questions than answers for marketers. This research positions stakeholder orientation as an operational framework for implementing a normative perspective. While marketing organizations and public policy decision makers understand and react to ethical issues related to micromarketing, they are less likely to address broader social and environmental consequences of the marketing system. These macromarketing issues are more likely to be in the domain of economics, philosophy, sociology, and political science. For example, government support for studying the development of free trade often goes to sociology or agricultural business. The musical group Coldplay has been a global advocate for Make Trade Fair. Some organizations such as Green Mountain Coffee have also been strong advocates for fair trade. An important question has to do with how researchers bridge the gap between those concerned about the systematic affects of DJ, public policy, and marketing.

Improvement in DJ requires an organizational culture, including values, behavioral norms, and artifacts that establish a stakeholder orientation. Existing empirical research provides evidence that a stakeholder orientation is superior to a market orientation in improving social responsibility

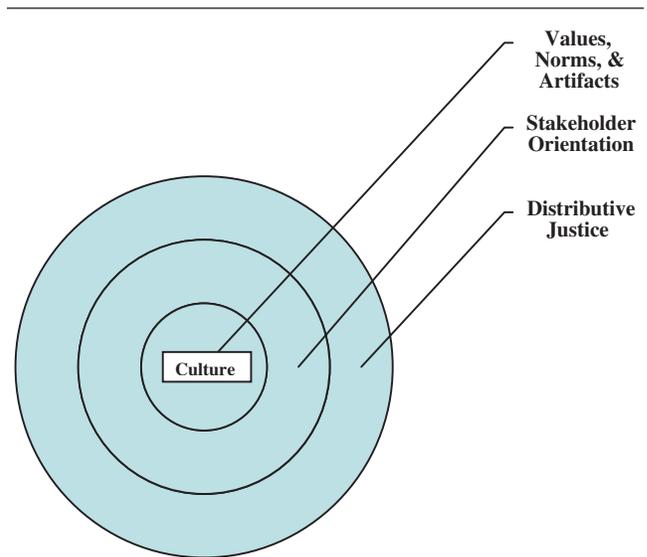


FIGURE 1 Organizational Culture and Stakeholder Orientation as a Foundation for Distributive Justice

and other measures that include market and financial performance (Maignan, Hult, and Ferrell 2007). As Figure 1 illustrates, culture is the foundation of stakeholder orientation and DJ.

Corporations and other organizations can make a contribution to DJ by developing a culture that can guide a stakeholder orientation while embracing DJ principles. There is strong evidence that “individuals do care about fairness in their interactions with others and with institutions they support or oppose” (Tyler and Boeckman 1998, 83). DJ, and all organizational ethical decision making, is based on socialization in a culture that influences thoughts and actions and shapes ethical conduct. An attempt to develop shared DJ principles, one person at a time, without organizational or public policy commitment falls within the realm of an ideal world of mutual cooperation and thought. One large global corporation can make a significant difference and become a role model for marketers and public policy decision makers. Corporations such as Starbucks, Procter & Gamble, and Cummins, Inc., have been recognized for their corporate citizenship and stakeholder orientation. Having a few individual members of various organizations embracing DJ principles and having these values bubble up through the existing organizational culture to make a significant difference may be the most difficult and longest route to change.

Leadership from the top, codes of ethics, formal ethics programs, and ethics audits have been found to be the most effective ways to establish ethical conduct (Ferrell, Fraedrich and Ferrell 2008). DJ will not be a central focus of marketing policy and practice if only a few academic scholars agree that is it the best normative philosophy for macromarketing ethics. The principles of DJ must be translated into norms of behavior that marketers can understand

and implement. Choices have to be made about the alternative forms or blends of DJ principles to use in macromarketing ethics.

CONCLUSIONS

Macromarketing ethics is concerned with economic and social impact in the distribution of products and other resources through the marketing system, including the consequences to all stakeholders. The well-being and quality of life of populations affected by the marketing system are the major concerns. While organizations should be accountable for their choices, the marketing system should be held accountable for opportunities for consumers to function in a world that advances well-being.

Stakeholder orientation was advanced as an operational approach for strategically addressing the relevant issues and concerns in the marketing system. Stakeholder orientation addresses and integrates stakeholder issues in a proactive response system both as a part of organizational culture and as a set of organizational normative behaviors at the organizational level. A stakeholder orientation utilizing DJ principles can have an impact, one organization at a time, in the marketing system and in society.

A limitation in this analysis is that it does not provide directions for selecting specific DJ principles but provides a brief overview of DJ alternatives. While the desired outcome of DJ is a fair, equitable, and just allocation of benefits, there are many different normative paths that require judgment for achievement of these goals. While alternative philosophies can be discussed, there are usually trade-offs in evaluating the most desired outcome. The use of any DJ alternative will most likely yield a better outcome than random or strictly economic or legalistic decisions about ethical conduct.

There is no empirical research or case studies assessing the relationship of stakeholder orientation and DJ. An organizational method for the operationalization of stakeholder orientation is possible through methods similar to implementing market orientation. The relationship of culture, stakeholder orientation, and DJ in an organization could be analyzed through case studies. Empirical research could link culture to stakeholder orientation (Maignan, Hult, and Ferrell 2007). DJ has many different principles that create conflicts and mutually exclusive normative approaches to fairness and macromarketing ethics. This analysis provides evidence that the difference principle associated with Rawls provides a good fit with stakeholder orientation. Research into the relationship of the difference principle and stakeholder orientation could provide new insights in relating DJ to macromarketing ethics.

Future contributions to knowledge on this topic are needed from both normative and positive perspectives. A methodology or decision-making framework is needed in

selecting DJ principles. Empirical research can provide more understanding about organizational culture and stakeholder orientation. Finally, efforts to integrate organizational culture, stakeholder orientation, and DJ as important considerations in improving macromarketing ethics are welcomed.

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O.C. Ferrell (PhD, Louisiana State University) is a creative enterprise scholar and professor of marketing in the Anderson School of Management at the University of New Mexico. His research focuses on marketing ethics, stakeholder orientation, and public policy. He has published in Journal of Marketing Research, Journal of Marketing, Journal of the Academy of Marketing Science, Journal of Public Policy & Marketing, Journal of Macromarketing, Journal of Business Research, and others. He is currently vice-president of publications for the Academy of Marketing Science and is a past president of the Academic Council of the American Marketing Association.

Linda Ferrell (PhD, University of Memphis) is a creative enterprise scholar and an associate professor of marketing at the University of New Mexico. Her research focuses on public policy and marketing, institutionalization of business ethics, and marketing education. She has published in Journal of Public Policy & Marketing, Journal of Business Research, Journal of Business Ethics, Journal of Personal Selling and Sales Management, European Journal of Marketing, and others.