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Marketing ethics and Stakeholders Commitment in Fast-Food Restaurants in Port Harcourt

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Abstract:

This paper considers the impact of marketing ethics on stakeholders' commitment in fast food restaurants in Rivers state. Advertizing ethics and pricing ethics were used as the dimensions of marketing ethics. 25 copies of research instrument were distributed to four fast food restaurants in Rivers state, out of the copies distributed, 91 copies were retrieved and useful for data analyses. The results of our test show that a significant relationship exists between our dimensions and stakeholders commitment. Therefore, it led to the recommendations which proposed that both government and management must ensure that there is a conscious effort in maintaining the standard of ethics within the fast food restaurants.

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Introduction

A common view of the firm holds that employees, customers, shareholders, and suppliers are key organizational stakeholders. While obligations to these stakeholders are sometimes considered to be motivated by organizational self-interest, the ethical perspective asserts the rightness or wrongness of specific firm actions independently of any social or stakeholder obligations (Bhattacharya & Elsbach, 2002). Customers are key stakeholders that help establish the firm's reputation and identification. For example, today Procter and Gamble is considered a textbook market-driven global powerhouse with billion-dollar brands such as Bounty, Olay, Tide, Crest, and Folgers (Elsbach, & Bhattacharya, 2001). Understanding customer needs and wants and providing customers with high-quality products is the key to organizations success. A market orientation focuses on an understanding of customers' expressed and latent needs and development of superior solutions to the needs. Such an approach selects to elevate the interests of one stakeholder—the customer—over those of others.

Ethics are the science of moral duty or the science of ideal human character. Ethics are moral principles or practice (Maduka, 2006). They are professional standards of conduct. Thus, to act in an ethical fashion is to conform to some standard of moral behavior. Marketing managers have important ethical responsibilities with regard to their own actions as well as the actions of their sales people, marketing managers are often faced with ethical dilemmas in hiring, setting quotas, evaluating, and many other aspects of their management tasks (Ann, Anita, & Rene, 2005). They are also responsible for establishing, communicating, and enforcing the ethical standards which they expect their salespeople to follow. Sales people are exposed to greater ethical pressure than individuals in many other jobs. They work in relatively unsupervised settings; they are primarily responsible for generating the firm's revenues, which at times can be very stressful; which at times can be very stressful, they are continually faced with problems that require unique solutions, which are also stressful, and they are often evaluated on the basis of short-term objectives (Adedeji & Odutola, 2009). Being evaluated on the basis of short-term objectives can cause sales people to promote short-term solutions to customers' problems, which may not be in the customers' best interests.

Theoretical Framework

Stakeholders' Theory

Stakeholders' theory is a theory which considers groups or individuals who can affect or be affected by the achievement of the firm's objectives" (Freeman1984). The general idea of the Stakeholder concept is a redefinition of the organization. In general the concept is about what the organization should be and how it should be conceptualized. Friedman (2006) states that the organization itself should be thought of as grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints. This stakeholder management is thought to be fulfilled by the managers of a firm. The managers should on the one hand manage the corporation for the benefit of its stakeholders in order to ensure their rights and the participation in decision making and on the other hand the management must act as the stockholder's agent to ensure the survival ofthe firm to safeguard the long term stakes of each group. Evan and Freeman (1990) tried to build a normative theory based on this definition of stakeholders: "Those groups who are vital to the survival and success of the corporation". It means customers, employees, suppliers, communities, shareholders and managers. Evan and Freeman call for a redefinition of the purposes of the firm to act as a vehicle for coordinating stakeholders interests. They proposed two principles: The first is the Principle of corporate legitimacy. The company should be managed for the benefit of its stakeholders. Stakeholders must participate in decisions that substantially affect their welfare. Second is the the stakeholder fiduciary principle. Managers must act in the interests of the stakeholders as their agent in the interests of the corporation to ensure the survival of the firm.

Marketing Ethics

Ethical Marketing refers to the application of marketing ethics into the marketing practices. Marketing ethics will help the society as a whole both in short term and long term (Davidson, 2002). Marketing ethics had an influence on companies and their response to market their product and services In a more socially responsible way(Kelly, 2010).. Ethical standards should not be confused with the government regulations brought into force to improve consumer welfare. Thus we can define Marketing ethics as the area of applied ethics which deals with the moral principles behind the operation and regulation of Marketing (Gupta, & Pirsch, 2014).. Two fundamental constructs would be considered namely; advertizing ethics and pricing ethics.

Advertizing Ethics

Ethics in Advertising is directly related to the purpose of advertising and the nature of advertising. Sometimes exaggerating the ad becomes necessary to prove the benefit of the product (Vidhya & Radhaman, 2016). For e.g. a sanitary napkin ad which shows that when the napkin was dropped in a river by some girls, the napkin soaked whole water of the river. Thus, the purpose of advertising was only to inform women about the product quality. Obviously, every woman knows that this cannot practically happen but the ad was accepted. This doesn’t show that the ad was unethical. Advertising and promotion have a significant influence on people, society in large, while shaping their attitudes, behaviors and priorities. Some scholars believe that advertising supports ethical issues. It is also considered unethical to shame a substitute or rivals product or services (Smith & Cooper, 1997). Other ethical issues include mistreatment of women, advertising to children, misleading advertising and other issues, which lead to ethical decline of society. Mistreatment of women is evident immensely in advertisements. Often women are matched up with household products such as cleaning supplies and are shown as doing domestic work, which represents stereotyping of women. Women are also often used as sex symbols, to convey particular messages about products. Also men are often apparent in DIY (do it yourself) ads, which deliver the idea of them being a “handy man. An ad, which demonstrates ethical features, is truthful, it doesn’t make false claims, and it provides sufficient information for the buyer to make informed choices.

Pricing Ethics

Among all of a product’s characteristics, price is most important to the consumer. The consumer’s aim is to maximize the quality to price ratio (Nantel and Weeks, 1996). Although the legislative framework on pricing is specific and often strict, some businesses are not restrained from trying to fool consumers. Such practices are often encountered during the sales events where the offered discount is sometimes not real and is subtracted from a fictional initial price that is actually larger than the normal price.

Stakeholder's Commitment

Kerzner(1996),indicates that Stakeholder Participation leads to increased commitment to the project. Also, a study by Kanungo, (1982) supports this the view that Stakeholder Participation is an antecedent to organizational commitment. It also specifically argued that those individuals with high levels of project involvement, which stems from positive experiences on-the-job (Kanungo 1982), make attributions for these experiences to the project. Thus, having previously received benefits from the project and being obligated by the norm of reciprocity (Gouldner, 1960) to repay them, and high role involvement, makes stakeholders feel compelled to reciprocate in some form. (Hannah, 2008). adds that stakeholders reciprocate to the extent that their positive experiences are attributed to the efforts of project officials. These are reciprocated with increased affective organizational commitment to the persons who caused them. According to (Bryde, 2010). Role participation influences affective commitment to the project and continuance commitment to the project. Another argument by (Bryde, 2010) is that role participation is positively related to normative commitment. Stakeholders that internalize the appropriateness of being loyal to their community initiatives (Thomas & Thomas, 2001) are likely to be more participative in their roles than those who do not. Strong normative commitment translates into high role participation because one will invest his/her efforts to meet his/her beliefs regarding loyalty expectations. Furthermore, becoming highly involved in one's role is a kind of self persuasion of the good of being a normative, committed stakeholder. Further still, role participation and stakeholder commitment were the key structures in Kanungo's (1982) study, and there was a strong relationship between role participation and stakeholder commitment.

Methodology

The research design adopted for this work was the quasi-experimental research design, 25 copies of research instrument were distributed to four fast food restaurants namely; Genesis, Pepperoni, The Promise and Kilimanjaro. Multiple regression was used in testing the null hypotheses.

Data Analyses and Finding

Table 1: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.751[a]	.564	.554	2.940

a. Predictors: (Constant), Pricing_ethics, Advertizing_ethics

Our model summary shows a regression coefficient of 0.751 which is close to 1, it also shows a coefficient of determinant (R square) of 0.564 which implies that 56.4% of the outcome of our dependent variable (stakeholders commitment) was accounted for by our independent variables.

Table 2: Anova Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	984.198	2	492.099	56.940	.000[b]
	Residual	760.527	88	8.642		
	Total	1744.725	90			

a. Dependent Variable: Stakeholders_commitment

b. Predictors: (Constant), Pricing_ethics, Advertizing_ethics

In this table, we realize that marketing ethics has a significant effect on stakeholders commitment. This is realized in the p-value of 0.000 which is less than alpha of 0.05. the F-test also shows the strength of the model which is also good.

Table 3:Coefficient Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.940	2.058		3.858	.000
	Advertizing_ethics	.024	.108	.543	5.123	.001
	Pricing_ethics	.933	.117	.737	7.960	.000

a. Dependent Variable: Stakeholders_commitment

H_1 advertizing ethics has effect on Stakeholders commitment

In this result, we realized a regression coefficient of 0.543 as well as a p-value of 0.001 which is less than alpha of 0.05, therefore we accept the stated alternate hypothesis.

H_2 Pricing ethics has effect on Stakeholders commitment

In our second result, we realized a regression coefficient of 0.737 and a p-value of 0.000 which is also less than alpha of 0.05. We also accept the stated alternate hypothesis.

Conclusion

This paper has revealed that the ethics aspect of business is always very important for the growth and survival of any organization. Out of the plethora of dimensions, advertizing and pricing ethics were adopted as the dimensions of this study. The result goes a long way to confirm that stakeholders are aware of unethical practices in the business environment and they would also not hesitate to keep those who have high value for ethical standards. With the new technology adopted by regulatory agencies, it is now easy to dictate firms who are unethical with their dealings with stakeholders. Today, USSD codes are out to validate goods and services. There are also other forms of regulations imposed by government and civil advocacy groups which has made firms to sit up. The regulatory agencies have also made marketing agencies to become conscious of the goods and services they put out in the market as well as the ways in which they are advertised so that such adverts wouldn't be misleading to consumers. Also, the rate of penalties firms are forced to pay when they fall short of ethical principles have also awakend the minds of firms operating in Nigeria, especially the fast food industries who are often visited by National Agency for Food and Drugs Administration and Control (NAFDAC).

Recommendations

Fast food restaurants should train their staff on ethical conduct on a regular basis, secondly, ecognition should be given to outstanding staff based on their ethical performance as well as other indices, thirdly, during appraisal, ethics should be given a higher score and this should be communicated to all staff in due time, fourthly, on a monthly basis, awards should go to the best staff of the month and the criteria for such awards must include ethical performance. Finally, Regulatory agencies must live up to their responsibilities in ensuring that fast food restaurants meet the threshold.

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